



Acting responsibly

Sustainability Report 2019

BLG LOGISTICS

KE-GP-A
MAX: 53t

Type M: 6463CO

MAX: 3,7%

MGW.
TARE
NET
CU.CAP.



22K2
3.675KG
32.325KG

310 2102
ENG. BMW

310 2102
ENG. DMV

310 2102
ENG. BMW

CKI) + SI

»THE BEST WAY
TO PREDICT
THE FUTURE
IS TO SHAPE IT.«

WILLY BRANDT / *German Social Democrat politician (born 1913 in Lübeck; died 1992 in Unkel near Bonn)* /



Ecological. Social. Economic.
Sustainability with BLG LOGISTICS

EDITORIAL

Dear reader,

In order to shape the future, setting goals is essential. Knowing where you want to go determines not only the first step, but also everything that follows. This is true especially when it comes to sustainability. On a global scale, the UN created 17 Sustainable Development Goals (SDGs), which are a blueprint to achieve a better and more sustainable future for all. Companies also have a duty to contribute to the achievement of these goals. For the first time in this Sustainability Report, we at BLG LOGISTICS have defined where we can make an impact to support the UN agenda.

As a logistics service provider, we take climate protection very seriously. Therefore, we have set ourselves a new, ambitious climate protection goal for 2030 - read more in section ECOLOGICAL. In terms of the here and now, this report gives current information about developments and successes as well as the challenges we have tackled. It also provides an overview of what we do to meet our economic, ecological and social responsibilities.

The interviews in this report deal with goals as well: Our employee Pascal Burisch explains how we anchor a uniform management culture at BLG LOGISTICS. Prof. Dr. Georg Müller-Christ from the University of Bremen explains why sustainable thinking and action need to become an integral component of management studies. And Maximilian Molkenthin, Senior Head of Logistics at our customer PUMA, provides an insight into how one of the world's leading sports brands plans to interlink sustainability and logistics even more closely in the future. Read on to find out more!

JAKUB PIOTROWSKI

Head of Sustainability and Digitalization



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FOREWORD OF THE CEO

FRANK DREEKE
CEO



*"We believe it's essential to maintain
a personal dialog with our employees.
#SuccessDependsOnEverybody"*

Dear readers,

At BLG LOGISTICS, we believe it is more important today than ever that companies take a stand on ecological and social issues. Following this conviction, we formulate concrete goals and measure our performance against them. For example, in the reporting year we set ourselves a new climate protection goal in our drive toward sustainable logistics: We will cut our greenhouse gas emissions by 30 percent in absolute terms by 2030. What's more, we aim to save 15 percent in our upstream and downstream processes. Scientific validation of these goals will be provided by the Science Based Target initiative. There may be unavoidable emissions that go beyond our target, but we will compensate for them by investing in high-impact climate protection projects. This will make BLG LOGISTICS a climate-neutral company by 2030. If our customers wish, we can also offer them climate-neutral services to support them in their own sustainability efforts.

Yet striving for ambitious goals is only one part of the story. It is just as important that we live this philosophy in our company every day. That shows we are serious and can be trusted. We are already on the right track with #SuccessDependsOnEverybody, our initiative that supports the revised BLG strategy and corporate culture. The name makes it clear that, despite all our diversity, common corporate values unite us. The initiative also helps us to permanently anchor the new values in our organization. One aspect that was especially important to us was a personal dialog with our employees. To start the ball rolling, we took to the road in 2019, visiting all our German locations in a special roadshow. In 2020, we plan to travel to the international locations. Why this face-to-face contact? Because it is crucial we enthuse every single person in the company to get on board.

The idea of involving everybody will also play a decisive role when we tackle the major changes of the coming years. We want to boldly and actively grasp the opportunities that digital change offers us and our customers. At the same time, we are committed to ensuring a socially responsible change process. Whatever the future brings, we are confident new working methods and business models will open up a wide range of possibilities for our organization to develop further. If we adapt well to the challenges of the future, this approach means we will be able to offer our employees job security.

Naturally, we are taking this path to the logistics of the future together with our customers. We support them with our expertise not only in their operations, but also right from the initial phase of major projects, providing help e.g. with automation. Increasingly, ecological aspects are included in planning from the start, resulting in eco-friendly goals being formulated at an early stage. This is another area where we are driven by our passion and demonstrate our clear commitment to sustainability.



Frank Dreeke
CEO

PROFILE

BLG LOGISTICS GROUP AG & Co. KG (BLG KG), headquartered in Bremen, is a seaport and logistics service provider with an international network. We offer logistics services in automobile, contract and container logistics along the entire supply chain. ▶ See right flap. 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

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. The Supervisory Board is composed equally of 16 representatives of employees and shareholders, who monitor and advise the Board of Management.

The Group's sales revenue in business year 2019 totaled EUR 1.16 billion. Detailed financial key figures are presented in our ▶ Financial Report 2019. Turn the page for an overview of key figures relating to sustainability.

Ownership structure

As of December 31, 2019, the Free Hanseatic City of Bremen (municipality) held 50.4 percent of the company's subscribed capital. With effect from January 31, 2019, the shares to the amount of 12.6 percent owned by Bremer Verkehrs- und Beteiligungsgesellschaft mbH, a participation company of the municipality of Bremen, were sold to Panta Re AG, Bremen. Another major institutional investor is the Finanzholding der Sparkasse in Bremen, which also holds a share of 12.6 percent. The legal group structure is stated in our ▶ Financial Report 2019 on page 46.

Global competence in automobile logistics

Our logistics services in the AUTOMOBILE division cover all aspects of vehicle logistics. We handle vehicles, store them and take care of technical processing as well as distribution by truck, rail and inland waterway. Our truck fleet bases stretch from Paderborn to Moscow. BLG AutoRail is a special provider of vehicle transport by rail. It owns 1,500 railcars, comprising Europe's most modern and versatile equipment. Aside from seaport terminals in Bremen, Bremerhaven, Cuxhaven, Hamburg and Gdansk, we operate inland terminals on the Rhine and Danube. Our customers are banking on a sustainable and green future by manufacturing electric vehicles. E-mobility is the key to climate-neutral mobility. We are keen to provide our customers with active support in this area as well. That is why, in summer 2019, we launched an upgrade of our inland terminal in Dodendorf to create a center for electric vehicles. The necessary infrastructure and technical equipment will be implemented by mid-2020. In 2019, our global AUTOMOBILE network handled, transported and technically processed a total of 6.3 million vehicles. That makes us one of Europe's leading automobile logistics companies.



In the reporting year, BLG Automobile Logistics Italia S.r.l. of Gioia Tauro in Italy sold its shares in AutoTerminal Gioia Tauro S.p.A., San Ferdinando, Italy. Therefore, it is no longer a fully consolidated company.

Tailor-made solutions for contract logistics

In our CONTRACT division, we work in long-term business relationships with our customers. Here, we provide conventional logistics services such as transport, storage and picking as well as value-added services such as assembly and returns management. In our own or customers' logistics centers, we move such diverse goods as car doors, sports shoes, printers, fashion, furniture, cookies and bathroom fittings. Our range covers the entire supply chain and includes planning, design and implementation of highly automated warehouses, e.g. for e-commerce handling. This ranks us among Germany's leading providers of logistics services. We also offer digital services such as freight quality tracking. This new service boosts transparency in the supply chain. We developed it in cooperation with customers, using knowledge gained from various innovation and research fields.

In 2019, we launched major automation projects with two customers. On September 19, we celebrated the topping-out ceremony for the new logistics and distribution center for PUMA in Geiselwind. The center was built to strict sustainability criteria. On a site covering approx. 12 hectares, the fashion and sports article manufacturer will as from 2020 benefit from an extremely complex multichannel facility with a high degree of automation, state-of-the-art shuttle technology and goods-to-person pick stations. The brand-new CI Factory of engelbert strauss in Hesse has similar dimensions. Designed as a sustainable factory, it features a cogeneration unit and solar energy system designed to supply 35 percent of its energy demand. We were involved in the conception and planning of both projects right from the start. As a result, we were able to contribute our experience and cooperate with each customer to develop a tailor-made logistics concept.

Our customer Daimler built a new, state-of-the-art logistics center in Waiblingen, Baden-Württemberg. As from 2020, we will deploy some 110 employees there to handle prototypes on a storage and logistics area of approx. 46,000 square meters. Also in the reporting year, we opened another new location in Meerane. The 6,500-square-meter logistics center features a hi-tech automated small-parts warehouse and specializes in handling wiring systems for LEONI.

Container-related services

In our CONTAINER division, the EUROGATE joint venture has consolidated its position 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 (central units). Contents of the non-financial report for EUROGATE are given separately on ▶pages 52 to 55.

The map on ▶page 6 provides an overview of the distribution of our fully consolidated companies as well as other countries with activities by the AUTOMOBILE and CONTRACT divisions.

More than 11,000 people with a passion for logistics

Our employees assume responsibility for smooth logistics of high-quality products day in and day out. In 2019, in its fully consolidated companies plus the CONTAINER division (50 percent), BLG LOGISTICS employed an average of 11,720 employees globally (calculated according to §267, Para. 5 German Commercial Code). On the reporting date of December 31, 2019, there were 9,726 employees at more than 70 German locations in the AUTOMOBILE and CONTRACT divisions and the central units, plus a further 787 employees at the international locations of our fully consolidated companies. Further information about personnel statistics and development is provided in detail in the ▶SOCIAL section.

KEY FIGURES ON SUSTAINABILITY IN 2019

250

GIGAWATT HOURS
TOTAL ENERGY CONSUMPTION

-29.6%

RELATIVE GREENHOUSE GAS EMISSIONS
(CO₂ TARGET FOR 2020: -20%)

1.16

BILLION EUR
SALES

98.7% **COLLECTIVE PAY AGREEMENT**

OVERVIEW

460

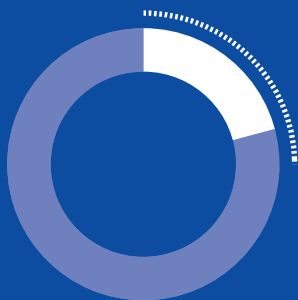
EMPLOYEES
TRAINED IN TAKE THE LEAD

11

COMPLETED
INNOVATION PROJECTS

11,720

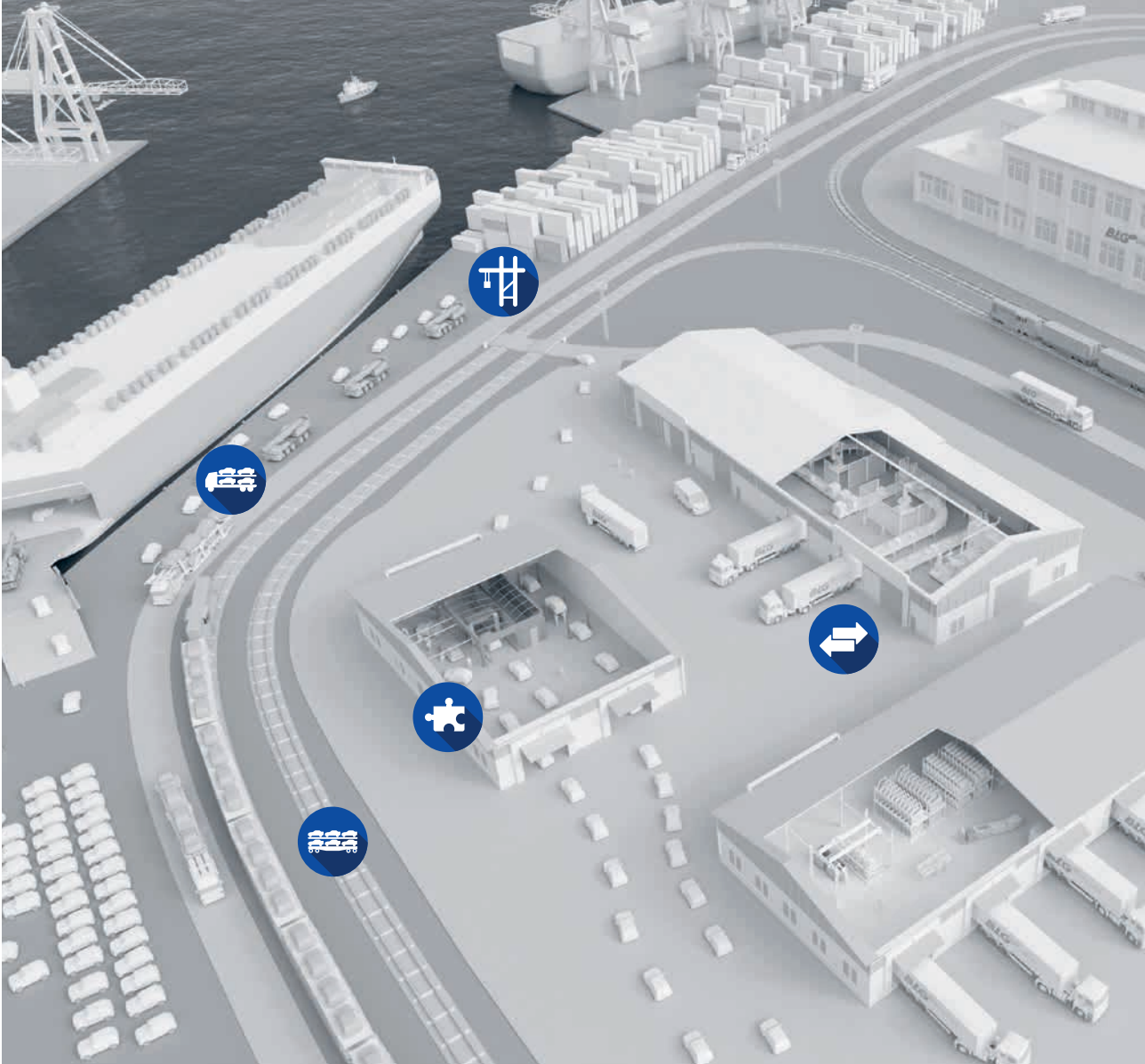
EMPLOYEES WORLDWIDE
INCL. CONTAINER DIV (50%)



■ SHARE OF WOMEN ON MANAGEMENT LEVELS 0-3 **21.3%**

..... TOTAL SHARE OF WOMEN **25. %**

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 for finished vehicles

SUSTAINABILITY MANAGEMENT

A sustainable, resource-saving way of conducting business has always been a fundamental part of our corporate strategy. We see high-quality services, innovation and responsibility toward the environment and our employees as essential conditions for the lasting success of our company.

In today's world, this is more important to us than ever. Climate change, growing competitive pressure in a globalized society and competition to attract the best talents, are just some of the factors that make sustainable action on all levels an urgent necessity. This is why our sustainability management aims to balance business performance, social commitment and responsibility for the environment. We also pay particular attention to international agreements and projects such as the Paris Climate Protection Goals and the Sustainable Development Goals (SDGs) of the United Nations. In the future, we will integrate the SDGs permanently in our sustainability management. For the first time when compiling this report, we examined all 17 goals and selected those which are most relevant to our business. You can find out more in the section Materiality analysis from ▶page 11.

Control and responsibilities

Our Sustainability and Digitalization central department is responsible for improving and implementing our sustainability management. Through the close links between these areas, we plan to create synergies and drive innovations that not only impact on boosting business and optimizing processes, but also significantly enhance sustainability. The department brings together our sustainability activities in the AUTOMOBILE and CONTRACT divisions and issues our annual Sustainability Report. It also calculates our energy and CO₂ balance and supports cross-departmental energy management. What's more, the department generates ideas, especially when it comes to ecological sustainability. Included in its work is developing and implementing sustainability goals.

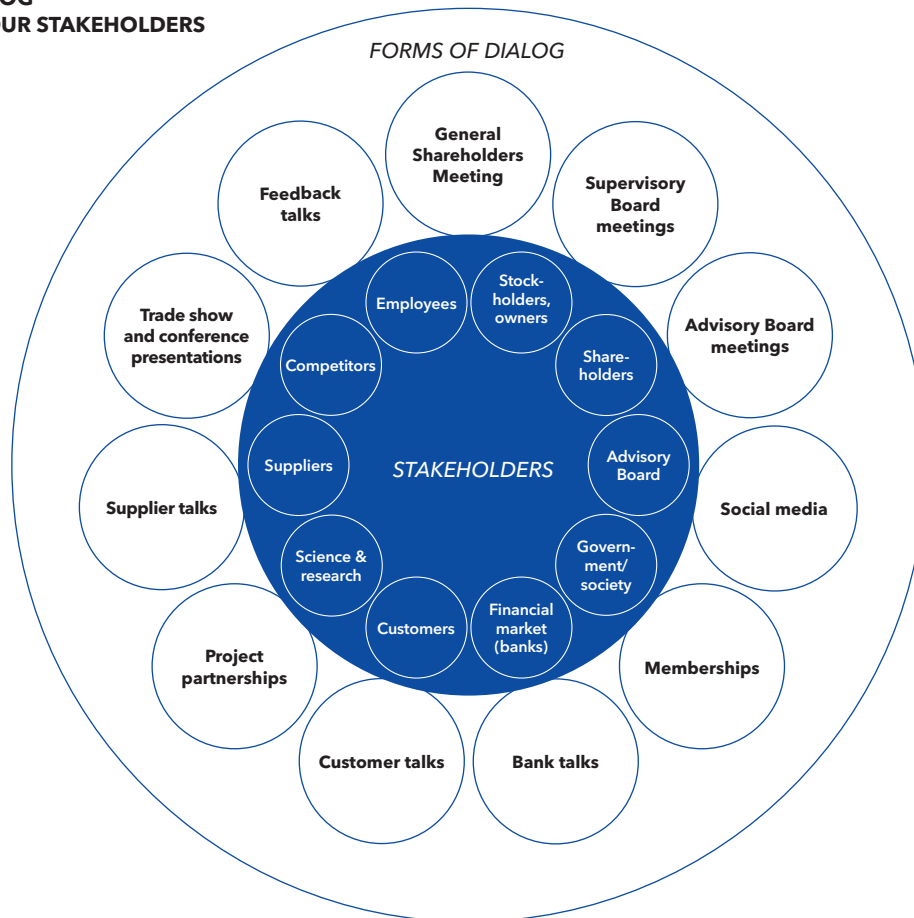
For example, in the reporting year it drew up a new climate protection goal, which is described in more depth in the section Energy and emissions on ▶page 23. The central department reports directly to the CEO.

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. In 2017, we implemented a new corporate strategy aimed at ensuring the long-term successful market orientation of BLG LOGISTICS and therefore securing jobs. Since then, we have been successively rolling out the defined corporate values and leadership principles in our company-wide training program TAKE THE LEAD as well as during our roadshow #SuccessDependsOnEverybody. You can find out more in the section SOCIAL from ▶page 26.

Certified management systems

A number of certified management systems support our sustainability strategy. For example, BLG LOGISTICS is certified according to DIN EN ISO 9001 at most of our German and foreign locations and also according to VDA 6.2 at our automotive locations. Our ecological responsibility is reflected in our environmental management system, which is certified according to DIN EN ISO 14001. This system has been implemented since 2004 at all our German auto terminals and transport centers in the AUTOMOBILE division as well as five more centers in the CONTRACT division. We continuously further develop it. Since 2016, we have implemented an energy management system compliant with DIN EN ISO 50001 at a total of 25 locations. In the reporting year, the system was re-certified.

**IN DIALOG
WITH OUR STAKEHOLDERS**



We engage external service providers to evaluate our sustainability performance. In 2019, we again contracted EcoVadis to perform this analysis. Not only did we achieve another silver CSR rating, we also gained a higher points score. According to EcoVadis, we are among the top 25 percent of the companies evaluated and remain above average for the industry.

Guidance for our daily activities

Our corporate values, commitment, respect, passion, responsibility and readiness to change form the basis of our corporate culture. This is why all aspects of our sustainability management follow these principles. We have 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 2019, from page 12.

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. Data protection is another key area for us and our Data Protection Officer continually ensures we observe high privacy standards.

Inclusion of our stakeholders

When formulating goals, we strive to take the interests of all stakeholders into account in a balanced and appropriate way. For us, stakeholders are all persons or groups, both inside and outside BLG LOGISTICS, 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 sectors where we directly supply to customers or even work on their sites. In addition, when we carry out joint major projects with our customers or develop new logistics locations for them, we rely on highly detailed feedback from them about their requirements and questions. On several occasions over recent years, we engaged external experts to discuss with our most important customers the best locations.

One of the most important stakeholder groups is our workforce. That is why two-way communication with them is vital. We do this by regularly conducting employee surveys. We expanded these activities in 2019 with our new survey type "Trusted Employer". This anonymous online survey examines whether the communication of our corporate strategy is clearly understandable for everybody. Find out more about this in the section Employer attractiveness on ▶page 33.

We also use many other channels for dialog tailored to specific target groups. These are shown in the graphic on the previous page and include our key stakeholder groups. 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.

IMPORTANT MEMBERSHIPS IN ASSOCIATIONS, ORGANIZATIONS AND INITIATIVES

- Central Association of German Seaport Operators, Hamburg
- German Logistics Association (BVL)
- German Transport Forum, Berlin
- Business Association Wirtschaftsverband Weser, Bremen
- Company Association Unternehmensverband Bremische Häfen, Bremen
- German Freight Forwarding and Logistics Association, Berlin
- Logistics Alliance Germany, Berlin
- AKJ Just-in-Time Working Group
- Charter of Diversity
- Awards Association Trägergemeinschaft Bremer Diversity Preis
- Work-life-balance initiative 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. The ZDS supports the goals of the Logistics Innovation Program 2030, which was developed by the Federal Ministry for Transport and Digital Infrastructure (BMVI). The program is designed to provide a guideline for the future of the transport and logistics industry in Germany. It focuses on new technology and sustainable infrastructure. 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. It was prepared in accordance with the GRI standards (Core option). The associated GRI Content Index is published online.

www.blg-logistics.com/sustainability

Since the adoption into national law of the EU Corporate Social Responsibility (CSR) Directive, BLG LOGISTICS is legally required to issue a non-financial statement within group reporting. This is designed to create more transparency about ecological and social aspects of company activities. We meet this obligation by compiling a separate Non-Financial Group Report (NFR) which is integrated in our Sustainability Report. On ▶page 57 you can find a CSR index that shows where the topics relevant for the NFR appear in the various sections of this Report.

Reporting scope

Our sustainability reporting covers the fully consolidated companies of the BLG LOGISTICS GROUP. 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 above all on these two divisions and our central departments.

The CONTAINER division is represented by the EUROGATE joint venture, which is Europe's leading shipping-line-independent container terminal operator. EUROGATE independently manages the areas relevant to non-financial reporting such as energy, the environment, personnel and compliance. In the interests of clarity, the NFR-relevant topics for the CONTAINER division are presented separately on ▶pages 52 to 55. Furthermore, EUROGATE publishes its own sustainability report.

www.eurogate.eu/sustainability

Defining relevant topics

In structure and topic range, the Sustainability Report 2019 takes its cue from the 2017 and 2018 reports. They explain the thorough process we applied to determine the contents of our reports. Taking into account business developments in the reporting year as well as the continuing dialog with our stakeholders, we found no reasons for changing or adding to the subjects addressed in this year's report. We again recorded the same key figures as in the past years and tackled subject-specific contents for the individual aspects in 2019.

For the first time, we integrated the United Nations' Sustainable Development Goals (SDGs) in this report. To find the best ways of aligning our strategy to the SDGs, we conducted a workshop with representatives of all the relevant divisions, chaired by an external expert. Participants first examined the individual goals, then discussed them. We asked ourselves where BLG LOGISTICS already has made or could make an impact. We also looked at areas where we believe we have a responsibility to formulate our own sustainability objectives in the future. After this discussion of the 17 SDGs (listed in full on the cover fold-out flap), we identified six that are especially closely linked with our business activities (see ▶overleaf). In the following sections, we allocate them to the various aspects of this report and present ideas about how we want to apply a range of approaches and measures to help achieve the goals or reduce negative effects. You can find an initial breakdown of the allocation of the SDGs in the materiality matrix on ▶page 13.

Weighting of the main aspects

The materiality matrix on the right lists the topics identified as relevant for the Sustainability Report. They are allocated to the areas 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. To evaluate the individual aspects, we also applied current sociopolitical developments. In view of the World Climate Council prognoses on progressive climate change and its disastrous consequences, widespread recognition of the Fridays for Future movement and the general intensification of public discourse, we further raised the priority of the topic energy and emissions compared to our 2018 report. Even without an in-depth analysis, we believe both these areas have gained in importance for our stakeholders across society. After reaching our own climate goal ahead of time, we again increased our focus on this subject in the reporting year. This included our resolution of an even more ambitious target in response to the importance of climate change as a central challenge of our time. We are committed to making our own contribution to achievement of the Paris climate goals.

The contents of our NFR are topics considered highly relevant both to the business activities of BLG LOGISTICS and to our impacts on society. These are shown in the materiality matrix in the top right quadrant (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. Equally important for BLG LOGISTICS are economic value creation, sustainable supply chain, social commitment and customer satisfaction within sustainable operations. For this reason, these aspects are also included in this Sustainability Report and described in their own sections.

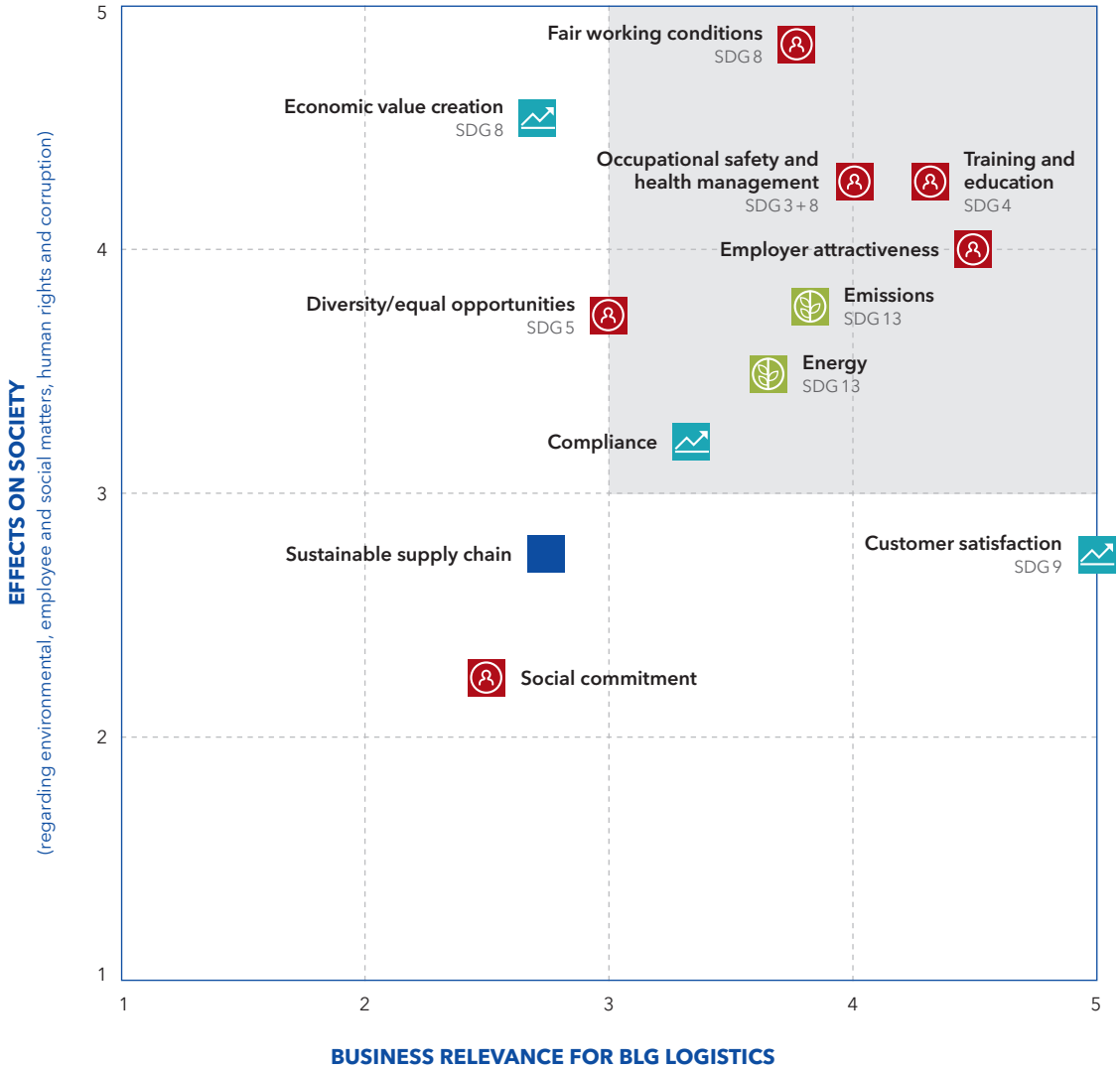
Below, we link every topic shown in the matrix to the relevant management approach and selected key figures according to GRI. What’s more, we explain how BLG LOGISTICS tackles the individual aspects in the NFR. These include concepts, results of implementation, internal checks and relevant key figures. The risk management section on page 14 examines overall risks.

The report focuses on the domestic BLG companies. They account for 92.5 percent of all employees and 95.6 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.



BLG LOGISTICS supports the United Nations Sustainability Development Goals (SDGs)

MATERIALITY MATRIX



- General
 Ecological
 Social
 Economic
- Contents of Sustainability Report
 Contents of Non-Financial Group Report

RISK MANAGEMENT

At BLG LOGISTICS, we believe solid corporate management requires responsible management of potential risks. At the same time, it is important to identify and grasp opportunities. With our opportunity and risk policy, we want to increase our company's value without taking undue risks. Our Board of Management is responsible for the strategic direction of our risk management. Included here are formulating risk policy principles and management of the overall risks with a view to profits. The Supervisory Board takes on responsibility for company law. For this purpose, the Board of Management regularly informs the Supervisory Board about decisions that are relevant in terms of risk.

Identifying, evaluating and minimizing risk potentials

Early identification of potential risks takes place within the framework of continuous risk management and reporting geared to the corporate structure based on company law. There is a particular focus here on risks that arise from strategic decisions that may threaten our existence. We also ensure that no risks ensue for humans, the environment and society from our business activities. 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 2019](#) from page 62.

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 risk manager and their impacts on the risk.

RESPONSIBILITIES IN CONNECTION WITH RISK MANAGEMENT ORGANIZATION

Supervisory Board monitors Board of Management



Board of Management defines risk strategy and implements risk management system



Risk management executives carry out risk management as an integral part of the planning and controlling process



Central risk management reports all major risks to the Board of Management



Internal Audit department monitors risk management on behalf of Board of Management



Auditors examine early risk identification system

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 regular Supervisory Board meeting. Four of these meetings were held in the reporting year. No major risks with very likely serious negative impacts on the issues of sustainability and terms of the CSR Directive were identified in the 2019 financial year.

SUSTAINABLE SUPPLY CHAIN

As a logistics provider, we are one link of many in global supply chains with a high degree of complexity. BLG LOGISTICS offers logistics services along the entire supply chain. These are shown in detail on pages 6 and 7 in the section Profile. What's more, we also take care of the complete supply chain management and organize integrated logistics chains along the entire value creation process in the areas project and process management, technology, IT and quality. We predominantly work with products and components provided by our clients. This means we have almost no influence on their upstream processes.

Wherever we can influence processes ourselves, we strive for high standards of sustainability. That goes for example for our order and purchasing processes, which encompass more than 100 material types and are managed by our Purchasing central department. Our main procurement markets are located above all in Germany and neighboring EU countries with high standards regarding sustainability.

Section 17 of our General Terms of Contract and Purchasing regulates 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 includes compliance with and protection of international human rights. Our suppliers are responsible for ensuring any subcontractors also meet our requirements. We communicate this in talks with suppliers as well as in our General Terms of Contract and Purchasing.

www.blg-logistics.com/de/agbo

Systematic supplier evaluation

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 effectively improve quality or cooperation.

We choose which suppliers to evaluate according to their relevance for our business activities and the purchasing volume they represent. The focus here is on key procurement areas such as intralogistics, large investments and consumables. 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. Ideally, no steps are necessary. This was true for the reporting year, during which we took no follow-up measures after the evaluations and direct talks with our suppliers. 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. In 2019, we carried out 97 supplier assessments and plan to increase this figure to 110 in 2020.

45Nm
Maxi-250 rpm

- 1 59 °C
- 2 55 °C
- 2 89 °C
- 1 92 °C

CO₂-REDUKTION



2 x 6,3t

1,95t

2,10m

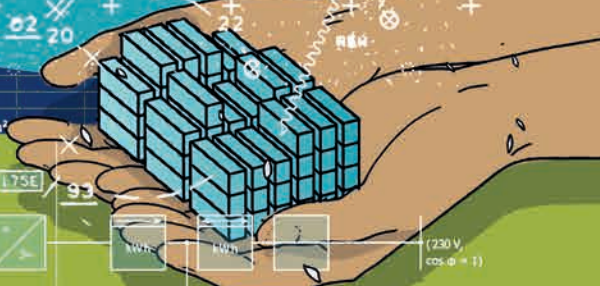
10m



Ökologisch



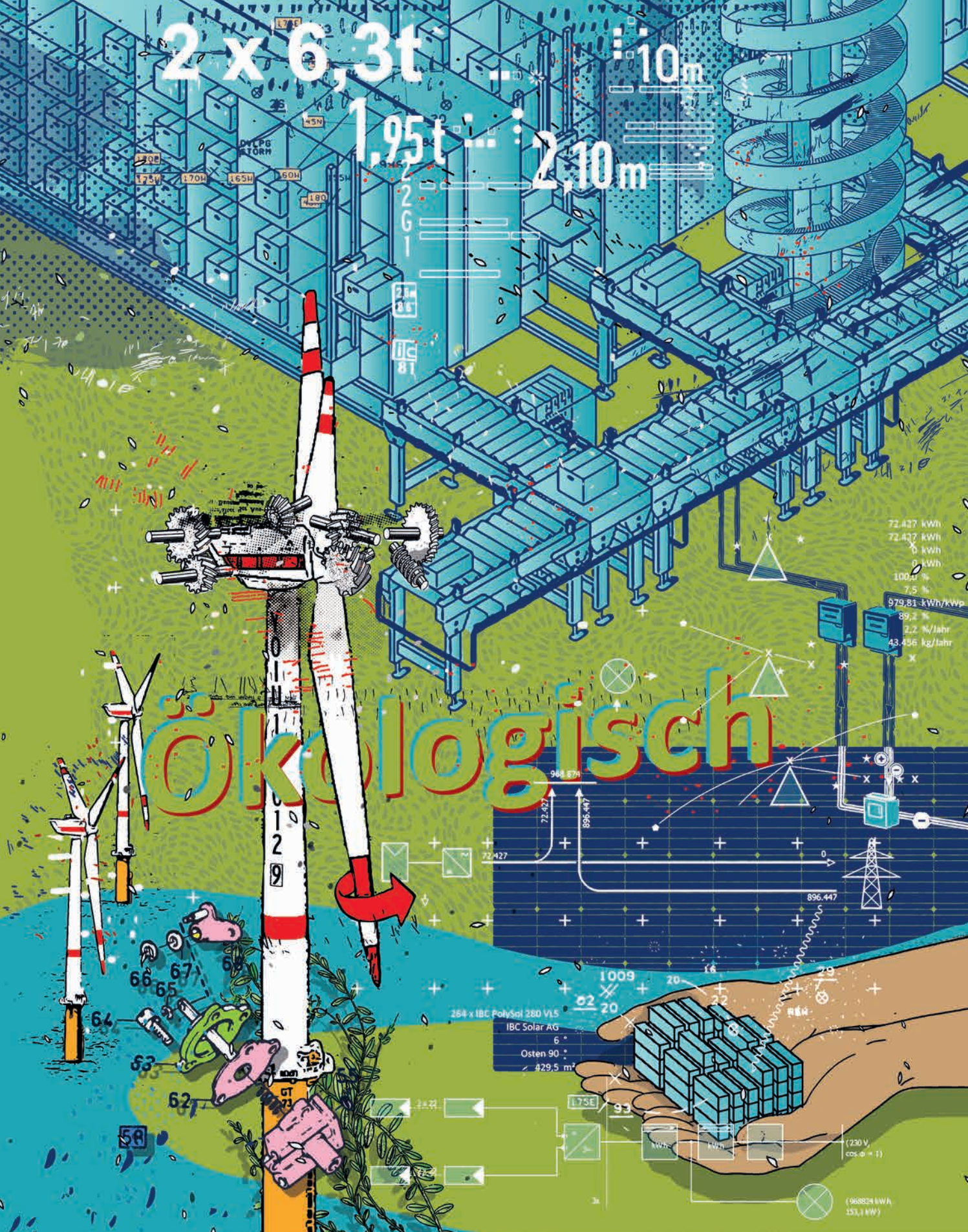
254 x IBC PolySol 280 V15
IBC Solar AG
6°
Osten 90°
429,5 m²



72.427 kWh
72.427 kWh
0 kWh
0 kWh
100,0 %
7,5 %
979,81 kWh/kWh
89,2 %
2,2 N/laht
43.456 kg/laht

(230 V
cos φ = 1)

(96823 LWA
133,1 kWh)



ENERGY AND EMISSIONS

We want to do our share for climate protection. For this, we have set ourselves an ambitious CO₂ reduction goal and will be a climate-neutral company by 2030.

As a logistics company, we have a responsibility to protect the environment and natural resources. Particularly important here are the consumption of energy carriers and the associated greenhouse gas emissions. This is why these two aspects are at the center of our activities.

The German government's climate protection strategy aims to largely achieve greenhouse gas neutrality by 2050 and we want to make our contribution to this goal. This is furthermore in the interests of our customers, who themselves are developing an increasing focus on sustainability. Our green performance also reflects well in their reporting. Other elements that help define our actions are statutory provisions such as the Energy Services Act or the Ecodesign Directive plus the incentive of achieving energy cost savings from effective ecological policies.

Extensive energy management

Our energy management is comprehensive and provides for local energy planning at each of our locations. This involves systematic data logging, energy-consumption evaluation and an action plan detailing how to achieve our energy reduction goals. A controlling unit monitors the individual activities and provides support. We continue to work toward rolling out this data logging procedure also at our foreign locations. In the reporting year, our energy management system was re-certified according to DIN EN ISO 50001 at 25 locations. At other locations, we initiated energy audits according to DIN EN 16247 for 2020. Since as far back as 2004, our environment management system has been certified according to DIN EN ISO 14001 at all our German auto terminals and the transport centers of the AUTOMOBILE division as well as at five other contract logistics locations. We are already preparing for energy management certification at further locations. This is another important way we meet our ecological responsibility.

www.blg-logistics.com/certificates

Calculation basis for energy consumption data

To be able to cut our CO₂ emissions, we need to know where and in what quantities we use energy and generate greenhouse gas emissions at BLG LOGISTICS. We collect, validate and evaluate energy consumption data directly at our locations. This data is brought together once per year in our Sustainability and Digitalization central department, which calculates the emissions generated. The consumption statistics for all locations of our fully consolidated German companies are taken into account here.

Excluded from this are plants, buildings and vehicles whose energy consumption cannot be controlled by BLG LOGISTICS. At a few of our locations, we are not able to take meter readings ourselves. If only flat-rate figures are available, we adjust our energy balance sheet retrospectively.

UN goal: Take urgent action to combat climate change and its impacts



By 2030, we aim to have reduced our own greenhouse gas emissions measured in absolute terms against 2018 by at least 30 percent. Over the same period, we want to achieve a 15 percent cut along our supply chain.

To measure our progress, we set ourselves a CO₂ goal in 2012, which we were delighted to meet in 2018, two years ahead of schedule. It was a logical next step for us to develop a new ambitious goal in the reporting year, based on the requirements defined by the Science Based Targets initiative (SBTi). This is how we make our contribution to limiting global warming in the spirit of the Paris Agreement. While we have formulated new goals, we continue to use the same recording method. Therefore, here we report for the last time for 2019 with reference to the old 2020 goal.

tively once we receive the exact consumption data. In our AUTOMOBILE and CONTRACT divisions, we use our own diesel trucks. Their consumption is included in our energy and greenhouse gas balance sheet. Our fleet is supported by subcontractors, above all in the forwarding and automobile transport areas. So far, they have not appeared in our figures, but in the future they will be included in our extended greenhouse gas balance sheet.

We present direct and indirect greenhouse gas emissions separately. To do this, we apply 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 and district heat generation) and Scope 3 (further indirect emissions that result from the production and transport of energy sources). Currently, we are comprehensively expanding our logging of Scope 3 emissions to help with the new climate protection goal. At BLG LOGISTICS, we have been calculating our CO₂ equivalents (CO₂e) since 2011. This includes not only carbon dioxide, but also other gases with a high greenhouse gas potential, such as methane and nitrous oxide (see Glossary for details).

ABSOLUTE GREENHOUSE GAS EMISSIONS

broken down into direct and indirect emissions (tCO₂e)

Year	Scope 1	Scope 2	Scope 3	Total
2019	44,543	29,547	10,894	84,984
2018	45,268	32,505	11,046	88,819
2017	47,715	34,073	11,628	93,416

■ Scope 1 ■ Scope 2 ■ Scope 3

For the CO₂e calculation of gasoline and diesel vehicles, we use well-to-wheels emission factors (WTW) from the DIN EN 16258 standard. This includes all CO₂e 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. To calculate the further emissions from the energy carriers including the upstream chain, we use the CO₂e emission factors from the Global Emission Model for Integrated Systems (GEMIS) from 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. In particular our latest adjustment to GEMIS 5.0 resulted in significant retrospective changes.

Energy consumption by BLG LOGISTICS

In 2019, the total energy consumption of BLG LOGISTICS was 250 million kilowatt hours. Compared to the previous year, we saved on electricity, heating oil and natural gas. 52 percent of the total energy consumption in the reporting year was attributable to the AUTOMOBILE division. The largest share of energy consumption, at some 32 percent, was accounted for by our automotive transport activities, followed by the business fields industrial and retail logistics as well as the terminals. The combustion of natural gas, heating oil, diesel and gasoline accounts for the largest share of total emissions by BLG LOGISTICS, followed by indirect emissions from electricity consumption. From 2018 to 2019, we reduced our energy intensity by 5.6 percent to 0.277 kilowatt hours per euro of sales. Compared to the previous year, we were able once again to cut our absolute greenhouse gas emissions in line with total energy consumption.

In the business areas industrial and retail logistics in our CONTRACT division, the largest share of energy consumption was accounted for by heating and air conditioning as well as lighting.

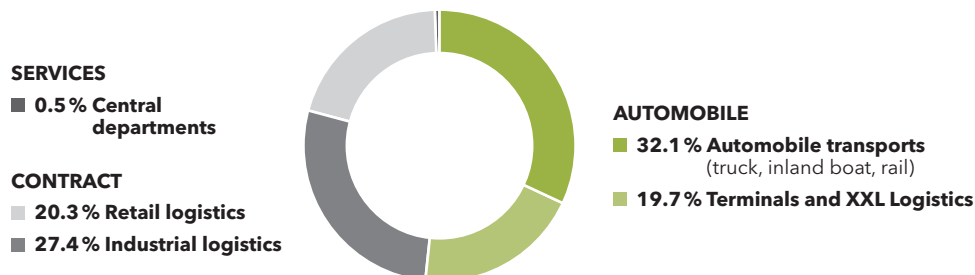
ABSOLUTE ENERGY CONSUMPTION

broken down according to energy sources

	2019 Liters	2019 MWh	2018 MWh	2017 MWh
Electricity		58,521	64,379	65,371
Natural gas		77,420	81,847	81,463
District heat		117	127	
Heating oil	1,142,268	11,366	11,594	15,417
Diesel	10,059,662	99,792	98,900	105,900
Gasoline	359,523	3,167	3,161	2,160
Vehicle gas		50	34	46
Total energy consumption		250,433	260,042	270,357

PERCENTAGE SHARE OF ENERGY CONSUMPTION 2019

broken down according to divisions and business fields



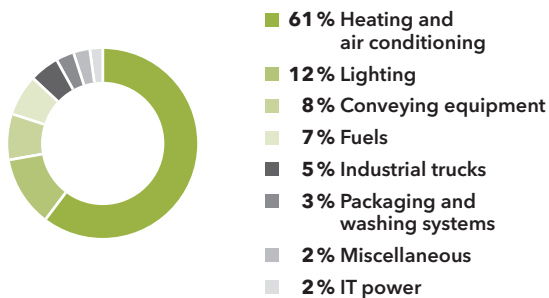
Planning and implementation of energy efficiency measures

Activities to increase our energy efficiency are a crucial part of our energy management system. In 2019, we continued our locally-based action plans and added new energy-saving measures. Once again this year we will monitor progress centrally. The aim of central monitoring is not only to define our energy savings, but also to utilize synergies and identify new opportunities.

We defined two key focuses in 2019. Across all locations, lighting optimization offers the potential for massive electricity savings. What makes this especially attractive is that today's LED technology is so advanced that converting to LED lighting pays for itself in a relatively short time. The second focus is on sensitizing our employees. Experience shows that large potentials can be realized here, even though the savings are usually difficult to measure.

CONSUMER GROUPS BLG CONTRACT 2019

in %



Dialog with our employees

As part of our established awareness-raising activities, we carried out training courses on the topic of energy for employees on various levels. The courses are partly mandatory and cover aspects including energy management systems and energy saving opportunities. These subjects are also regularly tackled in staff talks, safety instructions and induction courses.

For the AUTOMOBILE and CONTRACT divisions, the Sustainability department organizes annual TechnikTreffen (technical meetings) that allow an exchange with the BLG Energy Officers combined with additional training. In 2019, the focus for our CONTRACT colleagues was lighting. The program also included a creative workshop where participants developed ideas on how to motivate employees at the various locations to save energy. A similar approach is behind the Green Nudging project, which is funded by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety. In the reporting year, we took part as one of eight model enterprises. The idea is that climate-friendly behavior can be encouraged by means of small triggers. We want to remind our employees to switch off lights, screens and heating when they leave their workplaces and also to ventilate rooms by opening windows wide for short periods instead of keeping them continuously tilted. We nudge them using media and information notices as well as eye-catching stickers and playful elements.

<https://green-nudging.de>

Focus on lighting

In the reporting year, we systematically pursued this focus at all locations certified according to the 50001 standard. At the annual TechnikTreffen for our Energy Officers, we also introduced and explained checklists developed for this purpose. The lists record the status quo as well as the requirements for new lighting. Using this data, an external planner drew up initial lighting concepts and cost estimates. Based on this information, the various locations could decide whether to switch to LED. Detail planning started in 2019 at some locations - including one of the largest industrial logistics locations in Bremen. Initial calculations show that at this site the connected load can be reduced by up to 50 percent with a simultaneous improvement of light intensity. This corresponds to a saving of approx. 61,100 kWh (31 tCO₂e emissions) per industrial building. The additionally planned use of control systems will provide even greater savings. As a first step, we are converting three buildings, then expanding the upgrade to all nine. In the industrial logistics center at our Falkensee location, we installed state-of-the-art LED technology at the beginning of July, including high-performance sensors for motion and daylight control. Thanks to this and other small changes, the location saved 136,500 kWh (69 tCO₂e) in 2019.

We also implemented a large number of lighting improvements in the AUTOMOBILE division. Most significant here was the continuation of our major project at the Autoterminal in Bremerhaven. Apart from a few exceptions, the entire outdoor site, parking rack and indoor lighting was converted to LED technology. The project is now largely wrapped up and will be finalized in 2020. It is already clear that the location will achieve a substantial electricity saving in 2019 of approx. 1.3 million kWh (equivalent to 656 tCO₂e).

Additional measures

Beyond our main focus areas, we implemented a large range of further projects and measures. In Coblenz we checked and replaced the temperature sensors of the cooling system, among other things. IT experts also checked the programming of the system and fine-tuned it. As a result, the location was able to reduce its energy consumption at a low investment by approx. 760,000 kWh (384 tCO₂e). At the end of 2018, we renovated a roof and newly insulated a hall at our Eisenach location. Despite a warmer winter, we recorded a saving in the reporting year of 4.4 percent, which corresponds to 18,650 kWh

(5 tCO₂e). Other smaller measures include retrofitting meters, repairing leaks, central ON/OFF management for computers, installing vertical blinds as wind and cold traps, as well as successively replacing lighting in stairwells, corridors and lighting covers, including control systems.

We continuously work on updating our fork-lift truck fleets. At several locations, we replaced the entire industrial truck fleets in the reporting year. The new vehicles use lithium-ion and high-frequency charging technology. Furthermore, a fleet management system provides data about capacity utilization and energy management of the vehicles as well as driving style.

Renewable energies

In summer 2019, a photovoltaic system was installed on the roof of the Autoterminal in Kelheim. It has a generator area of 430 m² and an output of 74 kWp. In the first seven months alone, it generated 42,000 kWh of electricity, 90 percent of which we consumed in-house. Put another way, the facility saved 21 t of CO₂e. We planned a further system for our Autoterminal Cuxhaven in the reporting year and issued an invitation to tender.

Together with the Hamburg Port Authority, we aim to upgrade the Autoterminal in Hamburg into a zero-impact terminal. We started by launching a project with Bremen University of Applied Sciences. Analyzing energy and operational data, students evaluated the extent to which energy generation, e.g. through photovoltaics and the use of electric vehicles powered by self-generated green electricity, could help us achieve our goal. The results will be available in the first quarter of 2020.

Reduction in fuel consumption

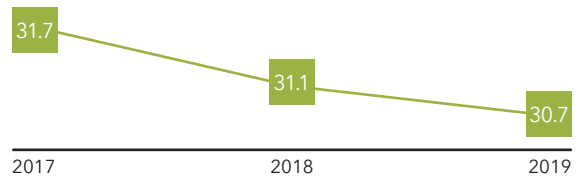
At the end of 2019, the German federal government published a master plan for expanding the charging infrastructure for electric vehicles. The target is one million publicly accessible charging points by 2030. E-mobility remains an important topic for BLG LOGISTICS. We are processing, preparing and transporting more and more electric cars for our customers. We own several charging stations, including one in front of our Bremen headquarters. E-vehicle users can charge their batteries there free of charge with green electricity. With a location survey launched at the end of 2019, we want to gain an overview of all existing, planned and possible charging points.

Electric and hybrid vehicles are also becoming increasingly attractive for our own fleet. In the reporting year, we decided to push ahead with successively switching over our company car fleet to alternative drives. We also want to introduce incentive systems to accelerate the process.

Our company BLG AutoTransport offers transport services for new and used vehicles. At the end of 2019, our German companies owned 211 trucks. Between 2015 and 2018, we modernized the fleet with a total of 158 new models. Then, in 2019, we acquired another 31 new trucks. Now 99.5 percent of our fleet complies with the EURO 6 standard. For show purposes, one EURO 4-standard freightliner is also intermittently used.

SPECIFIC DIESEL CONSUMPTION OF OWN AUTOMOBILE TRANSPORT FLEET

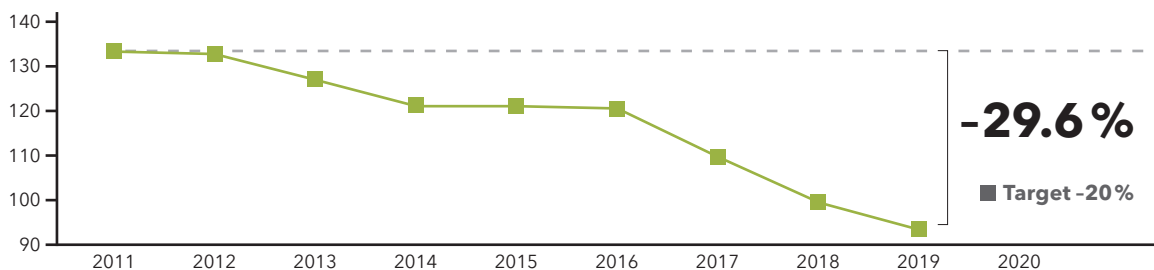
liters/100 kilometers



To save even more fuel, we have introduced software that supports economical driving by e.g. automatically shifting gears. We use new tires based on the results of a two-year project that examined tire efficiency. Consumption and other driving data are recorded via a telematics system. On the basis of this data, reports are prepared and grades given for driving style - taking into account vehicle type and use conditions. The consumption data is displayed at the locations. Aside from mandatory modular training, including eco-training for the driver's license, we organize regular driver training by our own instructors as well as targeted follow-up training in the event of a poor assessment. We also offer these training courses to subcontractors in our automobile transport business area. As a result of these efforts, the average diesel consumption by BLG AutoTransport in the reporting year fell once again. Now this figure is 30.7 liters per 100 kilometers, or 0.4 liters below the previous year's value.

RELATIVE GREENHOUSE GAS EMISSIONS

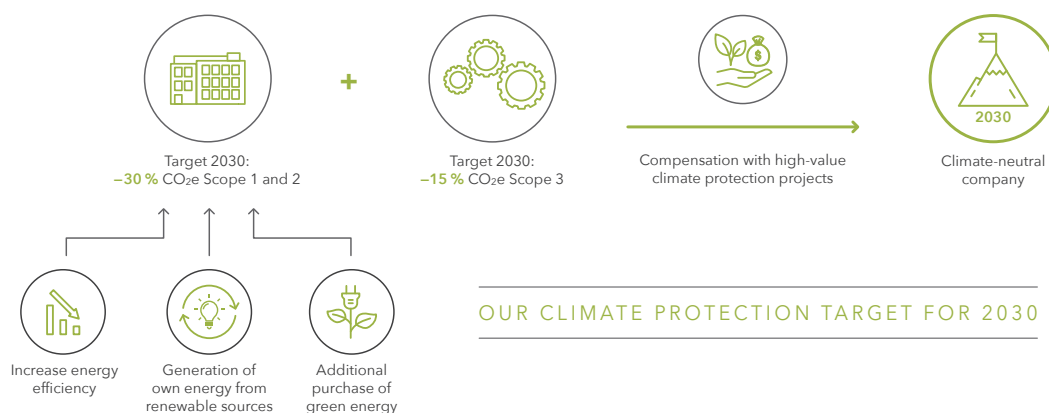
from 2011 to 2019 and target 2020 (gCO₂e/EUR sales)



On the road to climate-neutral logistics

After reaching and even slightly exceeding our climate protection target two years ahead of schedule in 2018, we formulated an ambitious follow-up goal in 2019. Our guideline here is the Paris Agreement and its demand to limit global warming to well below 2°C compared to pre-industrial times. By 2030, we will reduce our absolute Scope 1 and Scope 2 emissions by at least 30 percent and our Scope 3 emissions by at least 15 percent, in each case compared to the figures for 2018. We are also updating our overall energy policy. Part of the process was an extensive analysis of our current Scope 3 emissions. This assessment of indirect emissions that result from BLG LOGISTICS

business activities revealed a significant share of almost two thirds of our total emissions. We will break the figures down into more detail and draw up a concept for monitoring the relevant categories. In 2020, we will invite the Science Based Targets initiative (SBTi) to validate our goals. Currently, we are listed as “committed”. There are three strategic levers we can use to achieve our goals: increasing our energy efficiency, producing our own regenerative electricity and purchasing green electricity. We will compensate for any emissions that can not be reduced through these efforts by supporting high-quality climate protection projects. All these elements will enable us to gain the status of a climate-neutral company by 2030.



OUR CLIMATE PROTECTION TARGET FOR 2030

MAKING LOGISTICS SUSTAINABLE

INTERVIEW:
MAXIMILIAN MOLKENTHIN
SENIOR HEAD OF LOGISTICS
AT PUMA



*"You miss opportunities
if you don't take sustainability
into account right from the start."*

PUMA is building a new central warehouse between Nuremberg and Würzburg which will be operated by BLG LOGISTICS. Can you give us some key figures of the project?

We're building a single warehouse for Central Europe. From a logistics site covering around 63,000 m², we will in future serve several channels. That means classic wholesale business, our own PUMA stores and e-commerce including returns for the whole of Europe. This omnichannel approach is an exciting and new thing for us. We'll dispatch just under 75 million items per year.

The central warehouse is being built to climate-neutral requirements. What was behind this decision?

Sustainability is extremely important to us. At PUMA, we've set ourselves ten strategic goals that we want to achieve by 2020. This is our 10FOR20 program. Naturally, climate protection is a key part. We are committed for example to the Science Based Targets and have drawn up an emissions reduction goal based on them. Looking at the CO₂ footprint of our overall company, logistics is of course a large factor. That's why it's good that we now have the chance in this major project to actively make a difference.

What role does the choice of logistics service provider play?

Primarily, we looked for a partner we believed would be capable of accomplishing the project. It's extremely important to us that this partner understands our industry and this concrete task and that it draws on the right experience. In this case - also for me personally - the need for sustainability was also important. BLG LOGISTICS not only met all our criteria, but also said: Yes, we're totally on board with this.

Let's take a look at the new building, which has received LEED certification. What are the criteria for this?

Well, we started by thinking about what certification we wanted to have. We chose LEED mainly because it's an internationally recognized standard. And we're a global brand, even though in this case we're a German company building a project with a German partner. What's more, we expect our suppliers in part to also have LEED-certified factories. The certification process itself uses a scoring model to evaluate a series of criteria, for example from the categories location and traffic, water efficiency, or energy and air quality. Then it awards different certification levels depending on the number of points achieved. Naturally, we did all we could to tackle all these aspects and get good scores all round.

What stands out in particular in your focus on ecology?

Quite a lot! There are open spaces allocated to photovoltaic power generation, we want to establish bee colonies on special meadows and we plan to integrate rainwater into our water concept. We've also invested substantially in air conditioning. In fact, our green efforts cover everything from large-scale systems right down to small provisions like the bike stand for colleagues who want to cycle to work. The company relies exclusively on green energy.

That sounds like significant investment was necessary for the certification. Does PUMA expect advantages also in the medium term?

Looking at the big picture, I think we're still at the start of the climate protection debate. We're lucky that we've got people here who had the foresight to set certain things in motion. That's why I hope we'll benefit in the future from the fact that we already have standards in several areas that are much higher than what is currently required.

Overall it's an ambitious project. Can you tell us where the biggest challenges were and are?

As far as sustainability goes, the challenge was both enticing everybody involved and drawing up a concept for the whole undertaking. We started with the aim of achieving sustainability, in this case sustainable construction. What does that mean exactly? What measures do I implement or reject? These decisions weren't easy. Furthermore, a whole range of participants were involved - all of them experts, for example construction chemists and construction biologists. But we had to piece everything together to make an overall picture. And the LEED certification added another layer of complexity. Despite all this, it was important and right that we took the time needed for these topics. I believe you miss opportunities if you don't include these things in your thinking right from the start and then implement the results.



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Hand holding a mobile phone

Icons: Upward arrows, Wine glass, Umbrella, Mobile phone, Mail, Person, Anchor, Hard hat

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	P	Q	T	W
	S	V	Z	ENT

- 1 POVERTY
- 2 ZERO HUNGER
- 3 SENIOR EQUALITY
- 4 CLEAN WATER AND SANITATION
- 5 AFFORDABLE AND CLEAN ENERGY
- 6 SUSTAINABLE CONSUMPTION AND PRODUCTION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 SUSTAINABLE CONSUMPTION AND PRODUCTION
- 9 JUSTICE
- 10 LIFE BELOW WATER
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 14 LIFE BELOW WATER
- 15 JUSTICE
- 16 PARTNERSHIPS FOR THE GOALS





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FAIR WORKING CONDITIONS

We provide attractive, secure apprenticeships and jobs with fair pay and a constructive working culture.

Our employees are crucial to our success. That is why we ensure fair working conditions at BLG LOGISTICS, based on equal relations with our various employee groups as well as wages and salaries that comply with collective agreements. What's more, our intensive codetermination culture plays an important role in the company. As one of the largest employers in the Bremen/Bremerhaven region and with the city of Bremen as our main shareholder, we are aware of our special responsibility.

Employment contracts and types

The vast majority of our employees, at 87.2 percent, hold permanent jobs. Compared to the previous year, this percentage increased by 5.2 percent. In the reporting year, 93 percent of our employees worked full time. With a share of 69.9 percent, above all women took advantage of the option of part-time work.

EMPLOYMENT CONTRACT AND TYPE

Basis: Germany 9,726 employees (status as at Dec. 31, 2019)

Employment contract	total in %	of which	
		male in %	female in %
permanent	87.2	75.3	24.7
temporary	12.8	70.3	29.7
Employment type			
Full-time (100%)	93.0	78.0	22.0
Part-time (<100%)	7.0	30.1	69.9

Pay in line with collective agreements

Fair and socially just pay makes BLG LOGISTICS an attractive and reliable employer. We pay our employees on the basis of the collective agreements usual in our industry, or in individual cases at comparable rates. Naturally, the minimum wage applies both for our own employees and agency workers.

In 2019, 98.7 percent of our locations were integrated in a collective wage agreement system. Wherever we take over new businesses, we make every effort to integrate staff into our company as quickly as possible. In the reporting year, we were successful in this at the Emmerich and Schlüsselfeld locations. Furthermore, a large number of collective bargaining negotiations took place and were successfully concluded. Right now, talks on local collective agreements for our new locations in Baden-Württemberg and in Meerane in Saxony are under way.

Automation and digitalization are set to permanently change familiar processes and the entire logistics business model. Inevitably, we will have to actively secure our competitiveness, however we intend to make this process socially acceptable and to consult with employee representatives throughout. Together with the labor union ver.di, we have decided to conclude a digitalization and automation collective agreement. The members of the collective bargaining committees have been appointed and the first joint meeting will take place at the beginning of 2020.

Codetermination

Over many years, practiced codetermination has become firmly established at BLG LOGISTICS. Dialog with our employees and respectful communication with each other are important to us. Essential for this are mutual trust and a strong representation of interests. This is achieved at operational level by the works councils and at Group level by the employee representatives on the Supervisory

Board. The dynamic dialog produces valuable ideas for the development of our company. Practiced codetermination is of special importance whenever the focus is on workplace design, occupational safety and the compatibility of career and family.

The evolution of a company depends to a large extent on the ideas of its employees. That is why, in the reporting year, a working group examined the further development of the existing "ideas scheme" in the AUTOMOBILE division. Our new Ideas Management was implemented in 2019. It offers for example higher prizes for suggestions that can not be evaluated in monetary terms and prizes for good ideas which are not implemented.

Human resources service providers

Due to the wide fluctuations in the order situation that are typical for the logistics sector, BLG LOGISTICS cannot do without agency workers. Also in 2019, we were forced to bring in agency employees to cover capacity fluctuations or very short-term contracts. In Bremen and Bremerhaven, due to our traditional links with the port, our first choice of workers are those from the Central German Seaport Operators (Gesamthafenbetrieb, GHB). These employees are subject to the framework pay agreements agreed with the ver.di labor union for German seaport companies.

As at December 31, 2019, BLG LOGISTICS employed 75.9 percent own staff, 6.8 percent GHB employees and 17.3 employees from other personnel service providers. Therefore, the proportion of own employees increased slightly by 1.4 percent on the previous year.

Equal treatment of all employees

We make no distinctions between our three employee groups permanent employees, employees from GHB and agency employees with regard to contractually specified work assignment flexibility. This applies for example to short notice for overtime, weekend work and work assignments. What's more, BLG LOGISTICS is committed to the principle "equal pay for equal work". Naturally, we also comply with the requirements of the German Provision of Temporary Employees Act (AÜG).

In October 2018, we put our own Directive on Temporary Employees into force. The guideline is designed to ensure a uniform and legally compliant procedure. It determines, among other things, that we only use service providers that meet minimum wage requirements. We expect compliance with standards of fair working conditions not only from our human resources service providers, but also from our suppliers. This is anchored in our General Terms of Contract and Purchasing.

www.blg-logistics.com/de/agbo

Just like in previous years, in 2019 BLG LOGISTICS again gave employees from GHB and other personnel service providers permanent employment contracts.



UN goal: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Our employees are crucial to our success. Therefore we offer them secure and attractive jobs with fair wages and practiced codetermination.

Targeted support

In the reporting year, 2,882 BLG LOGISTICS employees were covered by our Company Social Advice Office. 78 of them made use of the offer. Other forms of support available to our employees are subsidies for dental prostheses, homeopathic treatment and hearing aids as well as rest and respite leave. These benefits are ensured by an exclusively employer-financed support association, the BLG LOGISTICS GROUP e.V. The support association replaces the Company Provident Fund of BLG LOGISTICS GROUP AG & Co. KG, which was dissolved at the end of 2018.

TRAINING AND EDUCATION

Today and in the future, attracting qualified employees and offering them attractive prospects is essential for our success.

Our employees are crucial to the success of BLG LOGISTICS. It is vital that we continue to inspire qualified workers and young talents to join our company. Our Human Resources department is responsible for everything to do with our employees, including training and education. The HR managers at the locations and the HR central department support our employees with any questions, problems, or complaints they may have. Staff can also rely on help from our compliance system and works councils.

Training our own staff

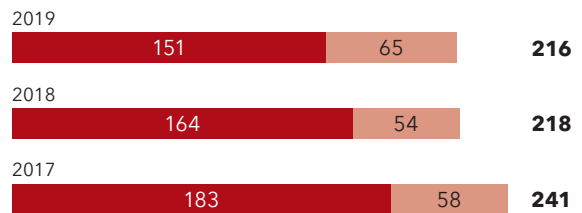
BLG LOGISTICS offers customers a wide variety of services. To ensure the high quality of our services, we need well-qualified and motivated employees. That is why training our own future staff is an important element of our HR work. In 2019, we recruited 93 trainees in a total of twelve professions, ranging from warehousing logistics specialists to automotive painters. We also offer two options for dual study programs - a Bachelor in Forwarding, Transport and Logistics and since 2019 also a course in Information Science at the Bremen location.

www.blg-logistics.com/careers

In 2019, BLG LOGISTICS employed 216 trainees - 151 in commercial and 65 in technical/trade professions. As part of the company's guarantee to take on former trainees with appropriate personal aptitude, we made everybody who qualified a job offer. As a result, we were able to transfer 75 percent of our ex-trainees to permanent employment contracts. We also take account of family circumstances by offering part-time traineeships. Since 2015, six people have completed their training under this option. For several years, we have supported employees who want to retrospectively qualify as specialists in warehouse logistics.

TRAINEES

Number at BLG LOGISTICS (incl. GHB)



■ commercial ■ technical/trade

Professional qualification program

Launched in 2017, our "From work to traineeship" program has become a firm fixture in our HR activities. In cooperation with the training center Aus- und Fortbildungszentrum Bremen (AFZ) and an agency that promotes training for young people, we offer youngsters without a vocational qualification the opportunity to take part in an internship at BLG LOGISTICS. If they are successful, they can go on to an initial qualification program (EQ). In 2019, we were able to transfer three EQ participants to traineeships.

Over recent years, we have gained positive experience with the "Hanse Logistics Specialist" qualification. Therefore, we launched a part-time option for this program in 2019. The offer is directed particularly to women with care responsibilities and opens up professional prospects for them in logistics. In September, 16 external participants started their theory training at the maritimes kompetenzentrum (ma-co) and completed their first practical module at BLG LOGISTICS.

Expanding competencies, opening up prospects

Today's world of work is evolving ever faster. That also demands constant further development of companies and their employees. That is why we regularly invest in the development of our employees and offer them options to expand their skills. In the reporting year, we organized and carried out 202 seminars and courses on key subjects such as leadership, social and method competencies as well as developing specialist and technical skills. Our regular German language courses are designed to improve communication in daily work. The time spent on all our training courses totaled 3,750 employee days, which was significantly more than the figure for the previous year.

UN goal: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



In today's world, many different paths to qualification, continuous expansion of competencies and personal development are more important than ever. With a whole range of measures and programs, we offer great access to training and education programs for all qualification levels.

Developing leaders, unleashing potentials

Managers who share our convictions are invaluable for BLG LOGISTICS. That is why we do so much for their personal development and promotion. Through our Junior Manager Program (JMP), we train executives for the special demands of our company in a targeted manner. In the reporting year, another ten participants started the program, including eight women. The ten junior managers who started the program in 2017/2018 successfully completed the JMP in early 2019 and they were all able to attain the positions they had aspired to. Meanwhile, a total of 161 employees have absolved the program and 42 of them have achieved a position on management level 3 or higher.

A new concept was developed in the reporting year in consultation with operational leaders. It is designed to promote management careers in operating units. Under

the title "From Employee to DOP (Director of Operations)", the team behind the program determined training contents, requirements and selection criteria for the various levels. The aim is to define a development path that is transparent for all employees.

One component is a program for qualifying new shift supervisors. After 18 months' training, 13 employees from industrial logistics in Bremen successfully completed the course in August 2019. Among other things, they worked in three different areas, where experienced shift supervisors introduced them to the tasks they could expect there. The theory lessons focused on taking on a leadership role. Six participants were able to directly start a job as a shift supervisor, while the other seven were included in the pool of deputies.

To boost leadership competencies at all levels, we continued our "TAKE THE LEAD" management training program in 2019. The program conveys a uniform leadership philosophy based on our corporate values. From the program launch in 2017 up to the end of the reporting year, all managers on management levels 1 to 4 have taken part. In 2019, approx. 460 people - above all heads of department and supervisors - trained in the modules. This brings us another step closer to achieving our goal of uniformly training all our managers, from CEO to coordinators, by 2020. Now, in the current year, management levels 5 and 6 will join the program, which will significantly increase the number of lessons.

Feedback on performance and development

Our target is to provide all employees with feedback on their performance once per year, according to fixed criteria. Furthermore, each employee should get an assessment of his or her potential. On this basis, we want to draw up tailor-made development plans for employees according to their qualifications. In the reporting year, 43 percent of our workforce received an evaluation of their performance and professional development. That is an increase of 6 percent on the previous year.

EMPLOYER ATTRACTIVENESS

Our employees are vital for the success of BLG LOGISTICS - only if they join us on our journey will we be ready for a great future.

It is important to us that our employees can identify with BLG LOGISTICS and are happy to work here. Equally, we want to be known outside the company as a good employer. That is why we offer much more than just attractive pay. We know that for current and potential employees, social conditions, development opportunities, flexible working time models and the values we embody count for just as much. We want to both attract and hold on to good employees. For this purpose, we have formulated common values and leadership principles under the slogan #SuccessDependsOnEverybody. It is clear to us that mutual respect and appreciation are fundamental to everything we stand for.

#SuccessDependsOnEverybody

To communicate our corporate values and bring them to life for our employees, we held 60 events at more than 66 locations in Germany between March and June 2019. This is how our Board of Management reached practically all our employees and temporary employees, presented our new values to them and invited them to enter into a dialog. Ahead of the events, we asked employees to submit questions anonymously. Every question was answered, either directly during the event or shortly after.

A strong position in competition for personnel

As a logistics service provider, BLG LOGISTICS needs qualified personnel of all types: for example, university graduates such as MBAs, engineers and IT experts, as well as warehouse logistics specialists. To further boost our profile as an attractive employer and successfully compete for the best personnel, we offer among other opportunities a wide range of varied traineeships, two dual Bachelor courses and numerous qualification programs (see section Training and education on ▶ pages 30 and 31). These activities are controlled by the HR central department.

We participate in a large number of job and training fairs so we can meet people in person. Another strategy is addressing specific groups in order to precisely target potential applicants. To do this we increasingly use social channels such as Facebook, Instagram, Xing and LinkedIn. Here, we boost our inter-regional profile and launch location-specific recruiting campaigns. To get even more young people interested in traineeships at BLG LOGISTICS, we have put together a group of trainees who regularly visit schools and job fairs. The self-styled "Future Designers" provide insights into their daily work and explain from their personal perspective and at eye level what challenges and successes they have experienced.

We have further improved our application process and now communicate with applicants faster and in a more personal way. Quick reaction times are essential to make sure applicants stay interested. This is why we monitor this aspect. It is equally important to make the process as easy as possible. We have optimized our application form for mobile use and lowered thresholds by reducing the mandatory details for certain job groups. After every job interview, we invite applicants to rate us on employer rating platforms. Then we use the feedback for improvements.

New mobility - new communication

In the reporting year, we also introduced or initiated new offers and tools for our current employees. Since the end of 2019, they can take advantage of company bikes. Yet we don't just want to make traveling to work easier, but also networking within the company. For this purpose, we will introduce the BLG employee app in 2020. It will enable users to share surveys and videos and also allow digital publication of location-specific information. Employees will also be able to use the tool to send questions directly to the Board of Management and the top management level.



Compatibility of career and family

We take our employees' needs seriously and help them combine career and family. Whenever possible, we grant requests for part-time work. Usually, we are able to approve around 85 percent of these applications. With flexitime models as well as trust-based working hours for non-tariff employees, we support our personnel in managing challenges such as bringing up children or caring for relatives. We also offer part-time traineeships. Our central departments hold a permanent certificate from berufundfamilie Service GmbH. The berufundfamilie® audit aims to implement a permanently family-friendly HR policy.

Measuring employee satisfaction

Over recent years, our employees have had multiple opportunities to evaluate our HR work. In May of the reporting year, we piloted a new tool in the form of our Trusted Employer survey. The goal was to strike up a dialog and find out the extent to which real experience matches up to our declared corporate culture. First, all employees from management levels 1 to 3 as well as those from levels 4 and 5 with their own BLG LOGISTICS e-mail accounts were included. The institute we engaged with the project contacted them directly and they answered the questions anonymously. The participation rate was 61.8 percent. The result of 3.6 out of 5 points shows us what aspects have already been well adopted in our organization and where there is room for improvement. For this purpose, the locations filtered out the three best and three worst evaluations each. In 2020, we will carry out the first Trusted Leader survey before repeating the Trusted Employer survey the following year with a larger number of employees.

Understanding and managing fluctuation

When it comes to employer attractiveness, fluctuation is a key indicator for BLG LOGISTICS. Fluctuation is also a significant cost factor due to high expenses for attracting new employees and onboarding them successfully. 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.

WE We have the ambitious target of a rate of voluntary resignations of just 2.2 percent

In 2019, 312 employees left BLG LOGISTICS at their own request. This means the fluctuation quota decreased slightly from 3.25 percent in 2018 to 3.15 percent in the reporting year. However, once again we missed our ambitious target of 2.2 percent. One factor ensuring fluctuation is generally high is the sustained positive situation on the German employment market. Yet we will continue to pursue our more robust target and implement specific measures to improve our fluctuation figure. To find out why employees resign, we conduct leaving interviews where we determine, then analyze the most important reasons for quitting.

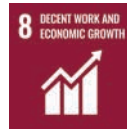
OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT

The safety of our employees is a top priority for us and we are committed to supporting them so they stay healthy.

We maintain a holistic view of occupational health and safety. Therefore, within our health management activities, we offer preventive action such as ergonomically designed workplaces, machine operation instruction and advice on workloads. This is how we work every day to prevent accidents and minimize work-related sick days. After all, the well-being of our employees is not only important for our joint success, but also and primarily for the job satisfaction and performance capability of each one of us.

At top management level, our Labor Director was responsible for occupational health and safety in 2019. Direct contacts for our employees are the HR department, the Corporate Health central department, the social counseling service, the representatives of persons with disabilities and our company physicians. The staff in our Safety and Environment central department support health management in the Occupational Safety unit. This department provides our occupational safety officers who regularly conduct inspections of workplaces and processes to check preventive safety measures and organize training courses. The department's work is regularly inspected by the work safety assessment organization Gesellschaft für Qualität im Arbeitsschutz (GQA) and in 2017 it gained the GQA quality certificate, which is valid for three years.

To integrate occupational health and safety even more closely into our processes, we aim to have our occupational health and safety management system certified according to ISO 45001. The first step was taken by BLG Cargo Logistics in 2019.



UN goal: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

We are responsible for ensuring a safe work environment. In this context, accident prevention is a central goal. Thoroughly tested work processes, regular risk assessments and improvements based on them help us achieve this goal.

Safe work environments, tested processes

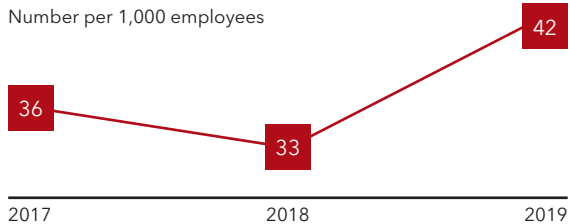
In logistics, physically strenuous work is common. Above all in ports and warehouses, work is intensive, fast and fatiguing. Special safety precautions are necessary at the interfaces between humans and machines. This is where a regular analysis of working conditions, staff instruction as well as appropriate medical advice help us make the work environment and workflows safe. When we plan new construction projects or new business, we involve the relevant specialist departments with their experience and expertise. That enables us to reduce the risk of accidents in advance so we do not have to make expensive improvements later.

BLG LOGISTICS uses the software My Ticket to record and systematically analyze accidents at work or during commutes. In the reporting year, across all German BLG companies there were 425 work accidents requiring reporting, i.e. leading to sick leave of more than three days. After years of continuously falling accident numbers, we recorded a rise in 2019.

The so-called 1,000-man-rate, which measures the number of reportable work accidents per thousand employees, increased from 33 in 2018 to 42 in 2019. Even through extensive studies, we were not able to identify the reasons for this increase. However, the figures show that work protection must be internalized and practiced daily and that employees must take even the smallest indication of a potential hazard seriously. This includes recording “near misses”, which can contribute significantly to prevention.

REPORTABLE WORK ACCIDENTS

Number per 1,000 employees



We are especially saddened that in May 2019 a disastrous accident occurred in one of our companies in which one employee lost his life. The accident was investigated internally and by the responsible authorities. Then, additional safety measures were implemented in the work process that led to the accident.

Our accident figures include not only our own employees, but also those of GHB. 82 of the reportable accidents in the year under review affected GHB workers.

Health promotion opportunities

We are committed to helping our employees stay healthy. Once again in 2019, we organized a whole range of activities designed to promote health. For example, employees at the Coblenz and Polch locations learned how they can more actively benefit from their breaks with short relaxation, movement and strength-building exercises. As in previous years, we also supported numerous running events and charity sports events at various locations.



UN goal: Ensure healthy lives and promote well-being for all at all ages

We actively support our employees to stay healthy, with a focus on prevention. Where this is not enough, we offer individual options for reintegration into the workplace.

Healthy living is also the aim of our “Fit & Fun” program which supports regular visits to the gym. What makes sport so important is that it can strengthen the cardiovascular system while also combating problems that result from incorrect posture or strain and lack of physical activity. Our fitness programs are attracting more and more staff members, with a total of 1,421 participants in 2019. That was 70 up on the previous year. We are constantly expanding our range of fitness options and integrating new locations.

Reintegration into the workplace

BLG LOGISTICS supports employees with a special reintegration management scheme that eases them back into work after a longer illness. This program helps anybody returning to work after sick periods of longer than six weeks within the last twelve months. Together we develop assistance options such as gradual reintegration or medical and occupational rehabilitation programs. During sick-leave talks, we attempt to clarify whether the workplace has impacts on the employee’s health and what can be done to restore and sustain his or her capacity to work. With these instruments, we aim to promote the long-term health of our employees, thereby reducing absenteeism due to sickness. The work incapacity rate in 2019 increased on the previous year by 0.4 percent to 8.4 percent. At the same time, the rate of continued pay during sick leave increased by 0.3 percent to 6.3 percent. Whenever possible, we try to talk to employees and discuss the reasons why they are missing work. For example, at the Autoterminal Bremerhaven we carried out a number of talks in 2019 to stem the increasing trend toward absenteeism there.

DIVERSITY AND EQUAL OPPORTUNITIES

We see diversity as a challenge and simultaneously as an opportunity for our development in a globalized world.

Diversity and equal opportunities play a large role at BLG LOGISTICS. We employ people from more than 60 nations with different cultural and social backgrounds and experience. We respect and support diversity because it keeps us close to society and our customers. It also brings new perspectives and fresh ideas. By recognizing and promoting the different potentials of our employees, we create economic advantages for our company.

AGE STRUCTURE AND GENDER DISTRIBUTION ACCORDING TO EMPLOYEE CATEGORY

Basis: Germany 9,726 employees (status as at Dec. 31, 2019)

White-collar employees	Share in age groups in %	of which male in %	of which female in %
< 30 years	21	59	41
30 to 50 years	51	58	42
> 50 years	28	66	34
Blue-collar workers			
< 30 years	12	78	22
30 to 50 years	52	80	20
> 50 years	36	78	22

Valuing diversity, bringing people together

We see diversity as an important success factor and an enrichment of our corporate, leadership, project and co-determination culture. To reflect this, we have developed a diversity concept that covers the entire workforce. Our Code of Conduct, our commitment to the Charter of Diversity and other agreements such as initiatives to increase the quota of women in management positions form the basis for our diversity management.

By anchoring it in our corporate values and leadership principles, we demonstrate that we take our responsibility seriously. This also shows that we expect our employees to respect the diversity of their colleagues and superiors as well as to take on responsibility themselves within our corporate and codetermination culture. The principles of these regulations are taken into account in recruitment decisions as well as qualification programs at BLG LOGISTICS. 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, HR is the first point of contact for all our employees when it comes to diversity issues. The results of our diversity management are documented for the Board of Management and Supervisory Board at least once per year.

BLG LOGISTICS signed the Charter of Diversity in 2016 during a project conducted by the association Unternehmensverband Bremische Häfen (UBH). In line with its principles, companies from all over Germany commit themselves to diversity at work. Our goal is 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

Intercultural competence is increasingly a key qualification for successful co-working. That is why we systematically train our employees in this area. Participants gain an understanding of other people's behavior as well as ideas for effective communication with colleagues from other cultures. This is an excellent way to minimize conflicts and create the basis for effective cooperation. From 2017 to

2019, we conducted 46 courses on this topic with approx. 524 participants consisting of skilled and operational management staff, trainees and colleagues from HR.

Focus on diversity

We have developed a large number of projects designed to actively boost integration according to the needs of our employees. 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. And with our "Training through Work" program, we regularly 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 2017, we received the diversity award of the city of Bremen, "Der Bunte Schlüssel - Vielfalt gestalten!" in recognition of the broad range of our activities in this area. In the reporting year, we hosted the Bremer Diversity Tafel. At this networking event, some 100 guests from the worlds of politics, culture and society swapped experiences about their work in diversity.

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.

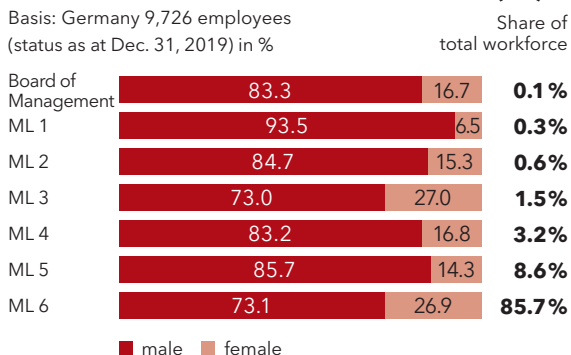
For the composition of the Supervisory Board of BLG LOGISTICS, we comply with the statutory regulations regarding the gender quota. At BLG LOGISTICS, the minimum quota must be achieved separately for the shareholder representatives and the employee representatives. The proportion of women in the overall workforce increased once again. At the end of the year under review, it was some 25.4 percent in the German companies. In 2019, we for the first time slightly exceeded our target of at least 20 percent women on management levels (ML) 0 to 3. The quota was 21.3 percent. However, on closer examination we did not achieve equal representation on all management levels.



UN goal: Achieve gender equality and empower all women and girls

We are committed to promoting more women into management positions. With special programs such as Women in Management, we aim to further increase the proportion of women.

QUOTA OF WOMEN IN MANAGEMENT LEVELS (ML)



We launched our Women in Management program in 2017 as part of our equal opportunities qualification drive. After 18 months, the first intake qualified. The 16 women were originally selected according to a performance and potentials evaluation. Now, having completed a program of modular seminars, they are ready to take on higher responsibilities. They were supported by mentors they chose themselves. In 2019, the participants completed the final module before a graduation celebration in August. We will continue this program in the coming years to give more women the chance to enter management.

CREATING AN UNDERSTANDING OF LEADERSHIP

INTERVIEW:
PASCAL BURISCH
TRAINER FOR MANAGERS
AT BLG LOGISTICS



"Even for people with completely different tasks - leadership presents them with the same challenges."

Pascal, you work in personnel development at BLG LOGISTICS - what exactly does your job entail?

I'm the in-house trainer in our TAKE THE LEAD program. It is designed to create a uniform understanding of leadership at BLG LOGISTICS. Personally, I'm not responsible for all levels. My area is training our heads of department and shift supervisors. These are leaders who work very closely to our operating business and deal with a lot of people.

Do they have different tasks than higher management levels?

Yes, often simply because of the number of employees they manage. Leading takes time and the more people I lead, the less time I have for other work. More people also means more individual characters and mentalities. And some heads of department manage their staff from a considerable distance. For example, if they work at the Autoterminal in Bremerhaven, which covers an area of several hectares, they see their staff at best once a day and otherwise only hear their voices via radio. Leading a team in these circumstances is a big challenge.

Are all other managers trained in the same way?

Yes - from the CEO to the coordinators, everybody gets the same training material. In the past, leadership was defined in different ways. We're a big company with a lot of locations, regional differences and various backgrounds, for example due to takeovers. That results in different leadership styles - from top-down to participatory. This is where TAKE THE LEAD comes in. We want to develop a common culture of genuinely valuing colleagues. It's something that can set us apart from other logistics companies. Already, we sometimes find that job applicants come to us because they've heard about this culture and it's exactly what they want from an employer.

What kind of feedback do you get from the training courses?

Because of the modular structure, the participants come back a few months later. Then we can look at how what they learned worked in practice. I'm always happy to hear for example that the atmosphere within the team has improved because managers are open about how they operate and about why things need to change. Managers also report that it is easier to gain the confidence of each employee if they look at them and their needs individually. This feedback is what really motivates me to keep offering the courses in the current rapid cycles.

Have you noticed other changes in your one and a half years at BLG LOGISTICS?

Well, there's one thing I noticed pretty quickly after I started here: We talk a lot, but we don't communicate with each other a lot. Meanwhile, TAKE THE LEAD has to some extent changed that. An important element is for example the willingness to consult colleagues in order to learn from each other. So somebody who deals with cars can get together with somebody who works with cookies. Both do logistics, but their work is very different. That creates interfaces that simply weren't there in the past. The two people then realize: We have completely different tasks, but leadership presents us both with the same challenges. They start to talk, hierarchies get flatter and prejudices are broken down.

You said valuing employees was a central factor - what do managers need to do here?

We believe that if it says five-star restaurant on the front, it shouldn't be a fast-food joint on the inside. In other words, "practice what you preach". We know it's hard to find qualified personnel right now. Instead of just asking applicants "What have you done before?", we ask ourselves "Who is right for us?". You could say "character comes before skills". Our leaders have to embody this principle by learning to see the individual person. Employees respond to this with enthusiasm and a willingness to perform because they know they're more than just a personnel number.

Does that mean consciously investing time in developing the ability to recognize the right person for the job?

Exactly. The old way was to ask: What have you done before, what qualifications and certificates do you hold? I could hire the greatest expert, but if he or she doesn't fit into the team, that creates tension. Every set of colleagues and every manager is different. An applicant might not suit one team, but be an excellent addition to another. This is also a learning curve for companies. Just as important is accepting that this approach takes time because it involves developing people. In many aspects, we already have a very clear view. But sticking to this path is a continuous process.

SOCIAL COMMITMENT

**At home and abroad, we want to contribute to social welfare.
That is part of our DNA and our responsibility.**

In the places where we do business, we also want to make a social contribution. That is why we support social, cultural and educational projects with funds, but also with our expertise and lots of enthusiasm. There is a special focus on the Bremen region, which is the home of BLG. We also support projects near our other locations and provide logistics expertise to international organizations for their work in other parts of the world. We are committed to transparency, so every form of sponsoring must first be approved by the Board of Management of BLG LOGISTICS.

Our trainee managers get involved

BLG LOGISTICS trainee managers are enthusiastic supporters of social projects - especially those that benefit children. For example, in 2019 they supported the Bremen Advent Calendar Activity for kindergartens, renovated a break room for a school in Lesum and raised EUR 5,000 for a children's hospice to fund days out for the young patients.



BREAK ROOM RENOVATION

In Bremerhaven and Coblenz, our young colleagues teamed up with children from the "Rückenwind für Leher Kinder" association and the St. Maximin kindergarten to brightly paint cups that were then sold to raise donations. They collected EUR 1,753, which went directly to the two institutions and therefore back to the small artists. What's more, we continued to support the "Wir schenken ein Lächeln" (We give the gift of a smile) initiative. Over 100 children were delighted at Christmas to receive soft toys, books and games. Our trainee managers had collected the gifts over several weeks, packaged them with love, then presented them to the charity Bremer Tafel.



HANDING OVER THE DONATION IN COBLENZ



FUTURE DAY



HELP FOR CAMEROON



CHESS MAKES SMART



TRANSPORT ROUTES ON LAKE VICTORIA

We help locally

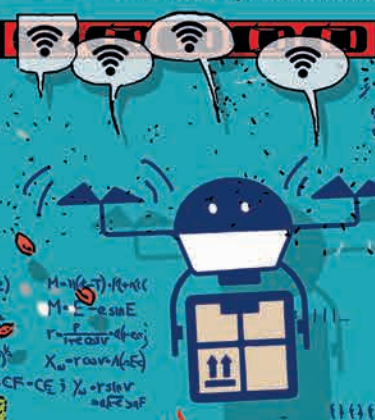
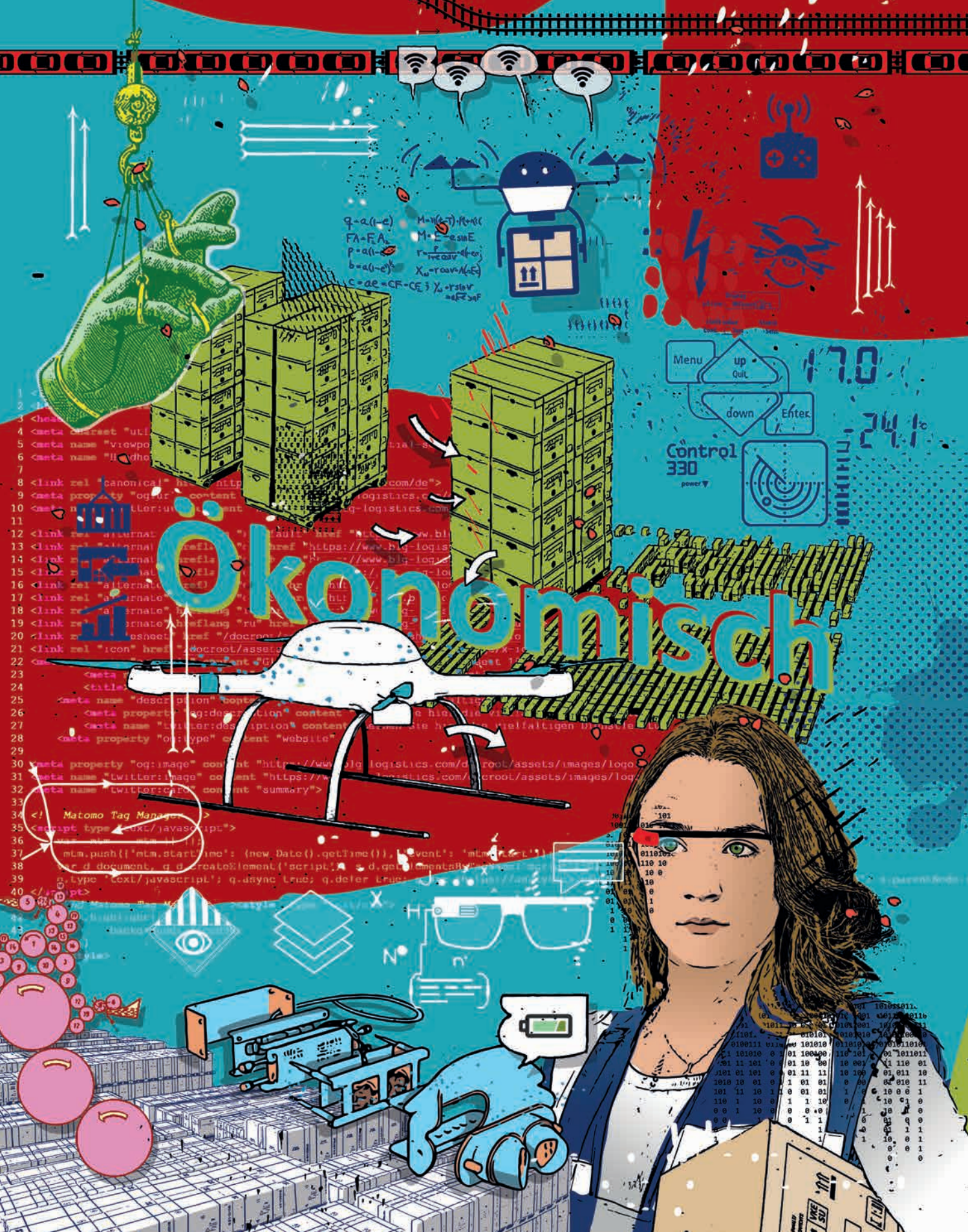
In 2019, within the framework of the Future Day program, we gave youngsters at various locations the opportunity to get a taste of daily work at BLG LOGISTICS and a look at different jobs. The aim of the "Chess Makes Smart" project is to nurture skills in children for their future. It offers one hour of chess training per week at primary schools in Bremen. We sponsor this project and in June our trainees helped out with a chess tournament on Bremen's market square.

This year's annual Christmas tombola raised money for Sprungwurf e.V. The association's Breaking Borders project organizes basketball camps all over Germany. Sport helps integrate young people by breaking down language barriers and prejudice. As always, the Board of Management rounded up and doubled the amount of money raised so that we were able to donate a final sum of EUR 1,200.

We help around the world

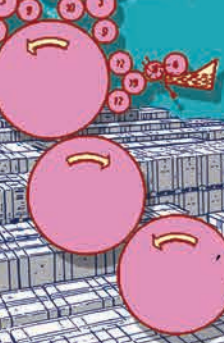
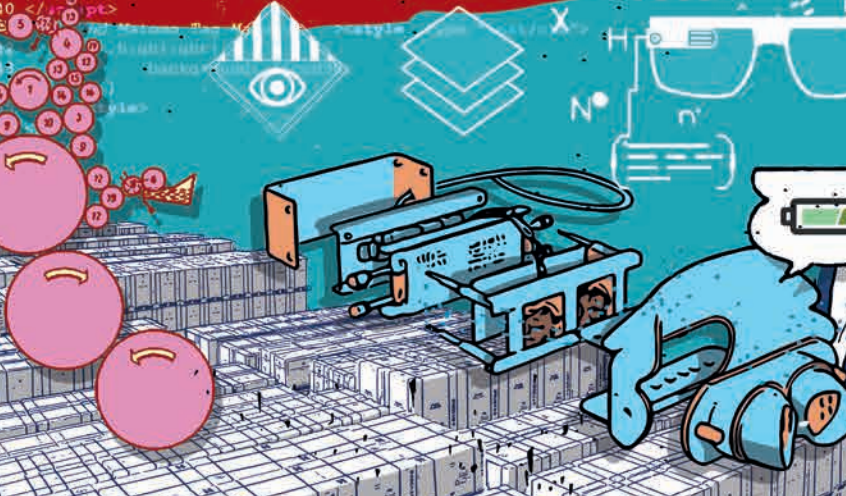
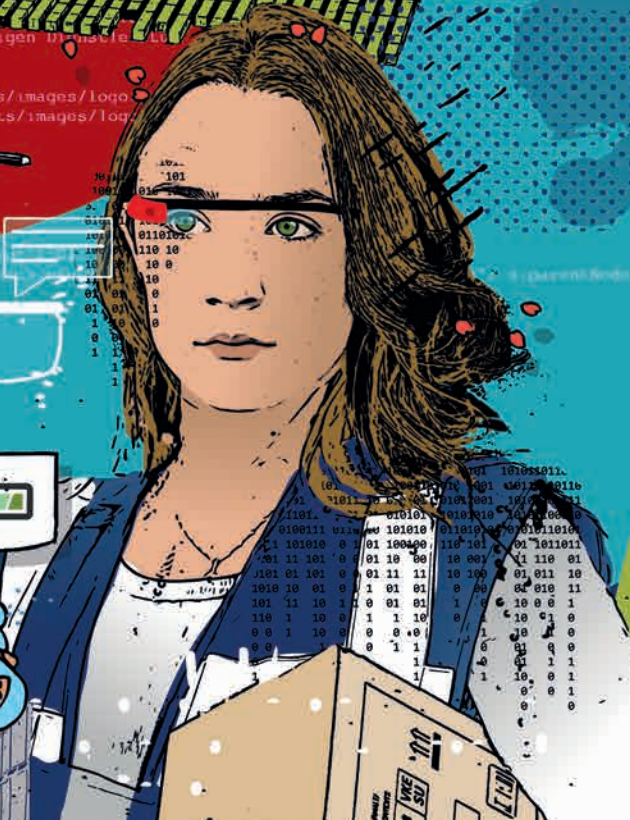
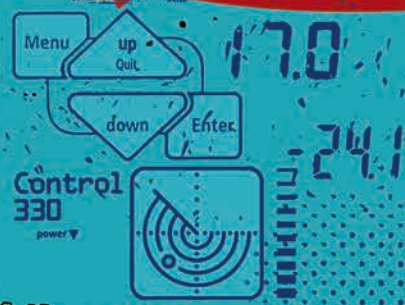
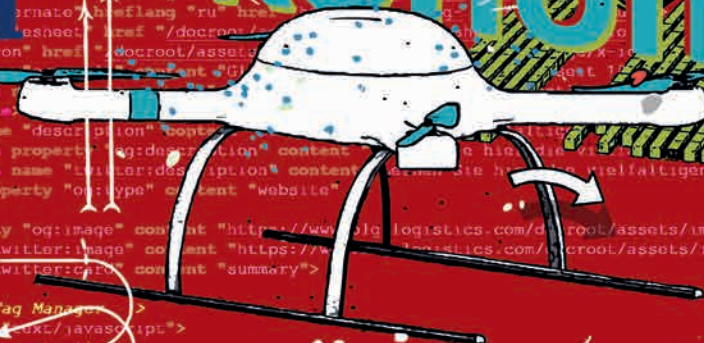
Once again, our colleagues in Butzbach and Frankfurt donated money to the association KOPOS e.V. in Cameroon. The donation of EUR 671 will go toward construction of a small school building in Sodenau in the East of the African country.

For many years, we have been supporting the UN World Food Programme (WFP) with our logistics expertise. In 2019, our experts visited Lake Victoria, which has the potential to provide a faster connection than current transport routes between the East coast and central parts of Africa. The recommendations for action drawn up by our experts help the WFP distribute food more efficiently in the region.



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31   var d=document, q=d.createElement('script'), s=d.getElementsByTagName('script')[0];
32   q.type='text/javascript'; q.async=true; q.defer=true;
33   q.src='https://www.big-logistics.com/matomo.js';
34   s.parentNode.insertBefore(q,s);
35 })();
36 </script>
37 <script type="text/javascript">
38 (function() {
39   var d=document, q=d.createElement('script'), s=d.getElementsByTagName('script')[0];
40   q.type='text/javascript'; q.async=true; q.defer=true;
41   q.src='https://www.big-logistics.com/matomo.js';
42   s.parentNode.insertBefore(q,s);
43 })();
44 </script>
```

ökonomisch



COMPLIANCE

Economic success and socially responsible action go hand in hand.

By complying with laws and regulations, as well as our own ethical principles, we are a reliable and fair partner for our employees, customers, business partners and shareholders.

www.blg-logistics.com/en/compliance

Compliance system as a strong basis

Core elements of our compliance system introduced in 2014 are our Code of Conduct and Anticorruption Guideline. Every year, we check this guideline against new legal requirements or specific experiences in our company. It was most recently modified in March 2019. Additionally, our Compliance Guideline came into effect at the beginning of 2017. It defines the 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 the guidelines in accordance with their national laws.

With our compliance system, we make it clear we do not tolerate corruption in any way. 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.

When we introduced the system, all BLG LOGISTICS employees received a copy of the Code of Conduct. 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. Information on our compliance system, Code of Conduct and the responsible contact persons can also be viewed publicly online. The guidelines are

available at our foreign locations in the local languages. Our Code of Conduct and Anticorruption Guideline are binding for all internal and external employees as well as for consultants of BLG LOGISTICS.

OUR PRINCIPLE

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 report compliance violations anonymously.

Prevention through sensitization

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 in their area are familiar with and strictly comply with the regulations. All employees have a duty to report 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.

We minimize the risk of corruption by holding extensive, regular training courses and increasing our employees' sensitivity to compliance issues. Since 2015, all employees on management levels 1 to 3 as well as employees from especially at-risk areas like purchasing and sales are trained in the subject of compliance. First there is a one-day basic training session, followed by a refresher course within three years. The Board of Management reduced this period for its own members to two years. Participation in compliance courses is mandatory.

In the reporting year, there was another round of refresher courses, plus basic training for all new BLG employees in the relevant functions. There are also extra seminars ahead of certain events, such as trade shows, where we inform participants about compliance aspects. Our goal for management levels 1 to 3 is to carry out refresher courses within a three-year cycle for at least 95 percent of the relevant employees. Currently, the figure is marginally below that, at 94.2 percent. We have scheduled training for the remaining employees for the beginning of 2020.

Everybody must know that corruption is not a trivial offense, but criminal behavior. Violating the law can have severe consequences for the company. This is why we include crimes such as bribery, corruption in business dealings, acceptance of benefits, embezzlement, fraud and anticompetitive agreements among potential 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.

We do not tolerate any corruption and actively train our employees in corruption prevention

Special features of the foreign locations

Four years ago we started inviting our foreign managers to Germany for training in aspects of compliance. In 2018, we carried out the first compliance check at selected foreign locations. Then, in the reporting year, we evaluated the feedback and developed our own training concept. To reach as many employees as possible abroad, we plan to carry out the training courses on site and in the local languages. This will ensure we take proper account of special national differences.

Compliance along 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/de/agbo

ACCEPTING CONTRADICTIONS

INTERVIEW:
PROF. DR. GEORG MÜLLER-CHRIST
PROFESSOR FOR SUSTAINABLE MANAGEMENT
AT THE UNIVERSITY OF BREMEN



"As long as we only talk about sustainability in connection with economic benefits, we won't get anywhere."

Public debate about sustainability is increasingly moving to the streets. How wide is the gulf between young people and corporate leaders?

Probably substantial. But I actually believe both sides face the same challenge. They know we have to change our behavior, but we move within structures that make change difficult.

Has sustainability for companies in these circumstances become not only more necessary, but maybe even easier?

Acting sustainably has certainly gotten more necessary, but also more complex for companies. They are gradually dropping the idea that sustainability can only be implemented if the customer demands it. At the same time, businesses are learning that they have to take much harder decisions for a more sustainable world.

Many enterprises are asking how much ecology the economy can stand. How can we resolve this conflict?

We can't - otherwise we would have done it a long time ago. Still, companies recognize the dilemma and have to learn to talk about it. For me, the challenge is saying: We know we can't grow indefinitely because that uses up resources. If you want to stay in business in the long term, you need to invest in the regeneration of these resources. And that costs money. I see ecology and economy as fundamentally incompatible with each other, but on the management level, they can be reconciled.

How can your university with its Chair of "Sustainable Management" help here?

It's all about ensuring future business leaders learn to accept this incompatibility and discuss the trade-offs with all stakeholders. In other words, the price of more growth, sales and profit, or the cost of environmental protection. A lot of managers have a problem talking openly about goals that aren't achievable.

Does the university educate future leaders who already take these factors into account, or people who help today's leaders re-think?

Both. Ultimately, we want to prepare people to deal with the tension of these conflicting goals. Recognizing that you're expected to square this circle and still remaining capable of action is a big challenge. You can't solve it with methods or tools, but only by developing the right inner attitude. This is also a challenge for us as a university because it's not about imparting knowledge, but about personal development. And you can't grade that with a 1, 2 or 3.

Companies are also thinking about what position they should take. Usually, they define corporate values to express their approach. Are guidelines like this useful?

Formulating values creates a dilemma because people feel a deep sense of unease when companies talk about values but actually mean profit. In other words: act according to positive values just so you can be even more successful. That creates tension. Of course, a company has to survive. So it needs to make money. But at the same time, it must operate with much more responsibility. Which inevitably costs money.

What if a company weighs the costs against the added value for itself - for example a better reputation or employee satisfaction - which after all contribute to its corporate goals?

What I always say is: You have to do both - be successful on the one hand and on the other hand preserve the resources you depend on. To sugar the pill, we can tell ourselves today that the company will reap the rewards tomorrow or further in the future. But we don't know if this is true. Ultimately, companies are responsible for a stable environment in which they can do business. If only the state is responsible for protecting resources, nothing will ever change.

Can the UN Sustainable Development Goals be a guideline for companies on their path to better sustainability?

I think the SDGs are brilliant for two reasons. This was the first time 190 countries agreed on such a system of goals. And, just like the entire subject, the goal system is a contradiction in terms. Companies should approach the goals from exactly this angle. They should not only ask where they've made a contribution, but also where they are the problem. Managers are largely trained to do whatever delivers a profit and ignore everything that stands in the way of profit. That's inherent in the system. If you put the same people in a different position, they would act differently. But as long as we only talk about sustainability in connection with economic benefits, we won't get anywhere.

ECONOMIC VALUE CREATION

One of our central priorities is continually boosting the economic position of the BLG Group.

As an interface between producers, retailers and consumers, the logistics industry offers key production-related services. They include the delivery, production and distribution of goods as well as classic forwarding. Continuing globalization, shorter product life cycles, urbanization and new technologies are changing the requirements placed on logistics at an ever-faster pace. Our industry also faces challenges from the unrelenting pressure on margins as well as demographic development and the related competition for skilled, management and young employees. Added to this are increasing e-commerce, high customer requirements regarding speed, flexibility, quality of delivery and green credentials. The last factor goes hand-in-hand with a noticeably higher awareness of climate protection in general society. People have new expectations of companies as a result.

Financial control

As part of our formulation of the mission and vision of the BLG Group and a sharper definition of our strategic principles, we made our control system as clear and transparent as possible. Uniform measures for internal reporting and pay systems strictly apply to the whole BLG Group. The key control figures are earnings before taxes (EBT), sales and the resulting EBT margin.

		2019	2018
EBT	million EUR	37.5	37.5
Sales	million EUR	1,158.6	1,141.3
EBT margin	in %	3.2	3.3

BLG LOGISTICS concluded business year 2019 with a similar result to the previous year. Considering the global economic situation – especially in the second half of the year, when the economic climate cooled noticeably – and taking into account the massively increased pressure on margins, we rate this as a respectable performance. At EUR 1,158.6 million, sales revenue was slightly up on the previous year, by EUR 17.3 million. The EBT, at EUR 37.5 million, remained stable compared to 2018 and the same goes for the EBT margin. It stands at 3.2 percent, which is just 0.1 percent less than in the previous year. We continue to ensure sustainable expenditure and investment policies as well as optimization of our existing processes. The financial management of the BLG Group is detailed in depth in our Financial Report 2019.

Value creation calculation

The information about economic value creation and distribution reveals how the organization generated and used 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 522.5 million. The largest portion of the value added, at EUR 452.2 million (a share of 87 percent), was used to pay costs for the employees of BLG LOGISTICS. This includes not only wages and

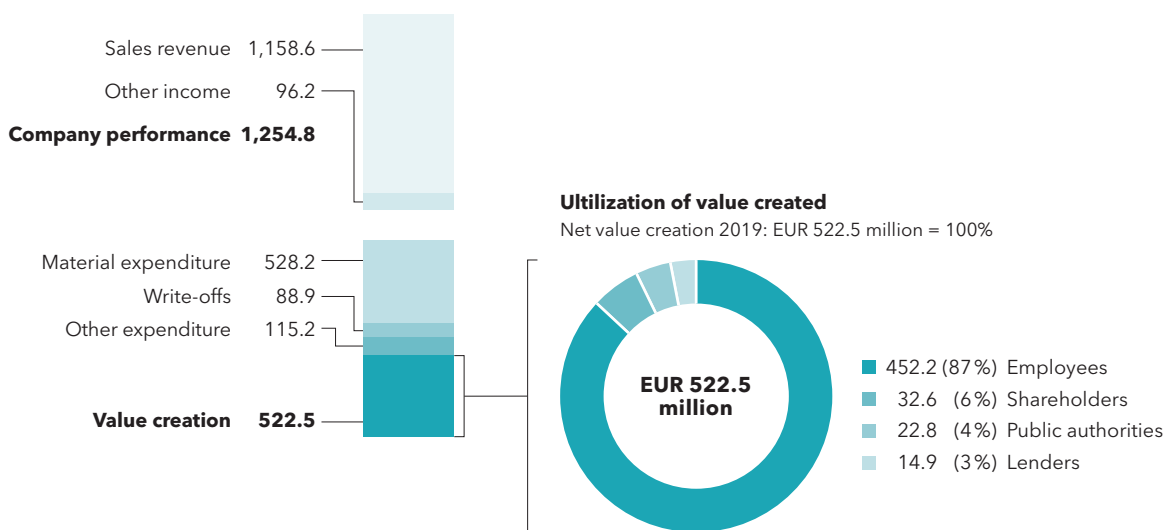
salaries, but also other expenses such as statutory social security and pension contributions. Personnel costs increased significantly on the previous year by EUR 32.8 million. The reasons are in particular the higher recruitment of former contract workers in 2018, especially in the CONTRACT division, plus new hiring as part of business expansion.

The value added 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 shareholder 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.

VALUE CREATION CALCULATION BLG GROUP 2019

in million EUR



The net value creation is calculated from the company performance minus all expenditures and depreciation. The largest share, at EUR 452.2 million and 87 percent, was accounted for by our employees.

CUSTOMER SATISFACTION

Our customers' satisfaction is the best proof of the quality of our work.

With many of our customers, we work in longstanding business relationships based on mutual trust. The benefits are particularly evident when we jointly develop major projects and can contribute our expertise right from the start. We offer not only high-quality, efficient and innovative services. We also want to help shape the future of logistics. When our customers shift their focus, we actively respond by e.g. expanding our own portfolio and infrastructure to support e-mobility strategies. Long-term contracts give us the planning security that allows us to invest in energy efficiency as well as to reduce the number of temporary employment contracts. That is why satisfied customers who come back again and again are a crucial factor in our success. They also strengthen our resolve to operate in a sustainable way.

Ensuring quality every day

We offer our customers an extensive and varied range of logistics services in reliable and contractually assured quality. We continually seek ways to minimize damage quotas in our own processes. In 2019, our colleagues in the AUTOMOBILE division completed a damage vulnerability analysis project in the area of forwarding. This was followed in early 2020 by analyses of the areas seaport and inland terminals. The result is that now we can use a special app to analyze processes rapidly, continuously improve them and quickly remedy any problems.

We continually examine the quality of our services and how customers perceive our performance



Our Quality Management central departments control the implementation, further development and certification of our quality management systems. Many of our German and foreign locations - soon to include all locations in the AUTOMOBILE division - are certified according to DIN EN ISO 9001. The automotive locations additionally hold VDA 6.2 certification. Furthermore, our customers regularly carry out quality audits at our auto terminals.

To optimize our transport logistics for finished vehicles, we ask car dealers on site about delivery quality. At our industrial logistics locations, we work directly alongside our customers' production processes. And in retail logistics, our services are linked to those of our customers. In these two areas, we hold regular operational meetings and coordinate activities at management level.

The improvement of internal processes across all levels leads to an optimized overall process and better value creation for us and our customers. As part of this drive, we established a tool for demand and capacity planning for our AUTOMOBILE division in the reporting year. Historical and prospective customer data went into the tool, so that it enables statistical evaluations and prognoses. This gives us the basis for needs-based and customer-centered capacity utilization involving all available locations and means of transport.

Steadily improving efficiency

It is crucial for us to focus on and optimize value-creating activities. That also involves continually improving our processes and systems as well as boosting our performance. Therefore, we systematically organize all work according to lean management criteria and apply the Six Sigma management system as standardized procedure that optimizes processes.

This allows us to make the most of solutions and improvements over the long term and across all company areas. In 2019, our Operational Excellence central department systematically introduced process management, continued to provide training courses and conducted projects, e.g. space-saving and quality improvement projects. For the Operational Training Center (OTC) established in 2018, we implemented procedures and standards and also initiated our first customer and location-specific instruction and training concepts.

In a drive to ensure effective and efficient project management, we launched a series of training courses planned in 2018. The modules deal with the project culture which is a key component of our corporate strategy. A total of 271 employees took part in the reporting year.

We continually optimize our processes to steadily boost our performance capability



Innovations for more success

To offer our customers innovative, tailor-made and sustainable solutions, we increasingly rely on new technologies. We have pooled our efforts in this area in our Sustainability and Digitalization central department. The department also takes care of systematic planning and innovations management within the company. In this context, we started 14 100-day projects to try out new solution approaches. We were able to complete ten of them. Added to that were three 6-month sprints. This is a concept for implementing and scaling up the results from promising 100-day projects. One sprint was completed in 2019. We achieved a total of eleven completed innovation projects. There was a focus on an app for modular systems and automation, plus machine learning - for example for manpower planning or material recognition. Here, we called in an external partner and built up our own expertise and resources.



UN goal: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

We support our customers' success by constantly further developing our own services. With digitalization projects and innovative approaches, we help shape more efficient and sustainable logistics while making our company fit for the future.

In 2019, we continued work in the research projects "Isabella", "IRiS" and "Kali". All three were or are funded by the Federal Ministry for Transport and Digital Infrastructure (BMVI) as part of the IHATEC (Innovative Hafentechnologien - Innovative Port Technologies) program. Especially interesting is the development of complex planning and control tools for auto terminals in the Isabella project. This involved designing and implementing a multitouch table together with partners. It is capable of displaying all planning-relevant information in concentrated form. Its intuitive operation aids users in evaluating planning alternatives. The Kali project was successfully concluded in the reporting year. It examined approaches for power-assisted systems for manual logistics work. Another element was concepts for mobile handling solutions. In a consortium of eight cooperation partners, we also worked in the "SecProPort" project on the development of an IT security architecture designed to protect port logistics from cyberattacks.

Also completed in 2019 was the "SaSch" project funded by the Federal Ministry of Economics and Energy (BMWi). In this project, we cooperated with four partners to develop a solution for an intelligently networked supply chain. We implemented the results, as well as insights from other sensor-based innovation projects, in our new Freight Quality Tracking service. Its purpose is to increase transparency in the supply chain by providing smart services that monitor goods and transport routes. In business year 2019, BLG LOGISTICS participated in six cooperation projects with a total volume of EUR 22 million.

EUROGATE

CONTENTS OF THE NON-FINANCIAL REPORT

Significance of sustainability

For EUROGATE, sustainability means above all ensuring 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 Group 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 due to resource consumption. We are firmly committed to identifying the key factors that affect our corporate development, controlling these factors and continuing to be an attractive, responsible employer for our employees. For the voluntarily issued and unchecked Sustainability Report of EUROGATE, please go to the website: www.eurogate.eu/sustainability

About this report

This report deals with the main operating companies. It does not report on the companies which are not directly involved in our core business or companies in which the EUROGATE Group holds minority shares outside Germany because these are considered comparatively unimportant regarding the non-financial impact of their activities and their influencing capacity.

This report focuses on topics that are necessary for an understanding of the business development, the operating result and the situation of the Group as well as the effects of business activities on non-financial aspects. It follows the sustainability reporting standards of the Global Reporting Initiative (GRI Standards 2016). The description of the concepts presented here takes account of Standards 103-1, 103-2 and 103-3 of the Global Reporting Initiative (GRI) 103: Management Approach 2016. Within the aspects, non-financial key figures are reported that comply with the GRI Standards GRI 302: Energy 2016, GRI 403: Occupational Health and Safety 2016 and GRI 205: Anti-corruption 2016.

During the reporting process, EUROGATE examined whether risks exist linked to its own business activities, business relations, or products and services and that have or can have serious negative impacts on the non-financial aspects specified in law and that come with a high probability of occurrence. Our conclusion is that no net risks in the sense of the CSR-RUG exist.

Materiality determination process

The materiality analysis compiled according to GRI standards was the starting point for our materiality determination process. This materiality analysis provided the basic materiality threshold for the initial prioritization of the topics selected as important for this report. 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.

This process identifies the three material non-financial aspects energy consumption (environmental matters), occupational safety (employee welfare matters) and anti-corruption and bribery matters.

Environmental matters - 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. It also substantially impacts on the environment because it uses natural resources and generates greenhouse gas emissions. The costs from energy consumption, limiting climate change and minimizing the company's contribution to climate change are major aspects that drive EUROGATE's energy management activities.

Most of our energy consumption results from the use of diesel fuel, mainly for operating the straddle carriers we use for container transport at the terminals. Other major consumers are gantry cranes, buildings and lighting. Here, we also use electricity and gas as power sources. The energy management system certified according to DIN EN ISO 50001 is applied as our Due Diligence process and plays a central role in steering and further developing our energy management. Within our energy management system, we analyze energy consumption and evaluate it in regular workshops. 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 the goals.

Various large and smaller measures aim to achieve improvements by tackling the major energy consumers. We constantly apply methods and projects that focus on utilizing energy-saving potentials, for example with in-depth capture and analysis of consumption data of straddle carriers. Especially important here is continually reducing fossil fuel consumption. Energy efficiency measures have both a technical and an operating focus. EUROGATE remains committed to strengthening employees' sense of responsibility regarding resource-saving behavior. The company systematically involves its employees in drives to cut energy consumption. One way of doing this is by training staff to drive straddle carriers in ways that use less fuel. EUROGATE regularly examines options for using

more energy-efficient technologies. As a result, in 2019 the lighting on a large number of straddle carriers, gantry cranes and working areas were replaced by new systems.

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

The most important EUROGATE key figure in this area is the energy intensity required to move containers. We regularly check the energy consumption per container moved. The following table shows the current status:

Goal	To reduce energy consumption per container* moved by 20 percent (compared to 2008) by 2020
Status 2018	Reduction of 16.8 percent per container moved
Status 2019	Reduction of 17.8 percent per container moved
Comment	This improvement in energy intensity is largely due to an extensive upgrade of outdoor lighting to LED lamps as well as the implementation of operational measures.

* The kWh/container figure was calculated based on the container-relevant consumption figures for the main companies (EUROGATE Containerterminals, EUROGATE Technical Services GmbH and EUROGATE Holding).

Employee welfare matters - occupational safety

A top priority for us is protecting all company and external employees from work injuries or diseases as well as maintaining their health. At the terminals, most work is performed with heavy equipment (mainly straddle carriers and gantry cranes) and is exposed to the weather. Considering the manual nature of the work and the deployment of most workers in a three-shift system, promoting and protecting their health is especially important.

Occupational health and safety 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.

We have already established various structural and organizational measures. The individual companies and their Managing Directors are responsible for occupational safety management and health protection. They draw up and continuously update guidelines and instructions for occupational safety based on their specific workflows. 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 physician and a work safety expert. Safety Officers are appointed.

At EUROGATE, various technical and organizational measures are in place 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. Strict standards apply to the requirements for work protection and safety rules, for example the obligation to wear personal protective clothing at the terminal. 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 regular safety days at the German locations. They provide workshops and training centered on safety. Executive managers also take part because they perform a special function as role models.

Key figures for EUROGATE are the number of work accidents (including during commutes) and the number of fatal accidents. The following table shows the current status:

Goal	To minimize the number of work accidents* and fatalities
Status 2018	Work accidents: 320 Deaths due to accidents: None
Status 2019	Work accidents: 366 Deaths due to accidents: None
Comment	The goal of reducing the number of work accidents was not achieved. Within the defined work safety monitoring processes, the analysis of the hazard situations, accident severity and cause are used to develop measures that combat the dangers.

* In Germany, all accidents must be reported that result in death or injury that prevents a person from working for more than three days. The EUROGATE figure includes accidents involving not only the company's own employees, but also contract workers. It does not record accidents affecting employees of external contractors.

Anticorruption and bribery matters

To achieve long-term success, a company must conduct its activities in a legally compliant, fair and reliable way. At the EUROGATE Group, compliance means that the Group and all the Group companies observe the statutory standards as well as our own corporate guidelines. Included here are the relevant guidelines and principles on preventing bribery and corruption.

EUROGATE has established a Compliance Management System that comprises a Compliance Guideline with several sections, a Code of Conduct and an Anticorruption Guideline. These regulations came into effect as from January 1, 2017. Cementing our commitment to free and fair competition, the guidelines and the Code of Conduct bring together the values of our Group and provide the basis for our understanding of compliance. The documents state that EUROGATE does not tolerate corruption or permit discrimination. All business decisions must comply with the law and meet the standards of ethics and integrity described in the EUROGATE guidelines.

The EUROGATE Holding Legal department is responsible for the Compliance Management System. The Group management or the management of the respective EUROGATE Group company is responsible for compliance with the Anticorruption Guideline. On introduction of the Compliance Management System, EUROGATE also appointed a Compliance Officer. Furthermore, an external ombudsman was appointed to receive anonymous information. Once per year, the Compliance Officer presents an internal report to the Group management and supervisory bodies. Among other points, it contains the current status of the main compliance risks as well as suggestions for new measures or changes.

When the compliance regulations came into force, all employees received copies of both the Anticorruption Guideline and the Code of Conduct. The Compliance Officer explained this process at a large number of staff meetings. In 2019, following on from the basic classroom lessons conducted in 2017 when the Compliance Management System was introduced, we held workshops for employees in particularly sensitive areas of the company. What's more, in 2019 there were regular reports in the staff magazine and newsletters aimed at informing and sensitizing employees.

The Compliance Management of the joint venture North Sea Terminal Bremerhaven GmbH & Co. (NTB), which is operated jointly by EUROGATE and APMT, is conducted separately. Regular compliance training courses take place in which the partners' guidelines are discussed with the relevant groups of employees. This means that the compliance regulations of both partners are also observed at NTB. The responsibility for this lies with the management of NTB. There is an internal manual that defines the main corporate principles to combat corruption and bribery. Furthermore, annual training courses are organized. These training courses are carried out jointly with an external partner, after the main subjects have been discussed and determined with management. An annual risk inventory, an annual fraud risk assessment and monthly evaluations of the internal control system identify the effects of these efforts.

The most important figure for EUROGATE is the number of confirmed cases of corruption. The following table shows the current status:

Goal	No cases of corruption
Status 2018	None
Status 2019	None
Comment	The goal was achieved. There were no confirmed cases of corruption in the reporting year.

GLOSSARY

CO₂ equivalents (CO₂e)

Uniform measure of the greenhouse effect of various greenhouse gases. The reference value is carbon dioxide CO₂. DIN 16258:2013-03 takes the following gases into account: CO₂, CH₄, N₂O, HFC, PFC and SF₆. 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 CO₂, CH₄, N₂O, C₆F₁₄ and C₂F₆.

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.

Full consolidation

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

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

Most widely adopted global standard for uniform accounting of and reporting on greenhouse gas emissions.

Lean Management

Process optimization approach designed to minimize waste and harmonize processes.

LEED certification

The US LEED (Leadership in Energy and Environmental Design) system was developed for the classification of sustainable buildings. It is applicable to practically all types of building and evaluates a large number of sustainability criteria in various categories. There are four levels of certification, based on a points system: Certified, Silver, Gold and Platinum.

Science Based Target initiative (SBTi)

A collaboration between leading environment and climate protection organizations which defines a framework according to which companies can reduce their greenhouse gas emissions on a scientific basis. One of the SBTi targets is to limit global warming to significantly below 2° C, as demanded by the Paris Agreement.

Six Sigma

A management system for process improvement and statistical quality targets and simultaneously a method of quality management. The core element is the description, measurement, analysis, improvement and monitoring of business transactions with statistical means.

Sustainable Development Goals (SDGs)

In 2015, the United Nations agreed on 17 goals for sustainable development (SDGs) which should be achieved by 2030. The SDGs shape the sustainability debate on national and international levels. As a global target system, they offer a common language and a compass for the challenges of the 21st century.

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.

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 Sustain-

ability Report 2019 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 (control and authorizations)	8
Materiality analysis	Selection of relevant contents of the report	11 to 13
Risk management	Statement of the main risks relevant to CSR	14
Environmental matters	Energy and emissions	18 to 23
Employee welfare matters	Fair working conditions	28/29
	Training and education	30/31
	Employer attractiveness	32/33
	Occupational safety and health management	34/35
Anti-corruption and bribery matters	Diversity and equal opportunities	36/37
	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 matters are not part of the NFR.	-
Respect for human rights	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 "Sustainable supply chain", "Fair working conditions", "Diversity and equal opportunities".	- (15+28/29 + 36/37, not part of the NFR)

The Non-Financial Group 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 55.

REPORTING IN 2019

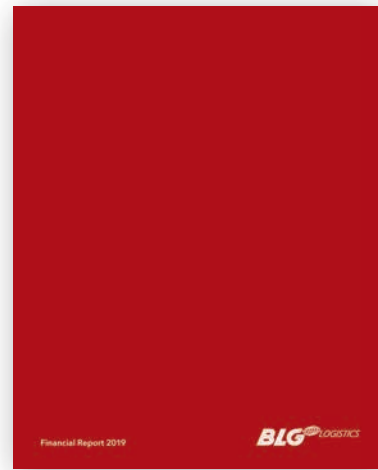
www.blg-logistics.com/annual-report



/ Company Report /



/ Sustainability Report /



/ Financial Report /

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supports the United Nations Sustainable Development Goals (SDGs).

The six goals we have adopted in our strategic process are closely connected to our business operations. Therefore, we feel a particular responsibility for them. Our commitment in these areas is especially relevant. That is why we provide details in this report about the approaches and measures we take to help achieve the SDGs.



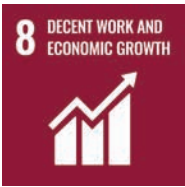
Page 34/35



Page 30/31



Page 36/37



Page 28/29; 34/35; 48/49



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Page 18-23

Furthermore, our wide-ranging activities sometimes incidentally support one or more of the other 17 UN goals.





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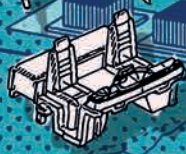


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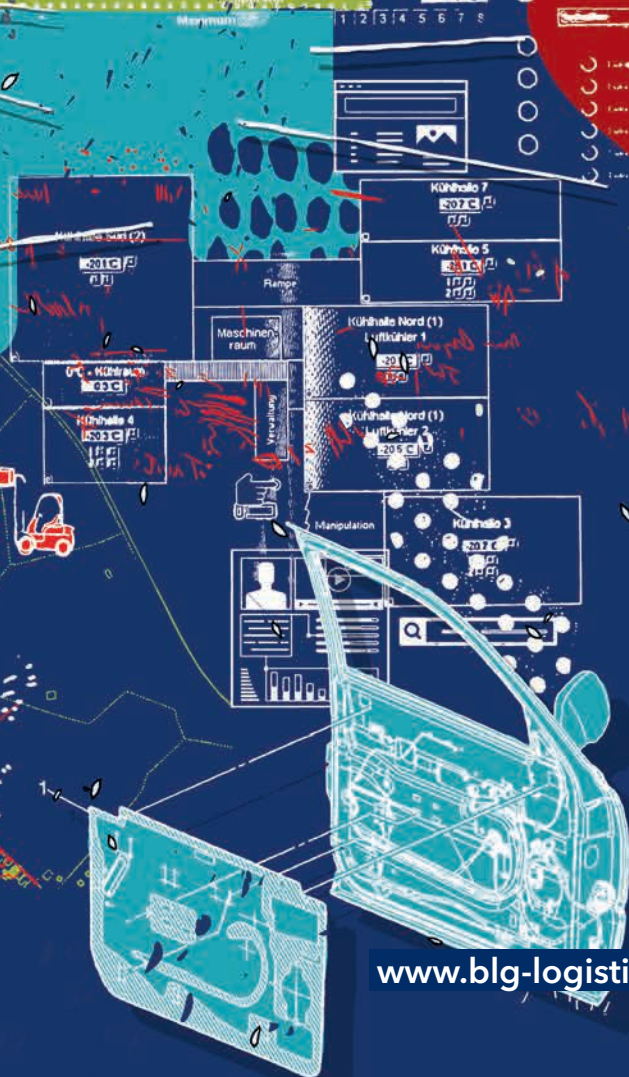
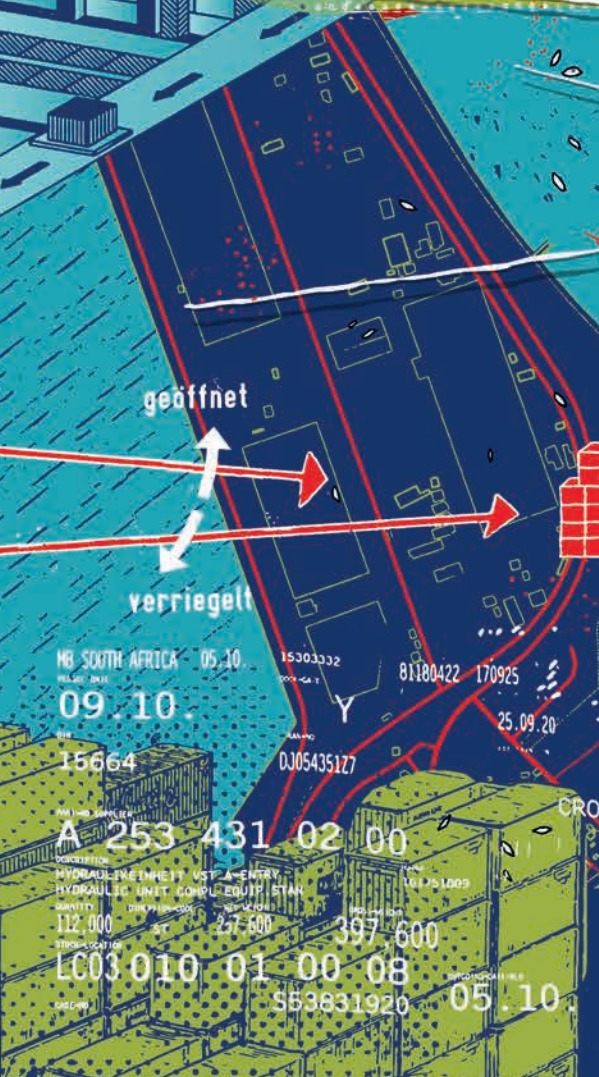
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