

The background is a dark blue field filled with abstract digital elements. There are various colored squares (red, yellow, green, blue) scattered throughout, some connected by thin white lines. A prominent white dashed line curves across the upper right. In the lower left, two stylized human figures are shown: one in an orange jacket and another in a grey coat. In the lower right, a silhouette of a person in a dark suit stands on a light blue, curved surface that resembles a globe or a data visualization. The overall aesthetic is modern and tech-oriented.

ACTING RESPONSIBLY

Sustainability Report 2018

BLG  LOGISTICS

»AS FOR THE FUTURE,
YOUR TASK IS NOT
TO FORESEE IT,
BUT TO ENABLE IT«

ANTOINE DE SAINT-EXUPÉRY / *French author and pilot (born 1900 in Lyon; died 1944 near Marseille) /*



Ecological. Social. Economic.
Sustainable with BLG LOGISTICS

EDITORIAL

Dear reader,

The future is something we cannot – and would not want to – foresee. Nevertheless, developing possible scenarios is the only way to approach it. As the new Head of the Sustainability and Digitalization Central Department, I would like to launch as many future-oriented projects as possible, that can smooth our way as stepping stones into a new digital future. We believe it is crucial that our innovations and technologies always harmonize with the environment, society, and our employees.

This report shows how we deal with our ecological, economic, and social responsibility. It also provides in-depth information on the main non-financial aspects of our business activities. BLG employees Patrick Finke and Laura Weingarten explain in interviews how we are shaping the future in our company. We also talk with Sven Hermann, a creative designer, founder and professor, who examines how we will work in tomorrow's world.

Enabling the future in times of global warming also and above all means facing up to our ecological responsibility. Six years ago, we at BLG LOGISTICS set ourselves an ambitious goal. In business year 2018 we progressed a long way toward this goal, as summarized herein.

JAKUB PIOTROWSKI

Head of Sustainability and Digitalization



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FOREWORD OF THE CEO



» We create the basis for what we are today and what we want to convey to the next generation: our love of innovative and sustainable logistics.«

FRANK DREEKE / CEO /

Dear readers,

Acting responsibly - that is the principle behind our sustainability efforts at BLG LOGISTICS. Not just starting this year. We defined our ecological responsibility in a concrete goal six years ago: We want to reduce our CO₂ emissions by 20 percent by 2020 compared to 2011. Today we can report that we have not only achieved this value two years early, but even exceeded it. We have cut our CO₂ emissions by 21.5 percent since 2011. Contributing factors were various measures to reduce greenhouse gas emissions, our many energy-efficient, certified new buildings constructed over recent years, and our positive sales development. Yet we remain ambitious in this field and are committed to further improving the sustainable development of our company. For example, this year we started switching the outdoor lighting at our Bremerhaven Autoterminal to LED lamps. This is among one of Europe's largest outdoor site upgrading projects. We are currently working on a fresh climate protection strategy, which has ambitious plans for years to come.

Our goal is to anchor BLG LOGISTICS on secure foundations for the future and to ensure we continue our successful business in a changing environment. Our ambitions include a focus on expanding existing customer relations as well as attracting new customers. To help us navigate more surely into this future, we have pooled our innovation activities into a central unit. Alongside our many innovation and digitalization projects, we are banking on long-term commitment to research and development projects. In 2018, we participated in seven projects of this kind, and we are set to expand our activities here in the current business year.

Despite all the advances in digitalization, people remain the most important resource in our logistics processes. It is our responsibility to offer secure jobs in an environment where people are valued and fairness is a guiding principle. What's more, we want to position BLG LOGISTICS as an attractive company for the next generation of employees. Today's complex world demands constantly changing knowledge and competencies. That is why capabilities that enable us to respond to changes are increasingly important. We develop and train our employees especially in these skills, boost their leadership competence in training courses, actively include them in innovation projects, and enable them to use new working methods. That is how we create the basis for what we are today and what we want to convey to the next generation: our love of innovative and sustainable logistics.



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 16-person Supervisory Board consists of equal numbers of representatives of our employees and our shareholders. It monitors and advises the Board of Management in its work. The Supervisory Board election on May 24, 2018 elected Dr. Klaus Meier, managing partner of wpd windmanager GmbH & Co. KG, as its new Chairman.

The Group's sales revenue in business year 2018 totaled EUR 1.14 billion. Detailed financial key figures are presented in our ▶ Financial Report 2018. Turn to the next page for an overview of key figures relating to sustainability.

Ownership structure

As of December 31, 2018, the Free Hanseatic City of Bremen (municipality) held 63 percent of the company's subscribed capital. Of this, 12.6 percent belonged to Bremer Verkehrs- und Beteiligungsgesellschaft mbH (BVGB), a participation company of the municipality of Bremen. With effect from January 31, 2019, these shares were sold to Panta Re AG, Bremen. Therefore, the share of the municipality is now 50.4 percent. The legal group structure is stated in our ▶ Financial Report 2018 on page 46.

Global network for automobile logistics

Our logistics services in the AUTOMOBILE division cover everything to do with finished vehicles on their journey from the manufacturing plant to the dealer workshop. 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 Auto-Rail 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, and Hamburg as well as in Gioia Tauro, Gdansk, and Bronka, we operate inland terminals on the Rhine and Danube. In 2018, our global AUTOMOBILE network handled, transported, and technically processed a total of 6.5 million vehicles. That makes us one of Europe's leading automobile logistics companies.



In business year 2018, the BLG Group entered into a strategic partnership in Poland. This involved selling half of the shares in the Autoterminal Slask Logistic Sp. z o.o. in Dabrowa Gornicza to the Polish vehicle logistics company STS Logistic.

Picking, storage, and delivery

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. Increasingly, we also apply digital solutions. In our own or customers' logistics centers, we organize such diverse goods as car doors, sports shoes, printers, furniture, cookies, and bathroom fittings. With our range along the entire supply chain, we are among Germany's leading providers of logistics services.

In business year 2018, BLG LOGISTICS opened four new contract logistics centers. In May, we started operations in a second logistics center in Falkensee near Berlin for our customer Siemens Power & Gas. From there, we provide logistics services to the production locations in and around Berlin. On June 1, 2018, we took over a plant in Solingen with some 60 employees from our customer Konica Minolta. We plan to successively relocate the business that provides storage and technical services for printers and copiers to our Emmerich location by the end of 2019. For our longstanding customer IKEA, we have been running a new logistics center in Elsdorf, Lower Saxony, since October. Here, we process all online orders from the North German region. Also as from October 1, 2018, we took over logistics activities for the sports article manufacturer PUMA at the Schlüsselfeld location. As part of the transfer of operations, we took on 97 percent of the employees. Furthermore, we were able to continue to employ all 45 contract workers.

Since September, our forwarding activities have been pooled under the name BLG International Forwarding GmbH & Co. KG. The new brand unites the companies acquired in the past few months, INFORTRA GmbH INTERNATIONAL FORWARDING & TRANSPORT, LOGFORTRA GmbH Logistic, Forwarding & Transport, Arno Rosenlöcher (GmbH & Co. KG), and Kitzinger und Co. (GmbH & Co. KG). The forwarding office of BLG Cargo Logistics GmbH remains an independent unit.

Container-related services

In our CONTAINER division, the EUROGATE joint venture has established itself as Europe's leading shipping-company-independent container terminal operator. EUROGATE GmbH & Co. KGaA, KG is a company consolidated by the equity method and run separately from BLG in all CSR-relevant areas. The details in this report relate to the fully consolidated companies of the AUTOMOBILE and CONTRACT divisions, including BLG AG and BLG KG (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.

Employees take responsibility

Our employees assume responsibility for smooth logistics of high-quality products day in and day out. In 2018, in its fully consolidated companies plus the CONTAINER division (50 percent), BLG LOGISTICS employed on average of 11,079 employees globally (calculated according to §267, Para. 5 Commercial Code). On the reporting date of December 31, 2018, there were 9,640 employees at more than 70 German locations in the AUTOMOBILE and CONTRACT divisions and the central units, plus a further 675 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 2018

261

GIGAWATT HOURS
TOTAL ENERGY CONSUMPTION

93,003

TONS
CO₂-EMISSIONS

-21.5 %

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

1.14

BILLION EUR
SALE

98.7 % **COLLECTIVE PAY AGREEMENT**

OVERVIEW

299

**COMPLIANCE-TRAINED
EMPLOYEES** (RELATING TO FUNCTIONS)

5.2 %

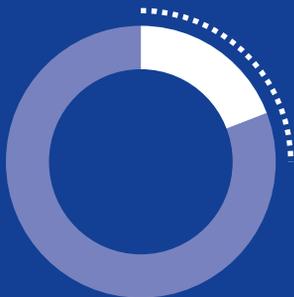
FEWER EMPLOYEE ACCIDENTS
THAN IN THE PREVIOUS YEAR

9

COMPLETED
100-DAY INNOVATION PROJECTS

11,079

EMPLOYEES WORLDWIDE
INCL. CONTAINER DIV (50%)



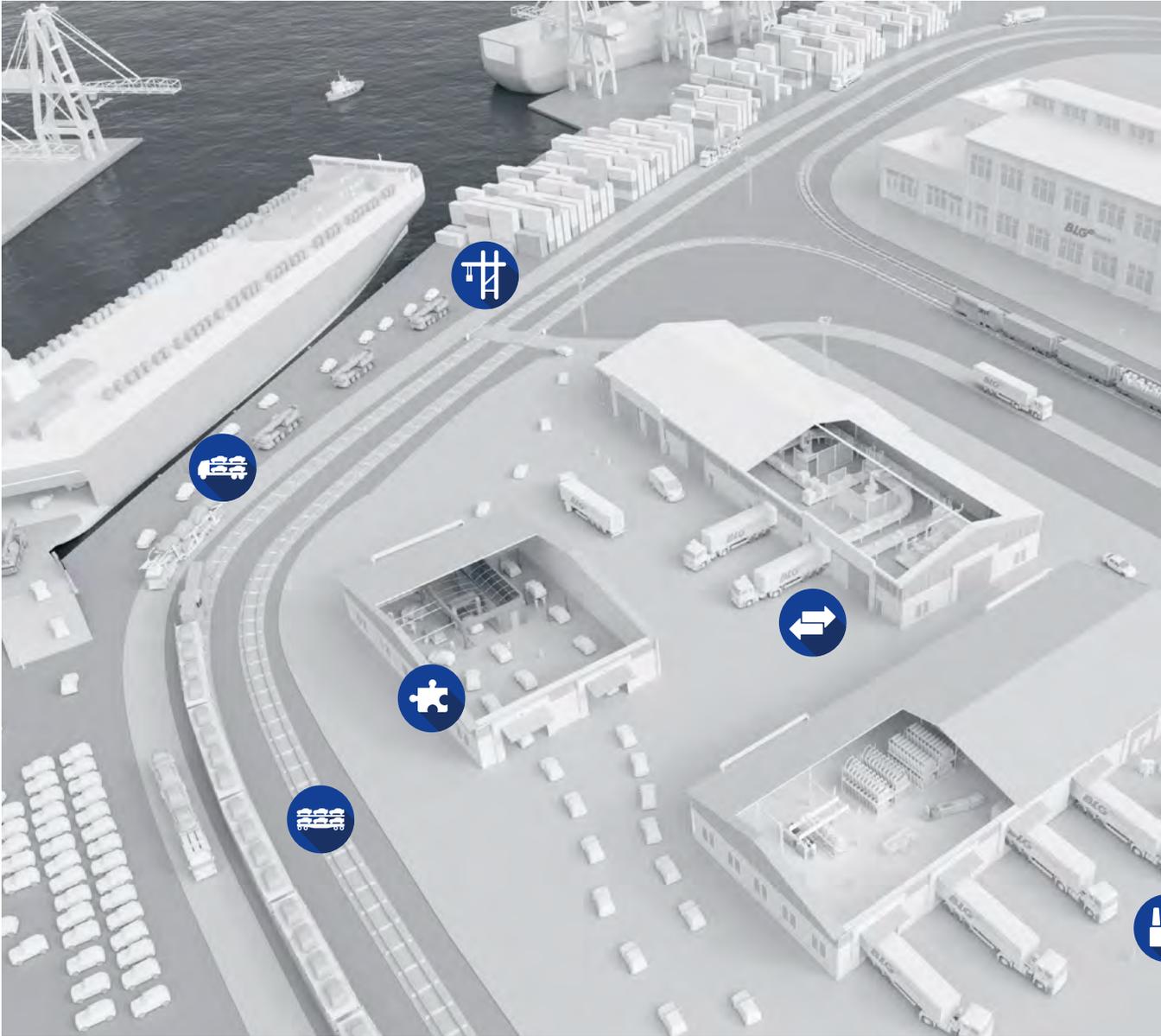
■ SHARE OF WOMEN ON MANAGEMENT LEVELS 1 TO 3

19.2%

..... TOTAL SHARE OF WOMEN

25.2%

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

Responsibilities

In the reporting year, we integrated existing activities from the field of innovation and digitalization in our Sustainability and New Technologies Department, which we set up in 2011. Our restructured Sustainability and Digitalization central department remains responsible for improving and implementing our sustainability management. By combining these areas, we plan to create closer links and benefit from synergies in the fields of sustainability and digitalization. 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, manages and controls development of cross-departmental energy management, lends support in implementing the energy policy defined

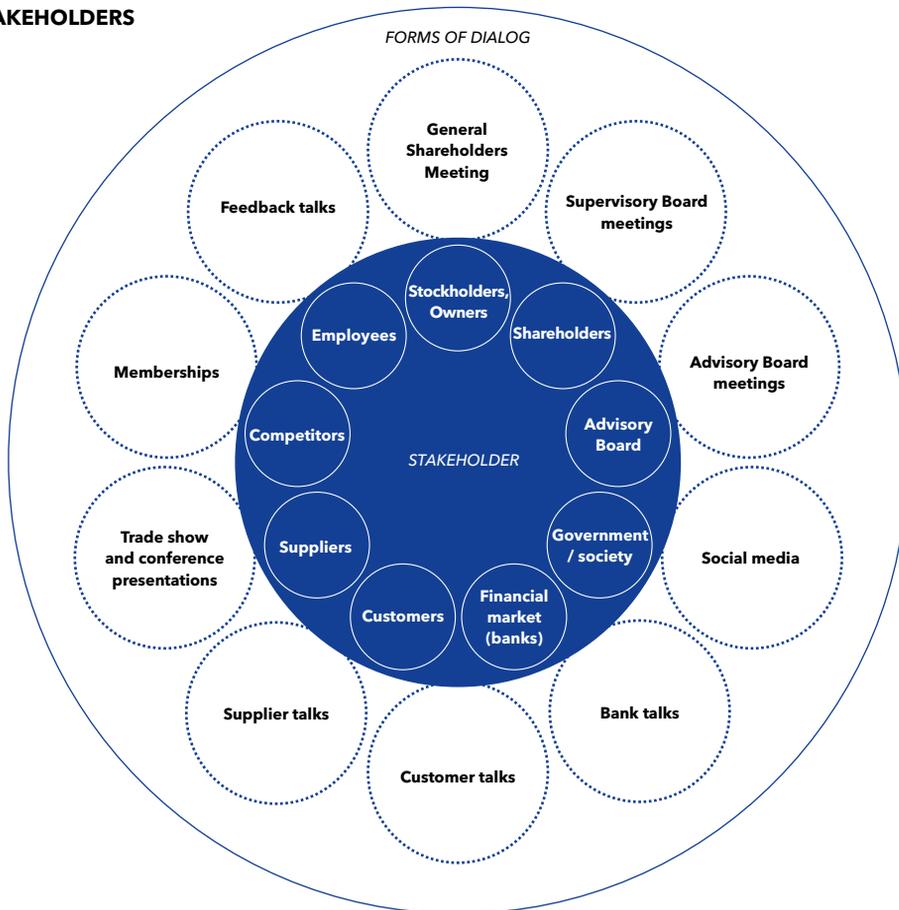
by the Board of Management, and provides ideas, especially when it comes to ecological sustainability. The central department reports directly to the CEO.

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. This is a process we promote via exemplary action by superiors as well as training and further training courses. Our management principles, which we formulated in line with the corporate strategy newly defined in 2017, form the basis for our staff management, support, and development. The objective of our strategy is to ensure the long-term successful market orientation of BLG LOGISTICS and therefore to sustainably secure jobs.

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. We have implemented an energy management system compliant with DIN EN ISO 50001 at a total of 25 locations.

IN DIALOG WITH OUR STAKEHOLDERS



What's more, we also order evaluations of our sustainability performance. With a Silver CSR rating, we have achieved a satisfactory result. According to EcoVadis, we are among the top 30 percent of the companies evaluated, which is above the 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 Finance Report 2018, 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 branches where we directly supply to customers or even work on their sites. Several times over recent years, we engaged an external institute to discuss with our most important customers the best locations and potentials for improvement. In a survey conducted in 2018 specifically for our AUTOMOBILE division, sustainability aspects played a key role. This is how we stay up to date about what our customers find important. It also provides feedback that enables us to constantly improve our sustainability management.

One of the most important stakeholder groups is our workforce. That is why two-way communication with them is vital. We do this for example by regularly conducting employee surveys. In 2018, we once again boosted our feedback culture.

We also use other channels for dialog, including memberships in associations, organizations, and initiatives (▶ see box), participation in trade shows and conferences, talks with banks, social media, public events, the Annual Shareholders Meeting, and meetings of the Supervisory and Advisory Boards. Nearly all stakeholder groups of key importance to us are represented on the Supervisory Board via representatives from industry, banks, the workforce, labor unions, and the public sector.

The Advisory Board comprises scientists specializing in sustainable logistics, process innovation in logistics and junior management training as well as representatives of business, trade associations, and media. The graphic on ▶page 9 gives an overview of our most important stakeholder groups and the forms of dialog we have established with them.

IMPORTANT MEMBERSHIPS IN ASSOCIATIONS, ORGANIZATIONS, AND INITIATIVES

- Central Association of German Seaport Operators, Hamburg
- German Logistics Association (BVL)
- German Transport Forum, Berlin
- 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. 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). In 2018, the DVF published a paper on climate protection in the transport industry. It details strategies and makes recommendations on how to meet the federal government's climate goals.

MATERIALITY ANALYSIS

The Sustainability Report of BLG LOGISTICS has become a firm feature of our annual business reporting. This Report was prepared in accordance with the GRI standards (Core option). The associated GRI Content Index is published online.

www.blg-logistics.com/sustainability

The Corporate Social Responsibility (CSR) Directive of the EU (Directive 2014/95/EU) was adopted into national law in April 2017. The CSR Directive Implementation Act (RUG) aims to create more transparency about ecological and social aspects of company activities. Since then, BLG LOGISTICS is also legally required to issue a non-financial statement within group reporting. We meet this obligation by compiling a separate Non-Financial Group Report (NFB) 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 the AUTOMOBILE and CONTRACT 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.

www1.eurogate.de/en/About-us/sustainability

Defining relevant topics

In structure and topic range, the Sustainability Report 2018 takes its cue from the previous year's report. A thorough analysis conducted in 2017 identified what topics and areas of activity we consider relevant for our BLG LOGISTICS Sustainability Report. We identified not only GRI topics, but also key areas of BLG sustainability management as important potential reporting contents. Added to this are topics and aspects we drew from reports of the most important industry players as well as the standards of the Sustainability Accounting Standards Board (SASB) for logistics. Furthermore, we supplemented these insights with the results of our stakeholder dialogs. Finally in this pre-selection, the BLG sustainability team selected the topics that are relevant to our business and also impact on society. There was a special focus on areas required by the CSR Act: environmental, employee, and social matters as well as human rights and corruption. Next, we classified each of the identified topics according to business relevance and impacts on society on a scale of one (low) to five (very high). These were then evaluated in interviews with representatives of the respective departments. After a last check against the perspectives of our stakeholders, we presented the result to the Board of Management and the Supervisory Board for a final decision.

The relevant topics of the Sustainability Report 2018 are based on the results of the previous year's materiality process. Taking into account business developments as well as our stakeholders' interests, we found no reasons for changing the subjects tackled in this year's report. Therefore, this latest report follows the same structure and topics as the 2017 report. We again recorded the same key figures as last year and tackled subject-specific contents for the individual aspects in 2018.

BLG LOGISTICS was evaluated by EcoVadis in summer 2018. This platform for the sustainability evaluation of global supply chains assesses companies in the areas environment, employment and human rights, ethics and sustainable procurement. The questions examined are selected according to factors such as the relevant industry and the scope and nature of services provided, and they are tailored to the specific company. The focus was on issues that we ourselves had classed as highly relevant. That endorsed our selection of topics for the Sustainability Report. Based on this evaluation of our sustainability standard, we received the distinction "Silver", which is above average for our industry. Furthermore, at the beginning of the reporting year, our AUTOMOBILE division carried out a customer survey. The feedback on sustainability at BLG LOGISTICS showed no need to include any additional topics.

Weighting of the main sustainability aspects

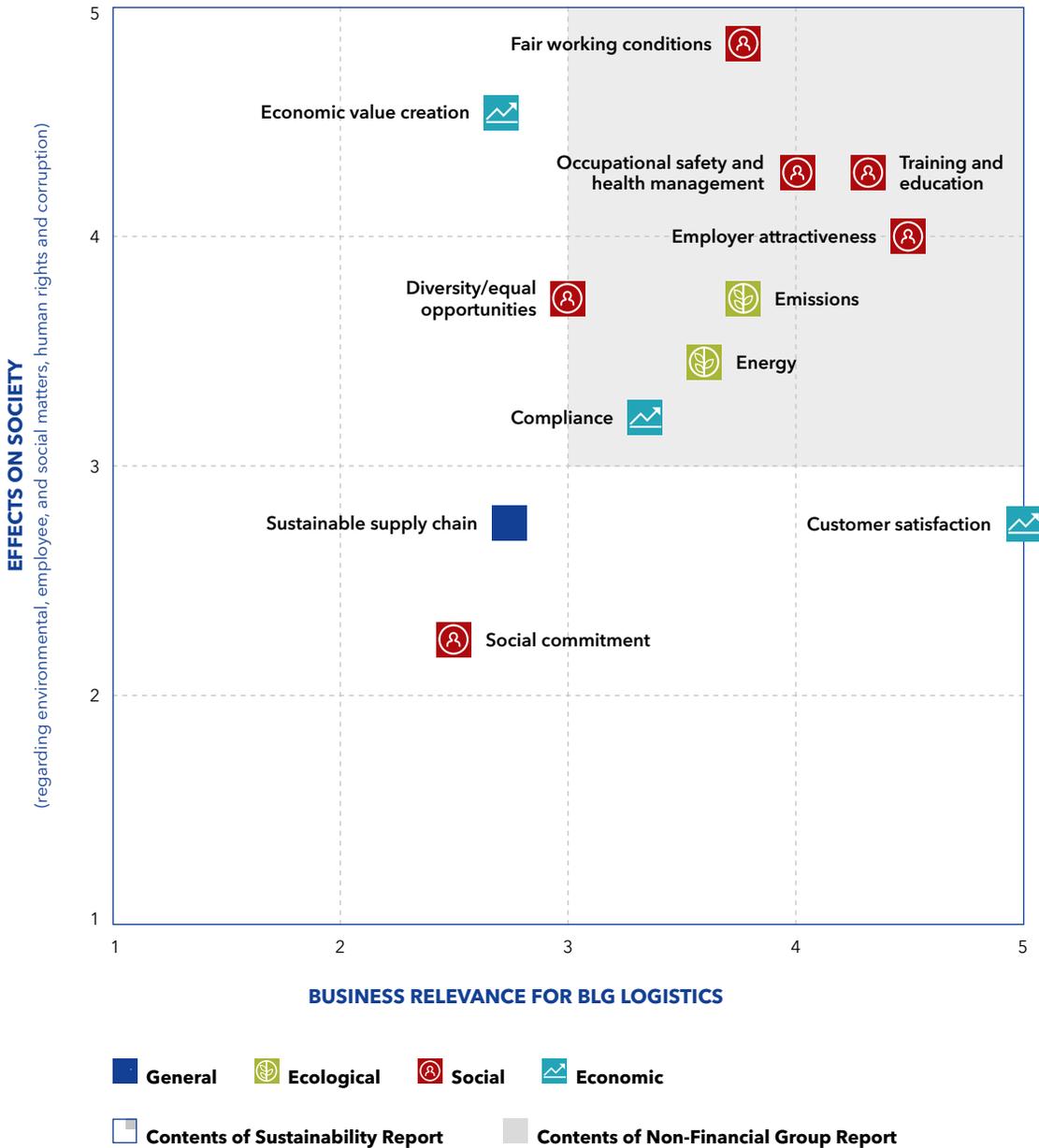
The materiality matrix on the right lists the topics identified as relevant for the Sustainability Report. They are allocated to the areas ECOLOGY, SOCIAL or ECONOMIC. As the topic "Sustainable supply chain" contains aspects from all three areas, it is described in a separate section on ▶page 15.

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

Below, we link every topic shown in the matrix to the relevant management approach and selected key figures according to GRI. 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 ▶page 14 examines overall risks.

The report focuses on the domestic BLG companies. They account for 93.5 percent of all employees and 96.4 percent of total revenue of the fully consolidated locations, i.e. the 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. As part of this approach, we launched surveys on energy and compliance at selected foreign locations in the reporting year. This will identify future areas of action here so we can prepare the locations for our planned energy consumption measurements.

MATERIALITY MATRIX



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 controlling as well as 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 ►Finance Report 2018 from page 61.

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

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

various evaluation scenarios (best - expected - worst case) and their probability. Furthermore, the report describes the measures taken by the persons responsible and their impacts on the risk.

Identified risks and in particular defined measures are reported on regularly in the relevant management circles of the divisions. There is also quarterly reporting to the Board of Management and in every Supervisory Board meeting. Five meetings were held in the past year. No major risks with very likely serious negative impacts on the issues of sustainability and the CSR Directive were identified in the 2018 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 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/en/gtcbcr

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 actively improve quality or cooperation.

We choose which suppliers we 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. Various consequences are possible depending on the results of the assessment. Ideally, no steps are necessary. If there is room for improvement, we agree with the supplier on how it can improve or actively develop its performance. Suppliers who are not able to meet our requirements in the long term no longer receive orders from us. For the reporting year, we achieved our goal of 100 supplier assessments per year.





ENERGY AND EMISSIONS

We are proud that we reached, and even slightly exceeded, our own CO₂ target two years ahead of schedule in 2018.

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

Our customers interest in sustainability is constantly increasing. Many of them expect precise information for their own reporting. In invitations for bids, they demand concrete data and figures, plus compliance with standards and certificates on energy consumption and CO₂ emissions. This is how ecological sustainability is becoming increasingly relevant in competition. Other stakeholder groups, such as the public and banks, demand that we comply with sustainability standards and invest in energy efficiency. Further pressure to take action results when measures are taken that modify the legal framework, such as the Energy Services Act or the Ecodesign Guideline. What's more, high-energy costs provide an additional incentive to implement efficient green methods.

TARGET

Reduction in CO₂ emissions by 20 percent by 2020, using 2011 as the base year

20

The goal of our ecological sustainability efforts

In order to achieve our goals of responsible operations regarding the environment and resource consumption, we focus on the key areas of energy and emissions. Firm goals here are reducing greenhouse gas emissions and cutting specific energy consumption. We achieve this above all by boosting energy efficiency. In 2012, the Board of Management of BLG LOGISTICS committed the company to reducing its CO₂ emissions by 20 percent by 2020, using 2011 as the base year. We also anchored our ecological

goals in our energy policy adopted in February 2016. It states, among other things: "We are convinced that responsible action and societal acceptance are also becoming more and more important for logistics providers in order to be and remain economically successful."

www.blg-logistics.com/sustainability

Strategic energy management

Over recent years, we have introduced a comprehensive energy management system that 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 central controlling unit monitors the individual activities and provides support, e.g. by recommending improvements.

Since the end of 2016, our energy management system in the CONTRACT division at 25 locations has been certified according to DIN EN ISO 50001. A scheduled monitoring audit was performed in the reporting year, with a successful result. At another 26 BLG LOGISTICS locations, energy audits according to DIN EN 16247 were carried out, equally successfully. We also take responsibility for the environment with our environment management system. This has been certified according to DIN EN ISO 14001 at all German auto terminals and transport hubs of our AUTOMOBILE division as well as at five more locations of the CONTRACT division ever since 2004.

www.blg-logistics.com/certificates

At the end of 2018, we began preparations to expand our energy planning to the first international locations. The first step was an energy check at our locations in Italy, Poland, South Africa, and Russia. This involved determining the energy consumption levels and the machines, plants, and vehicles responsible. At our Italian and South African locations, we launched training courses that teach

personnel how to use our corporate data collection tool. They also learned how to implement and monitor energy efficiency measures.

Calculation base 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 and validate energy consumption data locally at the individual BLG locations so that it can be evaluated directly on site.

Since 2011, this data has been brought together once per year in our Sustainability and Digitalization central department, which calculates the greenhouse gas 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. 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. At a few of our locations, we are not able to take meter readings ourselves. If only flatrate figures are available, we adjust our energy balance sheet retrospectively once we receive the exact consumption data.

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). 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. You can find more details in the ►Glossary under CO₂ equivalents.

ABSOLUTE GREENHOUSE GAS EMISSIONS

broken down into direct and indirect emissions (tCO₂e)

Year	Scope 1	Scope 2	Scope 3	Total
2018	45,801	35,785	11,417	93,003
2017	47,468	36,934	11,851	96,253
2016	48,570	38,274	12,182	99,026

■ 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. Included here are all CO₂e emissions generated, from production and supply of the energy carriers used by the vehicle to the vehicle operating phase. The emission factors also take account of shares of bio-diesel 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.

To demonstrate how greenhouse gas emissions develop in relation to our business activities, we calculate greenhouse gas intensity every year. Due to the different processes and business operations at the individual locations and in order to enable a reference to the base year of 2011, we state the CO₂e emissions in relation to sales. We take account of all emissions from Scopes 1 to 3.

Energy consumption by our company

In 2018, the total energy consumption of BLG LOGISTICS was 261 million kilowatt-hours. Compared to the previous year, we saved on electricity, heating oil, and diesel. 50 percent of the total energy consumption in the reporting year was attributable to the AUTOMOBILE division. The largest share of energy consumption, at some 31 percent, was accounted for by our automobile 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 2017 to 2018, we reduced our energy intensity by 7.4 percent to 0.295 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.

ABSOLUTE ENERGY CONSUMPTION

broken down according to energy sources

	2018 Liters	2018 MWh	2017 MWh	2016 MWh
Electricity		63,365	65,411	67,783
Natural gas		81,522	81,152	83,529
District heat		87		
Heating oil	1,377,787	13,709	14,794	12,531
Diesel	9,984,147	99,043	105,864	111,183
Gasoline	358,341	3,157	2,160	1,769
Vehicle gas		23	18	8
Total energy consumption		260,905	269,399	276,802

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.

PERCENTAGE SHARE OF ENERGY CONSUMPTION 2018

broken down according to divisions and business fields

SERVICES

■ 0.5% central departments

CONTRACT

■ 22.0% retail logistics

■ 27.4% industrial logistics



AUTOMOBILE

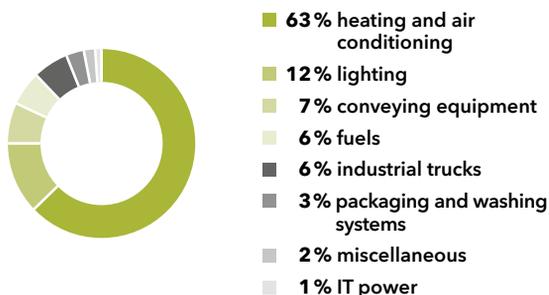
■ 30.7% automobile transports (truck, inland boat, rail)

■ 19.4% terminals and XXL logistics



CONSUMER GROUPS BLG CONTRACT 2018

in %



Control and monitoring of energy efficiency measures

Efforts to increase our energy efficiency are a crucial part of our energy management system. With an enhanced documentation program, training at our annual TechnikTreffen meetings, and supporting analysis by an external engineering service provider, we intensified and improved our energy efficiency activities in 2018. As part of all this, we thoroughly examined our energy figures and measuring concepts to ensure we continue to apply effective and efficient individual efforts. For the first time, we implemented central monitoring of our activities. The aim of central monitoring is not only define our energy savings, but also to optimize synergies and identify new opportunities. We want to provide all our locations with implemented solutions that serve as examples of best practice.

Based on the measures and action plans at our locations, all energy saving ideas as well as planned and implemented energy efficiency activities are centrally reported and evaluated. These include solutions at certified and non-certified locations. Already we have a store of more than 500 suggestions in our constantly growing ideas pool that we can tap into to define, plan, and implement new procedures.

Most activities were in the categories of awareness-raising, lighting, and control as well as regulation of heating and lighting technologies. There was a special focus on boosting employee awareness. This is where the greatest potentials lie in all companies, although savings here are usually difficult or impossible to measure.

Sensitizing employees

In the reporting year, we carried out mandatory training in management systems and energy saving opportunities at several locations for employees on various levels. Furthermore, our energy management system was included in regular staff talks, safety instructions, and introductory instructions. We also posted notices designed to raise the awareness of our operational employees about energy policy and energy figures, and attached stickers to remind them to switch off devices such as screens and printers.

It is important to get young employees interested in this topic. That is why, once again in the reporting year, we sent two trainees on a sailing trip with a focus on the climate. These five-day trips are sponsored by the German Climate Foundation in cooperation with the Climate House Bremerhaven 8° Ost. The idea is to promote team spirit and a sense of responsibility. Ahead of the trip, the trainees took part in climate workshops in the Bremerhaven Climate House. There, they gained inspiration from sustainability experts, discussed the topic, and learned from each other.

In 2018, another group of trainees at BLG LOGISTICS qualified as Energy Scouts. Four young employees achieved an impressive victory: With their compressed air optimization in the Bremen high-bay warehouse, they comfortably won a Bremen/Bremerhaven Chamber of Commerce competition. Their small improvements now result in noticeable savings in the warehouse. Equipped with an ultrasonic measuring device, the trainees went on the hunt for leaks and identified lifting cushions and their connections as weak points. Low-cost maintenance work reduced the volume flow by just under 11 percent. The results were presented to energy officers as an example of best practice at the TechnikTreffen 2018.

Implemented measures

In the lighting area, various projects were implemented or launched in 2018. The switchover to LED lighting in several auto workshop buildings and two parking decks of the auto terminal in Bremerhaven saved some 273,650 kWh at double the light output. This corresponds to a reduction in climate-relevant emissions of 155 tCO₂e. At locations such as the auto terminal in Duisburg, the logistics center in Böblingen, and our Bremen headquarters, we saved around 50 percent of lighting energy by changing the lamps in industrial buildings, corridors, and stairwells. Just from upgrading the emergency exit signs to efficient LED pictograms, our high-bay warehouse in Bremen achieved an annual saving of some 16,000 kWh.

In 2018, we planned a major project for modernizing all the outdoor lighting at our auto terminal in Bremerhaven. We expect the installation of 1,539 new LED lamps on a total of 673 masts to not only significantly increase the light intensity, but also to save some 50 percent of the energy. Implementation, which will also reduce light emissions, started at the beginning of 2019.

Also at the BLG AutoTerminal Bremerhaven, the heating system for a technical hall that uses process heat was completely redesigned. The old oil heating system was replaced by a gas condensing boiler, and a high-efficiency cogeneration unit also went into service. This reduced the CO₂e emissions from heating the building by 42 percent.

At the end of the year, we renovated and newly insulated the roof of a hall at our Eisenach location. Already, staff there have noticed a constant temperature in the building. The level of gas saving will be recorded and analyzed over the coming year.

At our BLG Sports & Fashion facility in Hörsel, an extensive energy contracting program resulted in various energy saving and modernization measures. In recent years and together with Siemens Building Technologies AG, we carried out a large-scale replacement of the lighting, a conversion of the ventilation systems, and a modernization of

the automatic ironing systems for textiles (tunnel finishers). We also built a new cogeneration unit. In 2018 alone, the cogeneration unit fed in 520 MWh of electricity and 850 MWh of heat. All the upgrade work was finished by May 2017, and the project is now in the performance phase. Since 2015, the new lighting has saved around 1,200 MWh, while a total of 825 MWh was saved for ventilation and heating pumps. This is equivalent to a total reduction of greenhouse gases by 1,143 tCO₂e. For the overall concept, our location was nominated for the sustainability award of the state of Thüringen, and achieved a ranking among the best six participants. The jury praised the concept as exemplary in the logistics industry. A total of 23 Thüringen municipalities, companies, and initiatives competed for the Thüringer EnergieEffizienzpreis 2018.

At BLG, we constantly examine ways of saving energy and raise our employees' awareness as much as possible. During the reporting year, this resulted in small-scale individual solutions applied at various locations, such as the installation of various timer switches and the adjustment of switching times for lighting and heating. Other examples were replacing doors, installing vertical blinds as wind and cold traps on roller doors, as well as cutting unnecessary energy losses using door closers, door sirens and centrally switching off machines. Simply by adjusting the heating controls and lowering the temperature by two degrees as from 2019, we expect to save 140,000 kWh (35 tCO₂e emissions) per year at our Falkensee I and II locations.

Reduction in fuel consumption

E-mobility remains an important topic for us. Our technical centers are altering, processing, and transporting more and more electric cars for our customers. After the launch with one electric fleet vehicle in 2012, we now use twelve electric vehicles, and at the end of 2018 we ordered one more. We have our own charging stations for the electric cars. The charging station in front of our Bremen headquarters is part of the public charging infrastructure. E-vehicle users can charge their batteries there free of charge with 100-percent green electricity.

Our company BLG AutoTransport offers transport services for new and used vehicles. At the end of 2018, our German companies owned 206 trucks. Between 2015 and 2017, we upgraded the fleet with a total of 119 vehicles. Then, in 2018, we acquired another 39 new trucks. Now 96 percent of our fleet complies with the EURO 6 standard. We will continue this modernization drive in 2019.

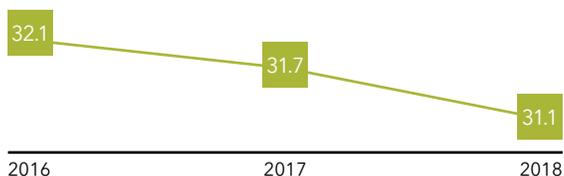
To save even more fuel, we have introduced software that supports economical driving by e.g. automatically shifting gears. We use new tires based on the results of a two-year project that examined efficient tires.

Consumption and other driving data are recorded via a telematics system. We use this data to compile reports and award grades for driving style, taking vehicle type and use conditions into account. The consumption data is displayed at the locations. Aside from the mandatory modular training, including eco-training for the driver's license, we organize regular driver training by 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 was decreased again. Now this figure is 31.1 liters per 100 kilometers, or 0.6 liters below the previous year's value.

SPECIFIC DIESEL CONSUMPTION OF OWN AUTOMOBILE TRANSPORT FLEET

liters/100 kilometers



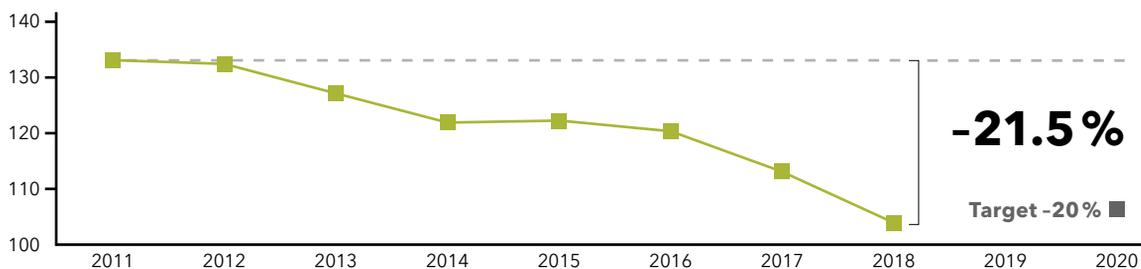
Reducing greenhouse gas emissions

We are proud that in 2018 we reached, and even slightly exceeded, our own CO₂ target two years ahead of schedule. We achieved an overall reduction of 21.5 percent compared to our reference year of 2011. The combined effects of our various greenhouse gas-reducing measures, the large number of energy-efficient new buildings over the past few years, and our positive sales development have contributed to the early achievement of our goal.

Yet that is no reason to let up. We will continue our ambitious emissions-reducing efficiency drive on a high level, and continuously monitor our progress up to 2020. At the same time, we are developing a new climate protection strategy for BLG LOGISTICS that will set our next target.

RELATIVE GREENHOUSE GAS EMISSIONS

from 2011 to 2018 and target 2020 (gCO₂e/€ sales)



SMART ROUTE PLANNING

INTERVIEW: PATRICK FINKE

SCHEDULER IN THE BLG FORWARDING UNIT

“When it has the right data, the system can calculate the optimal route much more precisely. This can also significantly reduce no-load kilometers.”

Today, digital technologies support logistics processes in many ways. What role do digitalization and automation play in schedule planning of overland transport at BLG LOGISTICS?

For us as schedule planners, automation is a key area. Above a certain order volume, you need support from the system to meet the customer’s high requirements. It is crucial to ease the workload on existing teams with digital and automated technologies. When we offload time-consuming, monotonous, and repetitive work to software systems, we have more capacities for other tasks.

What work can these systems take on?

We used to enter the individual routes into an Excel-based scheduling plan. Additionally, we had paper copies of the orders in front of us and had to write the relevant plate numbers on them. Then these orders went to another person in the team, who informed the driver. These are all tasks made much simpler today by our software.

Since when has BLG LOGISTICS been using this software?

Just over one and a half years ago, we contacted a startup in Berlin. My Head of Department had the idea of automating scheduling and transferring administrative processes to a software solution. This is a major component in meeting our customers’ high demands and remaining competitive. So we started developing a solution together with the startup. This resulted in the Flutaro program, which we have been improving together ever since.

What is changed since then?

Well, every day we plan between 150 and 200 journeys. Not having to manage this manually saves us a huge amount of work. Before, we had to plan all trips ourselves, including the exact route, number of kilometers, and any toll charges. Now, since just over a year ago, the new software does all that for us. The system automatically calculates the routes, then enters the costs in our transport management system, where all the data is administered. We simply allocate the order to the truck using drag and drop, and Flutaro calculates all the factors we need.



REDUCED FUEL COSTS

BETTER ADHERENCE TO DELIVERY TIMES

FEWER PLANNING ERRORS

NO MORE DOUBLE ALLOCATIONS

COMPLIANCE WITH TIME WINDOWS

HIGH CUSTOMER SATISFACTION

INCREASED ORDER VOLUME

FAST ADJUSTMENTS



Does this already represent automated scheduling?

No. Fully automated scheduling is in the test phase right now. It allocates orders to the right vehicles, takes account of the rest regulations for the drivers, and integrates everything into planning. We also want to make better use of the drivers' driving times to reduce empty travel and stopping times. When it has the right data, the system can calculate the optimal route much more precisely than we can manually. This can also significantly cut no-load kilometers. But the human scheduler still takes the final decision on which vehicle transports what order.

How can your customers expect to benefit?

We hope there will be fewer delays. That is because with manual scheduling there is always a risk that a driver does not report back, or a scheduled delivery time is missed, or the scheduler miscalculates during planning. That will not happen anymore with an automated software. So we will be able to offer our customers even better reliability.

Will Flutaro take on other processes in the future?

We have just finished developing a communication app for drivers. At the click of a button, the app sends all drivers the complete transport-relevant data so they know what orders they have for the next day. That means schedulers will not have to bother drivers during transport, taking up valuable time dictating addresses and explaining what exactly they need to load. There will also be a chat function. Everything we do now by text message or phone will be pooled in a chat, so we can exchange information with our drivers faster. And every day we think of things we could do differently or better. So we are constantly improving the software.





FAIR WORKING CONDITIONS

BLG LOGISTICS provides attractive, secure apprenticeships and jobs with fair pay.

Our employees are our most important resource. That is why we ensure fair working conditions at BLG LOGISTICS, based on correct 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 contract and type

The vast majority of our employees, at 82 percent, hold permanent jobs. Compared to the previous year, this percentage declined by 4 percent. One reason for temporary employment contracts is the often short periods of our customer contracts. In the reporting year, 93.6 percent of our employees worked full-time. With a share of 75.3 percent, above all women took advantage of the option of part-time work.

EMPLOYMENT CONTRACT AND TYPE

Basis: Germany 9,640 employees (status as at Dec. 31, 2018)

Employment contract	total in %	of which	of which
		male in %	female in %
permanent	82.0	75.2	24.8
temporary	18.0	72.3	27.7
Employment type			
Full-time (100%)	93.6	78.1	21.9
Part-time (<100%)	6.4	24.7	75.3

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 2018, 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. Examples of this in the year under review were the Solingen and Schlüsselfeld locations.

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 important 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.



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 2018, we were forced to bring in agency employees to cover capacity fluctuations or very short-term contracts. In these circumstances, we always make sure we only employ people supplied by companies based in Germany. In Bremen and Bremerhaven, due to our traditional links with the port, our first choice of workers to balance out order fluctuations are those from the Central 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. The establishment of such seaport operators (GHB) was a major achievement that transformed unsteady work in ports into reliable jobs subject to collective agreements and monitored by works councils.

As from December 31, 2018, BLG LOGISTICS employed 74.5 percent own staff, 6.3 percent GHB employees, and 19.1 percent employees from other personnel service providers. This meant the proportion of own employees increased by some 8.1 percent on the previous year.

Equal treatment of employee groups

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". The German Provision of Temporary Employees Act (AÜG) that came into force on April 1, 2017 also requires the same working conditions and pay for all employees who work for more than nine months in the hiring company, as well as guaranteed transfer to permanent employment after 18 months. It also specifies high requirements for monitoring these periods.

Initially, we set up a working group in 2017 to ensure compliance with the new statutory requirements and to support their implementation. Then, in October 2018, we put our BLG Directive on Temporary Employees into force. The guideline is designed to ensure a uniform, legally compliant procedure for all types of personnel provided by third parties for deployment at BLG LOGISTICS. It defines temporary employment and what regulations apply. The guideline also determines that BLG LOGISTICS must 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/en/gtcbcr

We aim for a high proportion of own employees while ensuring flexibility for our customers

WE

Just like in previous years, in 2018 BLG LOGISTICS offered a large number of employees from GHB and other personnel service providers permanent employment contracts. In Bremen alone, we hired some 450 employees from temporary jobs. The number of employees at the German locations in our CONTRACT division totaled 1,036. Our "Project 1,000" ensured the expected recruitment of up to 1,000 employees from agencies within a defined period. In Bremerhaven, we hired 168 new employees in part-time and full-time jobs, so that in summer 2018 there was no need to use any personnel service providers apart from GHB.

TRAINING AND EDUCATION

Finding employees and securing their loyalty to BLG LOGISTICS remains one of our central tasks.

Our employees are crucial to the success of BLG LOGISTICS and are one of our most important stakeholder groups. It is becoming ever more difficult to find suitable qualified workers and young talents. The reasons for this phenomenon are not only demographic change, but also changed job requirements due to the effects of digitalization.

Our Human Resources department is responsible for everything to do with our employees, including training and education. The Human Resources Managers at the individual locations and the HR central department support our employees with any questions, problems, or complaints they may have. They can also rely on help from our compliance system and works councils.

Training our own staff

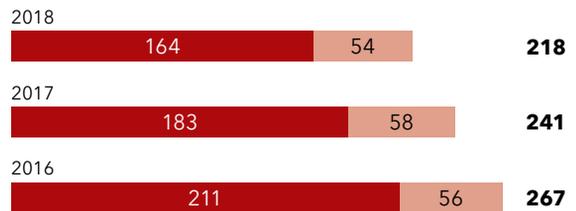
BLG LOGISTICS offers customers a wide variety of services. To ensure the high quality of our services, we need well qualified and motivated employees. That is why training our own future staff is a crucial element of our HR work. In 2018, we took on 64 trainees in the following professions: warehousing logistics specialist, warehousing specialist, office management staff, management staff for freight forwarding and logistics services, industrial management assistant, IT specialist for system integration or application development, construction mechanic, mechatronics specialist, automotive mechatronics technician, professional driver, and automotive painter. We also offer a dual Bachelor course in Forwarding, Transport, and Logistics. In the reporting year, four students started this work-and-study course.

www.blg-logistics.com/careers

In 2018, BLG LOGISTICS employed 218 trainees. As part of the company's guarantee to take on trainees with appropriate personal aptitude, we made all graduates a job offer this year, too. As a result, we were able to transfer 72 percent of our ex-trainees to permanent employment contracts.

TRAINEES

Number BLG LOGISTICS (incl. GHB)



■ commercial ■ technical/trade

Professional qualification programs

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), 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 straight into an initial qualification program or a traineeship. In 2018, seven participants went through an internship under this program, and now five of them are training for the initial qualification.



Continuous development of qualifications

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. We devise programs to expand their skills, always tailored to their individual requirements and inclinations as well as the qualification demands of our company. In the reporting year, we organized and carried out 134 seminars and courses on key subjects such as leadership, social, and method competencies as well as developing specialist and technical skills. The time spent on all our training courses totaled 2,880 man-hours, which was even more than the figure for the previous year (2,670). Our digitalization projects give participants the opportunity to try out new creative methods.

Manager development

In the reporting year, our "Take the Lead" management training program continued the focus on personnel development launched in the previous year. We convey our uniform leadership philosophy with its most important values and levers in this program designed to boost leadership competencies at all levels. Positive feedback from the participants shows that these training options meet a genuine need. In 2018, all managers in management levels 0 to 3 trained in the three modules "Leading Teams", "Leading Individuals", and "Leading Yourself". What's more, employees in management level 2 took part in the fourth module, "Management Workshop". Staff in management level 4 started with the first module in 2018. This puts us well on track to achieve our goal of uniformly training all our managers, from CEO to coordinators, in these modules by 2020.

Through our Junior Manager Program (JMP), we train executives for the special demands of our company in a targeted manner. In 2018, ten junior managers successfully completed the JMP. Meanwhile, a total of 151 employees have absolved the program, and 38 of them have achieved a position on management level 3 or higher.

100 We want to give 100 percent of our employees regular assessments

WE

Feedback on performance and development

Our plan is designed to ensure that in future all employees will be invited annually to talks with their superiors where they will receive feedback on their performance according to fixed criteria. Furthermore, each employee will receive an assessment of his or her potential once per year. Then we will draw up tailor-made development plans for promising employees. This will include defining training opportunities, if necessary. In the reporting year, we continued to roll out the evaluation and assessment of potentials system launched in 2017 and defined in a company agreement. Now, after the second year, some 3,600 employees or 37 percent of our workforce have already received an evaluation of their performance and their professional development.

Apart from classic operational careers, BLG LOGISTICS also offers specialist and project-specific career concepts. They were determined for the various company areas and define development options in terms of tasks and responsibilities, e.g. from junior to senior positions. As an element of individual personnel development plans, they help to ideally develop the potentials of our employees.

Intermediate assistance programs

With our future-securing social plan, BLG LOGISTICS offers an employee-financed system for plugging gaps in pensions and supports this with performance-related bonus payments. A total of 2,131 employees participated in this insurance plan (previous year: 2,230).

EMPLOYER ATTRACTIVENESS

We can only meet the challenges of the future with motivated and committed employees.

It is especially important to us that our employees can identify with BLG LOGISTICS. We want them to perceive our company as an attractive employer in all respects. There is an ever-stronger trend among employees to look not only at levels of pay, but also at the values of an employer, the career opportunities it offers, and social conditions. That is why we show current and potential employees how we value them. We give them clear framework conditions through structured leadership, plus individual and flexible working time models so they can reconcile working and family life. What's more, we offer various career paths with individual personal development opportunities and varied promotion possibilities.

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 specialists, and skilled staff with commercial or trade qualifications. That also includes drivers and warehousing specialists, who are becoming ever harder to find. To further boost our profile as an attractive employer and successfully compete for specialist personnel, we offer among other opportunities a wide range of varied traineeships and a dual Bachelor course as well as numerous qualification programs (see section "Initial and further training" on ▶ pages 30 and 31). These activities are controlled centrally by the HR department. We participate in a large number of training and job trade shows. On our website and on social media, we draw attention to our range of training and job opportunities, and we also have our own Facebook career page.

 www.facebook.com/BLGKarriere

To get even more young people interested in traineeships at BLG LOGISTICS, we have put together a group of trainees who regularly visit schools to tell students about their experiences. The self-styled "Future Designers" answer questions in the classroom and explain from their own perspective what challenges and successes they have experienced so far. They also represent our company at job fairs, where they give visitors an insight into their daily work.

Back in 2016, we introduced a special application process that makes communication with applicants faster and more targeted. To lower the barriers for potential employees, we also use easy-to-access job portals. After every job interview, we invite applicants to rate us on employer rating platforms. Then we use this feedback to reflect on our application processes.

The prospects for forging a career at BLG LOGISTICS are good. Once again in 2018, we ranked first in the logistics sector in the annual "Career opportunities" evaluation of FOCUS magazine. Over the reporting year, the magazine also awarded us top marks for the excellent career opportunities we offer university graduates, engineers, and IT specialists.



Compatibility of career and family

We take our employees' needs seriously and help them combine career and family. Wherever this is possible from an organizational viewpoint, we grant requests for part-time work. Usually, we are able to approve around 85 percent of applications for part-time jobs. With individual 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 have been working together with berufundfamilie Service GmbH for ten years, and our central departments received a permanent certificate in 2017. The berufundfamilie® audit aims to implement a permanently family-friendly HR policy.

Employee satisfaction

Organized regularly over recent years, our Great Place to Work® employee survey gives our workforce the opportunity to evaluate strengths and weaknesses of HR work at BLG LOGISTICS. The results have triggered measures such as feedback talks, manager training programs, information on various career paths, and systematic support schemes. Today these instruments have become integral elements of our staff development tools and some are included in company agreements.

To promote an open communication culture and identify ways to improve, we systematically introduced two-way feedback talks in 2018. They are applied regularly or as required in all areas. The year under review also saw the start of preparations for our latest employee survey. It is designed, among other things, to indicate whether all our employees and management staff have internalized our corporate values and leadership principles. After agreement with the works council bodies, we plan to launch the first part of the survey in mid-2019. That will be followed by an evaluation of senior staff.

Identifying the reasons for fluctuation

When it comes to employer attractiveness, the level of fluctuation is a key indicator for BLG LOGISTICS. Fluctuation is also a significant cost factor due to high expenses for attracting new employees and settling them in to the job. 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.

2,2

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

WE

In 2018, 305 employees left BLG LOGISTICS at their own request. This means the fluctuation quota increased slightly from 2.98 percent in 2017 to 3.25 percent in the reporting year. We already missed our ambitious 2.2 percent target in 2017. Considering the high number of new hires in the last two reporting years, higher levels of fluctuation at the beginning of the employment period, especially in the probationary period, are understandable. Here, the development at BLG LOGISTICS follows the general trend on the German employment market. Analyses show that the current situation on the German employment market has led to a steady growth in fluctuation over recent years. Experts in the field define a "healthy real" fluctuation quota as up to 5 percent. 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. In the reporting year, we developed this process systematically and anchored it firmly in our procedures.

OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT

A top priority for us is protecting the safety and health of our employees.

Within our health management activities, we continuously work on accident prevention and minimizing work-related sick days. Healthy, contented employees are crucial to our joint success. Their high quality and efficient work breathes life into our services. That is why we have developed a corporate health management system featuring a broad range of offers. They include preventive action, ergonomically designed workplaces, machine operation instruction, and advice on work loads.

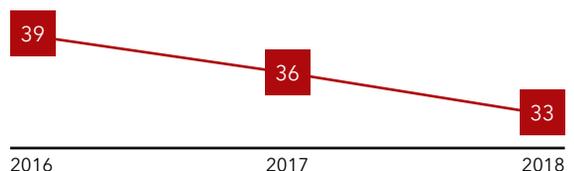
At top management level, our Labor Director is responsible for this area. Direct contacts for our employees are the HR department, the Corporate Health central department, company physicians, the social counseling service, and the representatives of persons with disabilities. The staff in our Safety 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 work 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. This is proof that we can draw on all the resources needed to provide qualified and comprehensive occupational safety advice.

Ensuring safe work environment and processes

In logistics, physically strenuous work is common. Above all in ports and in 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 to make the work environment and workflows safe. When we plan new construction projects or new business areas, we involve the relevant specialist departments. Drawing on their experience and expertise, they can indicate where there are potentials for accidents. That enables us to reduce the risk of accidents in advance so we do not have to make expensive improvements later.

REPORTABLE WORK ACCIDENTS

Number per 1,000 employees



For six years, BLG LOGISTICS has been using the software "My Ticket" to record and systematically analyze accidents at work or during commutes. In 2018, across all German BLG companies there were 311 work accidents requiring reporting, i.e. leading to sick leave of more than three days. This was a decline of 5.2 percent over the previous year, which continued the positive trend over the past five years.

The accident rate (without accidents during commutes) based on 1,000 full-time employees dropped from 36 in the previous year to 33 in 2018. This continued positive development is attributable to implementation of insights from the study of past accidents as well as many preventive measures. Added to this were 107 reportable accidents during commutes. There were no cases of death from accidents during the year under review.

Our accident figures include not only our own employees, but also those of GHB. 68 of the reportable accidents in the year under review affected GHB employees.

Health promotion opportunities

We are committed to giving our employees support so they stay healthy. Once again in 2018, we organized Health Days at our German locations, informing employees about health risks and raising their awareness. We often cooperate with local health insurance companies in this area. Focal points in the reporting year were preventing back pain, healthy eating, and keeping fit. In Bremerhaven, we launched a pilot seminar named "Health Leadership" in 2018. In this seminar, our managers learned about occupational health as well as healthy leadership strategies. We also regularly take part in the "Bike to Work" campaign and support running events around Germany.

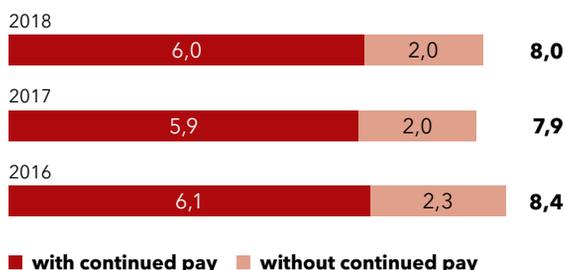
Healthy living is also the aim of our "Fit & Fun" program that supports regular visits to the gym. The level of employee interest and participation in this offer has been growing continually over the last few years. In 2018, 1,351 employees took part in the program, which was 47 more than in the previous year. We are committed to constantly expanding our range of fitness options, integrating new locations, and enabling even more employees to take part. In 2018, Leipzig became the latest location to join our network of fitness cooperation programs.

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 supports employees in 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. Increasingly, we are integrating our health management approaches in company agreements.

UNFITNESS FOR WORK QUOTA

Lost hours due to sickness/target working time in % in %



The work incapacity rate at BLG LOGISTICS in 2018 increased slightly on the previous year by 0.1 percent to 8.0 percent. The work incapacity rate with continued pay increased by 0.1 percent to 6.0 percent. These calculations are based on the data from our time management system at the German BLG locations. Six companies still had a rate of over 6.0 percent in 2018. At these locations, we stepped up our intensive talks about sick leave, returning to work after illness, and reintegration management. We are continuing these talks in 2019.

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 backgrounds and experience. We respect and support diversity because we see it as a basis for closeness to society and our customers as well as a source of new ideas. By recognizing and promoting the different potentials of our employees, we create economic advantages for our company.

AGE STRUCTURE AND GENDER DISTRIBUTION ACCORDING TO EMPLOYEE CATEGORY

Basis: Germany 9,640 employees (status as at Dec. 31, 2018)

White-collar employees	Share in age groups in %	of which male in %	of which female in %
<30 years	21	58	42
30 to 50 years	52	59	41
>50 years	27	67	33
Blue-collar workers			
<30 years	13	79	21
30 to 50 years	52	80	20
>50 years	35	78	22

Valuing and benefiting from diversity

We see diversity as an important success factor and an enrichment of our corporate, leadership, project, and codetermination 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 implemented 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). Within this initiative, 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

In the project "ChancenVielfalt Bremische Häfen", which is part-financed by the European Social Fund, training courses in intercultural competency in the workplace were developed in cooperation with the UBH and the Maritimes Kompetenzzentrum (ma-co). These courses have now become a permanent element in the central training program offered by BLG LOGISTICS. In 2018,

eight courses with 57 participants took place in Bremen and Bremerhaven alone, mainly for skilled and management staff in the operating area. The contents of the courses were also taught to all our trainees.

Focus on diversity

We have developed a large number of projects designed to meet as many wishes and needs as possible. Among other things, we organize language courses for employees with a poorer command of German to boost their chances of gaining a permanent job. We support the integration of young refugees on the employment market by offering them internships, initial qualifications, and traineeships. At our industrial logistics location in Bremen alone, 30 of the new employees hired in 2018 came to Germany as refugees in the last three years. Before starting in their new jobs, they gained pre-qualifications in language and warehouse operations in close cooperation with job centers. And now, 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. In the reporting year, this allowed us to create opportunities for seven refugees to qualify for a traineeship. To help young parents enter employment, we offer part-time trainee programs that enable them to combine training and childcare. In December 2017, we received the Bremen diversity award "Der Bunte Schlüssel: Vielfalt gestalten!" in recognition of our strategy and holistic concept for diversity promotion.

Women in management

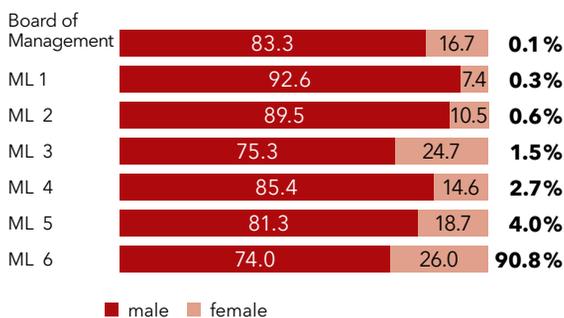
The port and logistics sector in Germany is still male-dominated. It is one of our central goals to further increase the proportion of women in our workforce, especially in management positions.

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. Two women for each group were voted onto the Supervisory

Board in May 2018, meeting this requirement. The proportion of women in the overall workforce increased once again. At the end of the year, it was some 25.2 percent in the German companies.

QUOTA OF WOMEN IN MANAGEMENT LEVELS (ML)

Basis: Germany 9,640 employees (as at December 31, 2018) in % Share of total workforce



To achieve our goal of at least 20 percent women on management levels 1 and 2, we launched our "Women in management" program in 2017 as part of our equal opportunities qualification drive. After evaluations of performance and potential, we selected 16 women for the first intake. In modular seminars, they will be qualified for taking on higher responsibilities up to the beginning of 2019. In the reporting year, the participants completed a total of four modules. The focus of the seminar and mentoring program is on strengthening the potentials and motivation of female managers. They are supported here by experienced managers.

20

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

GOAL

NEW WORKING WORLD

INTERVIEW: PROF. DR. SVEN HERMANN

CREATIVE DESIGNER, BUSINESS FOUNDER, AND PROFESSOR



Whenever digitalization is discussed, terms like Work 4.0 or New Work often crop up. What do these terms mean?

New Work and Work 4.0 express a fundamental change in the world of work, in particular in the wake of digital transformation. Increasing automation and developments in artificial intelligence will dramatically change or replace many jobs, and also create new jobs that require different skills. That requires new environments in many areas, which enable agile, creative working.

“New Work puts people at the center, opens up new freedoms, and examines how we want to work in the future.”

RISKS

Why are relatively few companies tackling the topic of New Work so far?

Because it is also an experiment and we don't know what it will lead to. It is not just about giving employees smartphones or tablets and letting them work in the Cloud. A culture and structure of constant renewal takes a holistic, long-term approach. Often, the first step is understanding digital processes and finding out what technologies are relevant to your particular business model. Plus, managers need to experience New Work themselves and act as role models. Therefore, the urge to change should come from corporate management. If you want change, you need to be a good example, learn new things, ask a lot of questions, try things out, and create the freedom to develop.

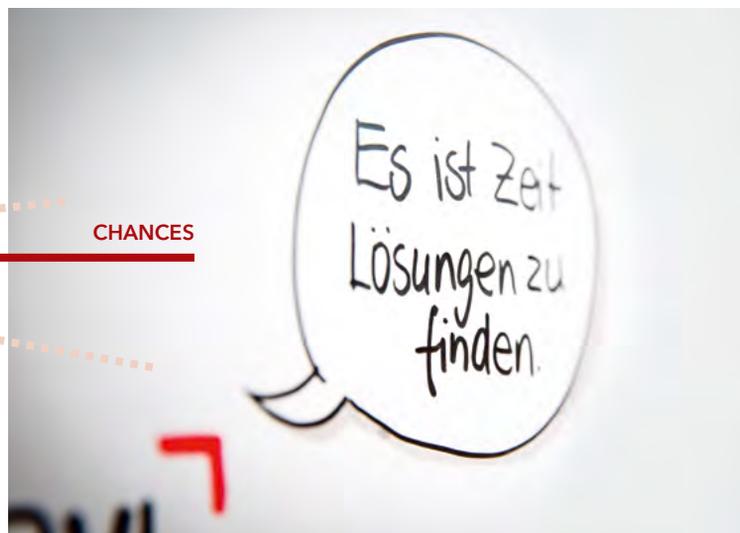
What does that mean exactly for the logistics industry?

Logistics companies are typically medium-sized enterprises, which often still follow traditional methods. Apart from entrepreneurial spirit, we need the embrace of digital innovation, the willingness to change and the courage to destroy old structures so we can develop new ones. We can only take new directions if we leave old paths. Of course, tradition is important and should not just be thrown out, but today every company needs to become leaner, faster, and more innovative.



NEW WORK

CHANCES



Where does it make sense to apply new methods in logistics?

Especially in the area of young talents, new methods offer a lot of opportunities. Recently, I organized Digilab Cruise Days in cooperation with the association LogistikLotsen for die Metropolregion Nordwest as well as BLG LOGISTICS, software provider encoway, the Senator for Employment, Economy, and Ports. This is a platform for students of various subjects to get to know three Bremen Digilabs and the working methods they use, and to learn more about the current challenges and projects tackled by these companies. According to surveys, most students cannot imagine a career in logistics. We need to change this with innovative formats that show them the creative potential within logistics.

The trend toward digitalization scares a lot of people. Studies show that by 2030, half of today's jobs could be replaced by technological solutions.

How can new approaches to work cope with this?

New Work puts people at the center, opens up new freedoms, and examines how we want to work in the future. In addition, it reminds us what distinguishes us from machines: empathy, creativity, and thinking beyond ones and zeros. Companies should nurture these capabilities that enable change, development, and innovation.

Will the whole range of today's job types still be necessary in the future?

What will happen to people who are not creative and do not want to work independently?

Well no, not all jobs will survive. There have always been professions that have died out. However, what seems new today is the pace and depth of change. In many areas, machines will be more efficient than humans in the long term.

And people who don't want to work creatively and independently have the option for instance of learning how to communicate with and program machines. Too many of us are just digital consumers, but we need more skilled digital designers.

What do you think companies can do to qualify their employees and make them ready for the future?

First of all, it's about creating a framework that makes people want to embrace change, but still offers them security. You cannot develop enthusiasm for change if you are afraid it's going to destroy your job. We also need competence in methods of New Work, freedom for people to shape their own careers, work shadowing programs between companies, targeted training and retraining programs in IT, and cross-innovation teams that work across disciplines and hierarchies. I think a very useful approach is working with students or young employees as digital mentors. The basic principles of New Work apply here as well: involving employees, trying things out early, testing, and constantly striving to be better.

SOCIAL COMMITMENT

As an international logistics service provider with regional roots, we feel a responsibility toward social causes, both globally and locally.

For many years, BLG LOGISTICS has been supporting social, cultural, and educational projects and organizations near its locations. There is also a long tradition of our young management talents helping in all kinds of social projects. Furthermore, several times a year we provide our expertise free of charge to international aid organizations. Every form of sponsoring must first be approved by the Board of Management of BLG LOGISTICS. This is how we meet our self-imposed requirement for transparency regarding our social commitment.

Future managers get involved

In 2018, our trainee managers supported children of various ages at events such as the Bremen Advent Calendar Activity or a para-athletes sports day in Bremerhaven. Apart from material donations, they also helped in person. For example, by cooking favorite recipes from their own childhoods together with kindergarten children from the SOS Kinder- und Familienzentrum. As a parting gift, they gave the children copies of a book containing the recipes. This book was also sold to employees, and the proceeds of EUR 1,500 were donated to the Kinder- und Familienzentrum / 1 /.



/ 1 / SOS-KINDERDORF

The association Suppenengel Bremen e.V. supports homeless and deprived people with hot meals. The “Soup Angels” were delighted to receive a material donation to the value of EUR 3,000. The BLG trainee managers presented the association with an electric delivery bike they can use to deliver to homeless people whose health prevents them from coming to the kitchens / 2 /.



/ 2 / SUPPENENGEL

Support for people around the world

Since 2013, BLG LOGISTICS has regularly supported the UN World Food Programme (WFP) by sending experts to current and potential crisis regions. On the ground, they analyze port conditions regarding cargo handling and provide recommendations for improvements. In 2018, our experts helped in three projects: There were two trips



to Lake Tanganyika, Africa's second-largest lake, where our specialists examined the infrastructure in ports in Burundi and East Congo / 3 /.



/ 3 / WFP

The second mission was to countries in Northern South America. Above all the four most important ports in Colombia were analyzed, and various cargo handling and transport scenarios examined.

The association KOPOS e.V. was founded just over two years ago to support social projects in Cameroon. At the Butzbach and Frankfurt locations, our employees took part in a fund-raising campaign. A total of EUR 3,200 came together, which bought school supplies for 500 children in the village of Fongo-Tongo.

Taking on local responsibility

Our annual Christmas tombola raised EUR 553 in the reporting year. In accordance with tradition, our Board of Management topped up the amount, so that we were able to donate EUR 1,000 Euro to a school in the Bremen district of Osterholz-Tenever. This money will finance breakfast every day over a whole school year for children who come to school on an empty stomach.

We were able to hand over EUR 5,000 Euro to the foundation Stiftung Bremer Herzen, which is dedicated among other things to education about and prevention of heart attacks. Our donation will be used to buy resuscitation dummies for use in numerous prevention campaigns in schools, companies, and events / 4 /.



/ 4 / STIFTUNG BREMER HERZEN

Then there was our initiative "Wir schenken ein Lächeln" (We give the gift of a smile). For this, we collected gifts for children and youngsters whose parents can't afford to give them the Christmas presents they want. Countless toys, books, and items of clothing were collected at our Bremen locations and passed on to the association Verein Bremer Tafel e.V., which distributed the gifts to children / 5 /.



/ 5 / WIR SCHENKEN EIN LÄCHELN



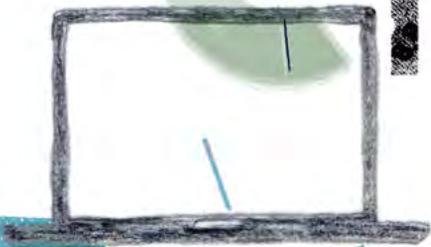


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S

C



COMPLIANCE

Economic success and socially responsible action go hand in hand.

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

www.blg-logistics.com/en/compliance

Systematically fair

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 events in our company. 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 these 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 the Code of Conduct by mail. New employees find it in their welcoming folder, and temporary workers are told about it in their preliminary instruction talk. Furthermore, the Code is available in our Intranet, alongside the Anticorruption Guideline and the Compliance Guideline. The Intranet also contains information on

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

OUR PRINCIPLES:

When exercising their duties, no BLG employee may offer, promise, or accept incentives, preferential treatment, or other benefits that are intended to influence fair, objective, and proper decisions, or even that seem to do so.

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

Prevention 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 are familiar with and strictly comply with the regulations. The employees have a duty to provide information about 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 are trained in the subject of compliance. Our goal is to carry out refresher courses for at least 95 percent of all employees on these levels within three years. The period for the Board of Management was set at two years. Participation in compliance courses is mandatory for the relevant employee circles. What's more, we train employees in areas especially at risk, such as sales or purchasing, whatever their management level. There are also extra seminars ahead of certain events, such as trade shows, where we inform participants about compliance aspects.

In the reporting year, we trained a total of 299 employees.

Staff on management levels 1 to 3 took refresher courses, and all BLG employees who newly joined these management levels attended basic training. These measures reached 92 percent of the target group. There was a training session for the remaining 8 percent in February 2019.

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 possible risk fac-

tors. 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

WE

Special features of the foreign locations

Three years ago we started inviting our foreign managers to Germany for training in aspects of compliance. In 2018, we carried out the first Compliance Checks at our locations in Italy, South Africa, and Russia. This involved finding out how well all employees know the BLG rules about compliance, and whether there are further regulations specific to these countries. To reach even more employees at our foreign locations, we plan to start holding training courses locally in 2019. Ideally, the courses will be carried out by local compliance experts in the local language, and they should have a special focus on the relevant national law.

Compliance in the supply chain

Our General Terms of Contract and Purchasing also address the issue of compliance. We require our suppliers and service providers to observe the basic principle of the United Nations Global Compact. That essentially relates to protection of international human rights, the right to collective bargaining, abolition of forced labor and child labor, elimination of discrimination in hiring and employment practices, responsibility for the environment, and prevention of corruption.

www.blg-logistics.com/en/gtcbcr

TRANSPARENT SUPPLY CHAIN

INTERVIEW: LAURA WEINGARTEN
SUSTAINABILITY AND DIGITALIZATION
AT BLG LOGISTICS

"We don't have much information about what happens on the journey from sender to recipient. By tracking and logging the location and condition of goods, we create a digital twin of the supply chain - and make it transparent."

How long has BLG LOGISTICS been tackling the issue of goods tracking?

About three years ago, we started to look at sensor systems in terms of goods tracking. At that time, this was a completely new field, and the development of sensors for use in logistics was still in its infancy. However, we felt it was an exciting area and wanted to explore it to see what it could do for BLG.

Then what?

At first, we tracked unfinished components delivered to us by train. We wanted to find out whether parts had been subject to moisture during the journey and therefore rusted faster than other parts. This was where we gained our first experience of collecting data and finding out what we could do with it. We presented the findings from this and other tests to one of our customers, and launched a 100-day project in our DigiLab in Bremen. Together with this customer, we then tracked automotive parts on their way to South Africa with three different sensor types.



BLG LOGISTICS produces neither sensors nor the related software. So what was the purpose of the project?

BLG is developing the service for using sensors and data. There are many sensors on the market and anybody can buy them. But everything else needs to be developed. You have to establish processes and choose the right sensor for each use case as well. Container monitoring calls for a different sensor type than monitoring a packing unit with automotive parts. Additionally you need to determine what kind of data in which format you need to transfer. Another decisive factor is visualization of the data in a cloud-based platform. It is an extremely specific service, because different data and processes are important for each customer and each product.

WHAT CONDITIONS
ARE MY GOODS EXPOSED TO?



What can the sensors measure?

We distinguish between location and condition data. Both types of information can be provided near real-time. Location data indicates the exact position of goods. Condition data measures factors like temperature, humidity, or vibrations. That is especially useful for sensitive electronic equipment. Sensors can also record light conditions and tell us for example whether a container was opened before its arrival. Because we receive all data in near real-time, we can trigger a warning about possibly unauthorized opening immediately.

What other advantages are there for the customer?

Today, large parts of the supply chain are a black box. We do not have much information about what happens on the journey from sender to recipient. By tracking and logging the location and condition of goods, we create a digital twin of the supply chain - and make it transparent. The data can be used in a Big Data analysis, for example to optimize planning. Damaged or delayed goods can be very expensive for the customer. Especially because new

parts have to be transported by plane at short notice so they arrive on time. But if the customer knows that the container was opened during transit, parts may be damaged, or there are delays, it can react immediately and for instance have new goods dispatched.

To whom does BLG LOGISTICS offer this service?

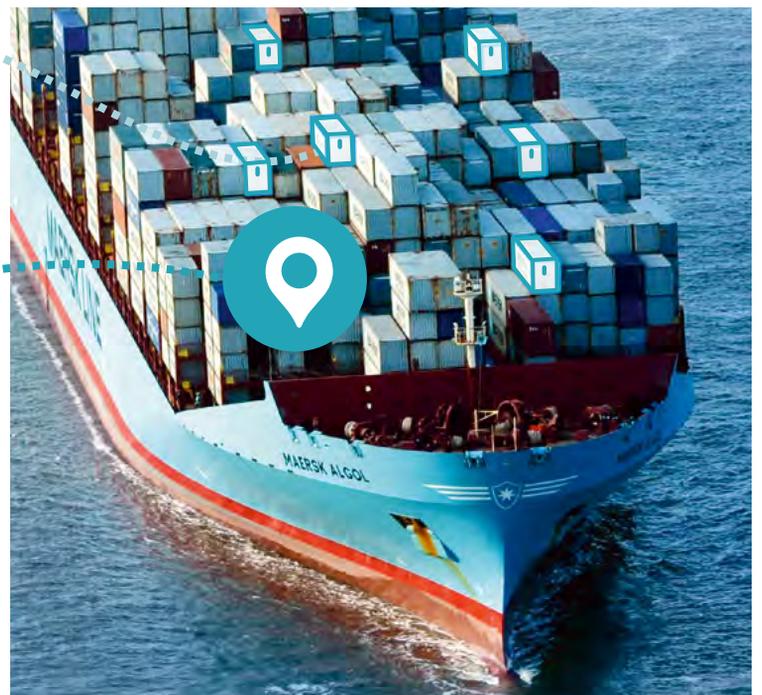
Well, firstly of course to our regular customers. Nevertheless, we also want to attract new customers with this. Our new digital service can be an interesting prospect for lots of different products, like automotive parts, food, or electronics. It is a service that spans all our business fields. In addition, we can use it for our own operations. With the help of sensors, we are able to make goods smart. This means they always know their actual condition, their position at any moment and their destination. As a result, processes such as in goods receiving can be automated. When goods reach the warehouse, they could report that they have arrived and would not have to be scanned. Many options are conceivable.

What are the next steps?

Right now, we are cooperating with an OEM in the automotive industry to trial the service with data from more than 1,000 sensors on a marine route. After we have evaluated the results, we want to develop the service to market maturity and offer it to all our customers. If everything goes well, our service - to be named Freight Quality Tracking - will join the BLG portfolio as soon as this year.



WHERE ARE MY GOODS?



VALUE CREATION FOR THE ECONOMY

We are working intensively on boosting the economic position of the BLG Group even further.

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, growing e-commerce, and urbanization are changing the requirements placed on logistics at an ever-faster pace. New technologies are also driving change. Our industry also faces challenges from current demographic development and the related competition for skilled, management, and young employees as well as from the unrelenting pressure on margins. Added to this are high customer requirements regarding speed, flexibility, and quality of delivery, plus increasing eco-awareness in society.

Financial control

In the previous year, BLG LOGISTICS reorganized its group control system. We not only developed a mission and vision, but also more sharply defined our strategic approach to make our control system as clear and transparent as possible. Uniform measures for internal reporting and pay systems that strictly apply to the whole BLG Group will support this transparency. The key control figures of the BLG Group are earnings before taxes (EBT), sales, and the resulting EBT margin.

		2018	2017
EBT	million EUR	37.5	33.5
Sales	million EUR	1,141.3	1,087.8
EBT margin	in %	3.3	3.1

Overall, business year 2018 was a positive one for BLG LOGISTICS. We were able to continue our successful trajectory. Considering current economic development as well as the difficult and unclear political and economic conditions in many regions around the world, we are satisfied with our overall business performance. Compared to the previous year, we were able to increase our group sales once again, by EUR 53.5 million to EUR 1,141.3 million. The EBT of the BLG Group improved by EUR 4 million to EUR 37.5 million. This is equivalent to an increase of 11.9 percent on 2017. Due to the increase in sales in 2018, this results in an EBT margin of 3.3 percent (previous year: 3.1 percent). We continue to ensure sustainable expenditure and investment policies as well as optimization of our existing process optimization. The financial management of the BLG Group is detailed in depth in our [Finance Report 2018](#).

Value creation calculation

The information about economic value creation and distribution reveals how the organization generated and distributed its assets for its stakeholders. Net value creation is used as an indicator of the added value of our business operations for the economy as a whole.

This is calculated as the company performance minus expenses and depreciation (excluding personnel costs). In the reporting year, the sum was EUR 484.3 million. The largest part of the value added, at EUR 419.4 million, or 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

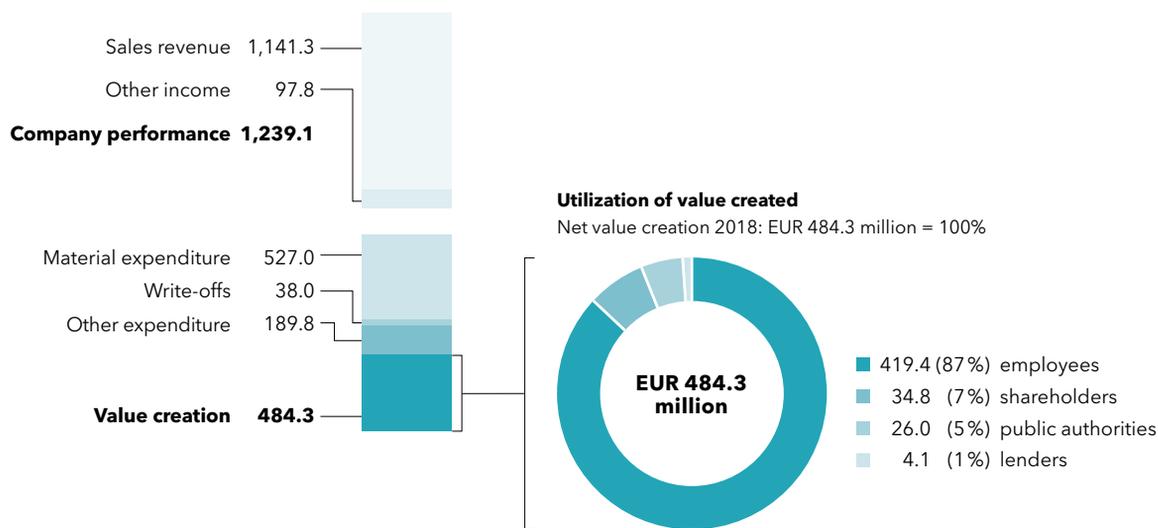
security and pension contributions. Personnel costs increased significantly on the previous year by EUR 53.8 million. The reasons for this are the higher numbers of staff in the reporting year due to hiring contract workers, plus expansion of our business in various business fields.

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 shareholders of the BLG Group, the Free Hanseatic City of Bremen (municipality). Further distributions of profits went to shareholders of fully consolidated joint ventures and the shareholders of BLG AG as well as to interest payments for bank loans. The remainder was plowed back into the equity capital of BLG LOGISTICS and used to finance expansion investments. Payments to the public purse consisted mainly of taxes and ground rent.

VALUE CREATION CALCULATION BLG GROUP 2018

in million EUR



The net value creation is calculated from the company performance minus all expenditures and write-offs. The largest share, at EUR 419.4 million and a share of 87%, was accounted for by our employees.

CUSTOMER SATISFACTION

Our customers' satisfaction is at the center of what we do.

It shows how much they value the quality of our services and it reflects the quality of our relationships with customers. We work in longstanding business relationships at many of our locations. We earn our customers' trust with high-quality, efficient, and innovative logistics services that we continually optimize. 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 are a crucial factor in our competitiveness and our sustainable activities.

Safeguarding quality in the long term

We offer our customers an extensive and varied range of logistics services in contractually assured quality. We continually examine our quality assurance and seek ways to minimize damage quotas in our own processes. In 2018, our AUTOMOBILE division launched a project that enables responsible managers in the various areas to perform weak-point analyses quickly and easily. Now they can apply a new analysis and reporting system to identify deviations in operational processes and therefore reduce damage.

WE

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 are certified according to DIN EN ISO 9001, and the automotive locations additionally hold VDA 6.2 certification. 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. This enables us to see how customers perceive our performance and quality.

BLG LOGISTICS has repeatedly engaged an external institute to carry out customer surveys that reveal our company's image and identify requirements, opportunities, and potentials from the customers' viewpoint. At the beginning of business year 2018, a survey for the AUTOMOBILE division revealed that customers view BLG LOGISTICS overall as a professional, reliable, and stable company. They consider the challenges of the upcoming years to be the increasing uncertainty of sales markets and the need for transparency along the entire supply chain. Just one way we plan to meet these challenges in the AUTOMOBILE division is by developing a tool for demand and capacity planning.

Steadily improving efficiency

It's crucial for our competitiveness as a logistics service provider that we focus on and optimize value-creating activities. The continuous optimization of our processes and systems helps us constantly improve the performance of BLG LOGISTICS. To establish lean processes and continuous improvement, we systematically organize our processes according to lean management criteria. This includes applying the Six Sigma management system for standardized procedures that optimize processes. This is how we ensure the sustainability of our optimization measures. It also allows us to use the many solutions and improvements available to the best possible effect and additionally make them available to other areas. Apart from improving the performance capability of our company, we use these methods above all to boost process efficiency,



quality, and customer satisfaction. In 2018, we systematically qualified project managers at all our German locations in Six Sigma techniques and implemented the first projects according to these principles. New in the CONTRACT division is our Operational Excellence central unit. It provides central control of lean management and process optimization aspects. We also set up an Operational Training Center where we can intensify and pool our process instruction and training courses.

In a drive to ensure effective and efficient project management within our BLG project culture, we standardized and strengthened our project management processes, tools, and organization in 2018. An intensive series of training courses on this subject is already planned. Alongside our corporate values and leadership principles, our actively practiced project culture is a key component of our corporate strategy.

WE We continually optimize our processes to steadily boost our performance capability

Innovations for more profit

To offer our customers innovative, tailor-made, and simultaneously sustainable solutions, BLG LOGISTICS increasingly relies on innovations and digitalization. That is why we founded an interdisciplinary, company-spanning innovation team in 2016. Yet we are determined to optimize management and decision processes for all innovation activities even further. For this purpose, we pooled our efforts in this area in our new Sustainability and Digitalization central department. This department takes care of systematic planning and management of innovations within the company. Included here are our 100-day research and development projects that we launched two

years ago. We further optimized this concept in the reporting year by standardizing the project structures. In 2018, we completed nine of our twelve ongoing 100-day projects. Topics tackled include blockchain technology and virtual reality glasses. In the reporting year, we were able to transfer three of our projects into normal operations and successfully offer them to customers. One example is our new digital service "Freight Quality Tracking". To find out more about it, see the interview on ▶ pages 46/47.

With digitalization and innovations, we create more transparency, more effectiveness, and new services

WE

Last year, the research projects "Isabella", "IRiS", and "Kali" started up. They deal with new technologies as well as the automation and digitalization of handling processes. Within the framework of the IHATEC program (Innovative Hafentechnologien - Innovative Port Technologies), they are funded by the Federal Ministry for Transport and Digital Infrastructure (BMVI). A special highlight this year in the "Isabella" project was the start of operation of a multi-touch table that maps the current terminal situation to support planning. Two more IHATEC projects were launched in 2018. Together with partners in the "OBELISK" project, we are developing a solution for intelligent, semi-automated lighting control in outdoor areas. What's more, in the "SecProPort" project, we are working in a consortium of eight cooperation partners to develop an IT security architecture that will protect port logistics from cyber attacks. The "SaSCh" digital beacon project launched in 2017 and supported by the Federal Ministry of Economics and Energy (BMWi) has delivered important insights for our innovative digital service. In business year 2018, BLG LOGISTICS participated in a total of six joint projects with an overall budget of EUR 19.6 million.

EUROGATE

CONTENTS OF THE NON-FINANCIAL REPORT

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 in the form of changes in working conditions or resource consumption. We are firmly committed to identifying the key factors that impact 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 following website: www1.eurogate.de/en/About-us/sustainability

About this report

This report deals with the main companies. It does not report on the companies in which the EUROGATE Group holds minority shares outside Germany because these are considered comparatively unimportant regarding their contribution to the operating result and their capacity to influence it.

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 described here takes account of standard 103 of the Global Reporting Initiative (GRI). Within the aspects presented, non-financial key figures are reported that comply with the relevant GRI standard.

During the reporting process, we examined whether risks exist linked to our 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. Our Strategy department, supported by the Energy and Sustainability Management department, coordinates this process and also involves the legal representatives of EUROGATE in the decision-making processes.

This process identifies the three material non-financial aspects energy consumption (environmental issues), occupational safety (employee issues), and prevention of corruption and bribery.

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. Most of our energy consumption results from the use of diesel fuel, e.g. for operating the straddle carriers we use for container transport at the terminals. Other major consumers are gantry cranes, buildings, and lighting. Here, we also use electricity and gas as power sources.

Energy consumption is simultaneously a key environmental issue because it consumes natural resources and generates emissions. Limiting climate change and minimizing its effects are major social causes that drive EUROGATE's activities in addition to the cost aspect.

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. New in 2018 was an energy quiz published in the staff magazine for all of Germany and designed to encourage energy-efficient behavior at all locations. EUROGATE constantly examines options for using more energy-efficient technologies. As a result, in 2018 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 two wood chip power plants. Also in the mix of highly efficient 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 status.

Goal	To reduce energy consumption per container moved 1 by 20 percent (compared to 2008) by 2020.
Status 2017	Reduction of 15.7 percent per container moved
Status 2018	Reduction of 16.8 percent per container moved
Explanation	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.

¹ 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. Most work is performed with heavy equipment at the terminals (mainly straddle carriers, 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 continually update guidelines and instructions for occupational safety based on their specific workflows and the safety, health, and environment protection principles that apply for all German locations. As part of their duty of care, executives must evaluate dangers and check adherence to guidelines and instructions in their area of responsibility. Each location has a company doctor and a work safety expert. Safety Officers are appointed.

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 safety days at the locations. These day-long events provide workshops and training centered on safety. Executive managers also take part because they perform a special function as role models.

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

Goal	To minimize the number of work accidents ¹ and prevent fatalities due to accidents.
Status 2017	Work accidents: 343 ² deaths due to accidents: None
Status 2018	Work accidents: 320 deaths due to accidents: None
Comment	The goal of reducing the number of work accidents was achieved

¹ 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 figure includes accidents involving not only our own employees, but also contract workers.

² The previous year's figure was adjusted because the joint venture North Sea Terminal Bremerhaven GmbH & Co. as well as EUROKOMBI Terminal GmbH were not taken into account in the reporting for 2017.

Anti-corruption 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.

In 2016, EUROGATE 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 be ethically beyond reproach.

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 Systems, 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 2018, 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, 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 management of NTB is responsible for this area. 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 with management and determined. 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. This serves as an indicator of success in combating corruption and bribery and is regularly checked. The following table shows the status.

Goal	No cases of corruption
Status 2017	None
Status 2018	None
Comment	We achieved our goal. There were no confirmed cases of corruption in the reporting year.

GLOSSARY

Blockchain

Blockchains are decentralized, digital databases with information stored in a series of data blocks. These blocks are linked together by a cryptographic signature to form chains. This allows the use of blockchains as tamper-proof registers for recording all business transactions.

Breakbulk

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

CO₂ equivalents

Uniform measure of the greenhouse effect of various greenhouse gases. The reference value is 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

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

Lean Management

Process optimization approach designed to minimize waste and harmonize processes.

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.

Sustainability Accounting Standards Board (SASB)

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

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 Sustainability Report 2018 was prepared in accordance with the GRI standards (Core option).

The following table gives an overview of the contents of the non-financial reporting and the allocation of the reporting aspects determined according to the materiality principle (according to § 315c, German Commercial Code).

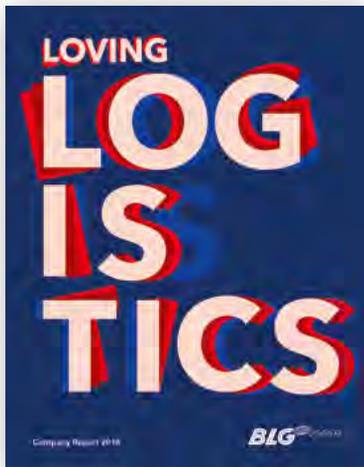
Components of the NFR	Relevant contents	Page number
Business model	Brief description of the business model of BLG LOGISTICS	6/7
Sustainability management	Responsibilities (inclusion of the Board of Management)	8 to 10
Materiality analysis	Selection of relevant contents of the report	11 to 13
Risk management	Statement of the main risks relevant to CSR	14
Environmental matters	Energy and emissions	18 to 23
Employee 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 issues 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 "Sustainability in the supply chain", "Fair working conditions", "Diversity and equal opportunities".	- (15+28/29 + 36/37, not part of the NFB)

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

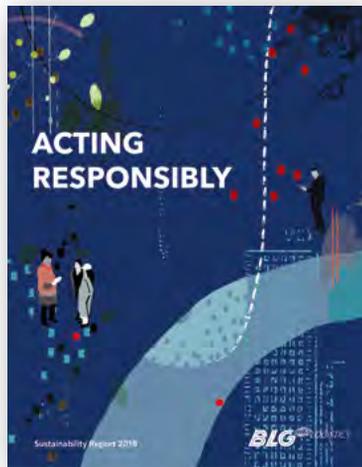
BLG LOGISTICS. Therefore, contents of the Non-Financial Report for the EUROGATE company are shown separately on ►page 52 to 55.

REPORTING IN 2018

www.blg-logistics.com/annual-report



/ Company Report /



/ Sustainability Report /



/ Financial Report /

Our contribution to environmentally compatible production:

All reports consist of 100 percent recycled paper certified with the EU Ecolabel. The printing shop employs a climate-neutral printing process.

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№	Имя	Фамилия	Инициалы	Пол	Дата рождения	Дата окончания	Средний балл	Средний балл по предметам	Средний балл по курсу	Средний балл по специальности	Средний балл по направлению	Средний балл по профилю	Средний балл по дисциплинам	Средний балл по курсу	Средний балл по специальности	Средний балл по направлению	Средний балл по профилю	Средний балл по дисциплинам
1	Иванов	Иван	И.И.	М	1990	2010	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
2	Петров	Петр	П.П.	М	1991	2011	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
3	Сидоров	Сидор	С.С.	М	1992	2012	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
4	Климов	Климов	К.К.	М	1993	2013	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
5	Васильев	Васильев	В.В.	М	1994	2014	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
6	Попов	Попов	П.П.	М	1995	2015	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
7	Смирнов	Смирнов	С.С.	М	1996	2016	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
8	Морозов	Морозов	М.М.	М	1997	2017	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8
9	Новиков	Новиков	Н.Н.	М	1998	2018	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7
10	Куликов	Куликов	К.К.	М	1999	2019	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6
11	Левин	Левин	Л.Л.	М	2000	2020	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
12	Зинин	Зинин	З.З.	М	2001	2021	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
13	Березин	Березин	Б.Б.	М	2002	2022	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
14	Воробьев	Воробьев	В.В.	М	2003	2023	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
15	Павлов	Павлов	П.П.	М	2004	2024	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
16	Соколов	Соколов	С.С.	М	2005	2025	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
17	Степанов	Степанов	С.С.	М	2006	2026	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
18	Лавров	Лавров	Л.Л.	М	2007	2027	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8	2.8
19	Кузнецов	Кузнецов	К.К.	М	2008	2028	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
20	Медведев	Медведев	М.М.	М	2009	2029	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
21	Полухин	Полухин	П.П.	М	2010	2030	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
22	Виноградов	Виноградов	В.В.	М	2011	2031	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
23	Павлов	Павлов	П.П.	М	2012	2032	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
24	Сидоров	Сидоров	С.С.	М	2013	2033	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
25	Куликов	Куликов	К.К.	М	2014	2034	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
26	Левин	Левин	Л.Л.	М	2015	2035	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
27	Зинин	Зинин	З.З.	М	2016	2036	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
28	Березин	Березин	Б.Б.	М	2017	2037	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
29	Воробьев	Воробьев	В.В.	М	2018	2038	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
30	Павлов	Павлов	П.П.	М	2019	2039	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
31	Соколов	Соколов	С.С.	М	2020	2040	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
32	Степанов	Степанов	С.С.	М	2021	2041	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
33	Лавров	Лавров	Л.Л.	М	2022	2042	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
34	Кузнецов	Кузнецов	К.К.	М	2023	2043	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
35	Медведев	Медведев	М.М.	М	2024	2044	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
36	Полухин	Полухин	П.П.	М	2025	2045	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
37	Виноградов	Виноградов	В.В.	М	2026	2046	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
38	Павлов	Павлов	П.П.	М	2027	2047	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
39	Сидоров	Сидоров	С.С.	М	2028	2048	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
40	Куликов	Куликов	К.К.	М	2029	2049	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
41	Левин	Левин	Л.Л.	М	2030	2050	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
42	Зинин	Зинин	З.З.	М	2031	2051	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
43	Березин	Березин	Б.Б.	М	2032	2052	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
44	Воробьев	Воробьев	В.В.	М	2033	2053	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
45	Павлов	Павлов	П.П.	М	2034	2054	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1