

REVIEW

Sustainability Report 2020





*Ladies and Gentlemen,
Friends of our Company,*

Right from our beginnings, the Hoyer family have built what is now globally recognised as one of the leading logistics solution providers. HOYER continues to be a creative, innovative and agile organisation that naturally thinks and acts in terms of sustainable solutions. We automatically take responsibility for our people, for our impact on our environment, for our customers and society. We want to be successful by creating and adding value – this is strongly embedded in our DNA.

As a family-owned company, all our decisions are guided by environmental, social and economic principles. For us, it is instinctive to think in terms of generations, always keeping the well-being of our employees in mind, and managing our business in a sustainable way for the long term. This is further reinforced by our sustainable investment planning and human resources strategies.

We expect to be here far into the future, answerable and accountable for our ongoing actions – and their consequences. That is why being a leading safe and sustainable logistics solution provider in our market is our key objective, driven by our owners and the Executive Board, through our management, into every corner of our organisation and every colleague worldwide. I am confident that we will play our leading and forward-thinking part in mastering current environmental challenges. Our solid and sustainable financial situation enables us to continue to make strategic long-term decisions and investments that support our company's sustainable vision, values, and business strategies.

For our employees worldwide, who embrace change and approach every challenge placed before them with enthusiasm and a practical approach that turns challenges into solutions and opportunities, I have a deep admiration and respect. This is what differentiates HOYER from others. Overcoming changes and challenges as well as our intrinsic aspiration to always find the best solution have made us who we are today.

I am confident that HOYER will remain famous for the innovative thinking and high standards of professionalism of our people, our quality, safety, security and environmental performance, and the responsible and sustainable way we run our company.

With warmest regards from Hamburg,

Björn Schniederkötter
Chief Executive Officer of the HOYER Group

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OUR ASPIRATION

Sustainability Report 2020

The HOYER Group strives to achieve high standards in the way it runs its business. This Report provides detailed insight.

1. Profile of the Company

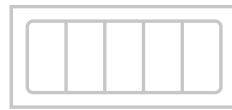
HOYER is an independent family enterprise dating back to 1946 which has become one of the world's leading bulk logistics providers, offering comprehensive national and international transport services and complex logistics solutions to the chemical, food, gas and petroleum products industries. Around 6,100 employees in 115 countries across the globe help its customers to become even more successful in their respective markets, with the aid of bespoke and sophisticated logistics solutions.

Safely and reliably fulfilling our customers' needs and going even further with every logistics solution are the core of our identity and distinguish us from the competition. HOYER operates around 40,800 tank containers, 2,200 trucks, 2,400 road tankers, 50,100 intermediate bulk containers, and numerous logistics facilities, transport depots, tank cleaning stations and specialist tank workshops around the globe.

40,889

Tank Containers

The HOYER Group links continents by road, rail and sea, and brings goods safely to their destinations in tank containers, road tankers and intermediate bulk containers (IBCs).



50,171

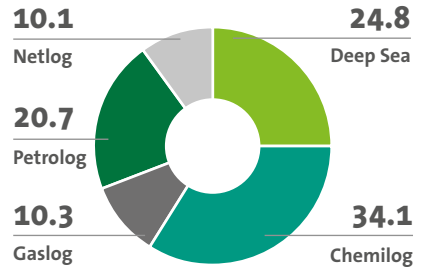
IBCs

2,118

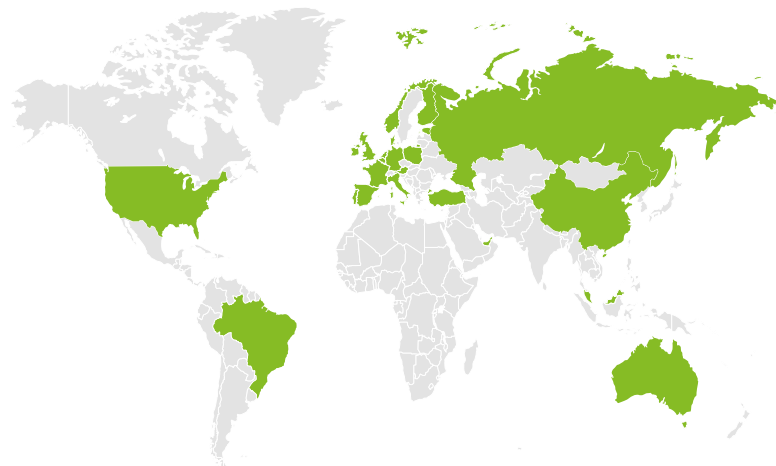
TRUCK UNITS

TURNOVER BY BUSINESS UNIT IN PER CENT

HOYER closed the financial year 2020 with very satisfactory key financial figures in spite of the Covid-19 pandemic.



115 COUNTRIES WITH HOYER REPRESENTATIVES



6,157

Employees



2. Introduction to our 2020 Sustainability Report

We are pleased to present our ninth HOYER Group Sustainability Report for 2020. This Report reflects on a decade of work and progress on our safety and environmental performance and describes the way that HOYER plays its willing and active part in protecting the lives of society today and our planet for the future. The Report sets out new targets for our next five years to 2025, and discusses a vision for more ambitious progress by 2030 and beyond. It also explains a number of initiatives designed to demonstrate our commitment, enthuse our employees and improve our sustainability performance as fast as possible towards our ultimate goal of net zero emissions.

The recent 2021 UN Climate Change Conference – COP26 – in Glasgow has, as fully expected, increased pressure on governments, general society and businesses for greater improvements in sustainable performance and in particular much faster progress in tackling global warming by achieving a dramatic reduction in the emission of carbon dioxide.

This imperative simply throws an even sharper spotlight on the transport industry that is responsible for producing more than 20 per cent of all man-made CO₂ emissions. Within that figure, transport by road accounts for some three quarters of those emissions.

This situation and the expectations of our stakeholders place a great obligation on our business, but also present a real opportunity for us to make a material positive difference.

This Report confirms commitments regarding how our company is run, sets out plans for the future and describes the management and measurement systems in place to help us achieve our objectives.

HOYER is pleased to openly disclose its sustainability objectives and performance so that stakeholders can hold the company and its management to account.



3. The HOYER Group Sustainable Management Policy

The policy, re-issued in 2019, brings together the Group's Guiding Principles and Core Values and confirms our absolute commitment to Safety/Security, Health, the Environment, and to Quality (SHEQ). The policy also sets out our objectives with regard to People, the Environment, Performance and Business Relations.

HOYER Group

Sustainable Management Policy

The HOYER Group is an international logistics company and one of the world's leading bulk logistics services and solutions providers working for our customers by transporting and handling chemicals, foodstuffs, gas and petroleum products. This leading position has been achieved, amongst other things, because of our philosophy of professionalism and high quality.

We take our responsibility for our employees, logistics partners and customers, all other business stakeholders and the general public that we come into contact with, as well as the environment, very seriously.

With this in mind, the owner family and the top management of the HOYER Group have articulated a set of guiding principles and core values that govern the way the business across the globe is run.

GUIDING PRINCIPLES OF THE HOYER GROUP

- We set standards by developing customer-oriented solutions.
- We contribute to our customers' success. For us, that is both an incentive and an obligation.
- We take a strategic and long-term business approach and place our focus on sustainable business values rather than on short-term effects.
- Our reputation as a highly professional organisation, based on safety, quality, service and reliability, counts as company capital which is a key success factor that convinces customers to decide in our favour.
- We attach great importance to identification with HOYER as a family company.
- We take on responsibility for all stakeholders and the environment in the long term, and that determines our measures and actions.

OUR CORE VALUES

- We value people and teamwork as key factors for our success.
- We encourage group-wide cooperation, communication and collaboration.
- We strive to deliver the services promised, and exceed expectations whenever and wherever we can.
- We take and delegate responsibility and encourage ownership.
- We think and act with integrity, respect, openness, honesty and fairness.

SAFETY/SECURITY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ)

The HOYER Group has unreservedly committed to aligning itself with the United Nations definition of sustainable actions, and sets goals regarding fulfilling the highest standards of sustainable safety, quality, and environmental performance. That is why HOYER invests extensively in the people, training, infrastructure, equipment and systems necessary to uphold this commitment.

OBJECTIVES OF OUR SUSTAINABLE MANAGEMENT SYSTEM

People, Environment and Performance

- Management commitment and active participation in sustaining a quality culture throughout the company.
- Commitment of managers and all employees to the wellbeing and protection of human life, having a duty of care for the environment, protecting assets and delivering excellent customer satisfaction, using our Plan-Do-Check-Act (*PDCA*) cycle and our Code of Conduct to guide our actions.
- Promotion of the welfare, wellbeing and professional competencies of our employees.
- Responsible and efficient use of natural resources and energies.
- Ensure that appropriate, effective and regularly reviewed policies, procedures and standards are in place that facilitate the continuous management and improvement of occupational health, safety, environmental and quality systems and business performance.

Business Relations

- Compliance with all legislation and customer requirements.
- Meeting the expectations of our customers and other interested parties, and exceeding them where possible.
- Protection and security of assets, business systems and information.
- Protection and security of personal data.
- Development of sustainable long-term business relations with customers and other business partners.
- Sustainable improvements in efficiency by continuous optimisation of operations, processes and technologies.

All activities, employees and logistics partner providers are integrated in the HOYER Sustainable Management System. Each employee and provider is responsible for undertaking their daily work in accordance with the policies, procedures and work instructions as laid down in the company's electronic Total Quality Management system (*eTQM system*). This includes compliance with our core values, guidelines and any other relevant company instructions.

The company has developed and introduced a suite of multi-level Key Performance Indicators (*KPIs*) to measure, monitor and manage our performance with regard to this policy. Managers use these KPIs as key business tools in terms of both honouring our commitments and driving improvements in our performance.

The company will comprehensively audit for compliance with both the sentiments and detail of this policy. Audits will be undertaken throughout the organisation and verified by external bodies.

The company will review the Sustainable Management Policy at least every three years to ensure that it remains relevant to the needs of the business, all stakeholders and the environment.

Björn Schniederkötter
Chief Executive Officer
Hamburg, 1st March 2021

Gerd Peters
Chief Financial Officer
Hamburg, 1st March 2021

PEOPLE, ENVIRONMENT AND PERFORMANCE

OBJECTIVES	DESCRIPTION	INDICATORS
Management commitment and active participation in sustaining a quality culture throughout the company	<ul style="list-style-type: none"> ■ Involvement of top management for strategic quality culture implementation ■ Communications with organisation and workforce 	<ul style="list-style-type: none"> ■ Signed management commitment ■ Delegation of responsibility ■ Targets for managers ■ Board management reviews ■ Company magazines and newsletters
Managers and employees are committed to the wellbeing and protection of human life, having a duty of care for the environment, protecting assets and delivering excellent customer service and satisfaction, using our Plan-Do-Check-Act (PDCA) cycle and our Code of Conduct to guide our actions	<ul style="list-style-type: none"> ■ Adherence to the HOYER Code of Conduct ■ Development and implementation of best practices ■ Implementation of wellbeing initiatives ■ Implementing a yearly audit programme ■ SHEQ and Customer Service reporting and management systems, incl. investigations, analysis, corrective and preventive actions 	<ul style="list-style-type: none"> ■ Audits per year ■ Follow-up of audit results ■ Reporting and follow-up of all SHEQ incidents (<i>incl. Root Cause Analysis (RCA)</i>) ■ Reporting and follow-up of customer complaints and performance incidents ■ Whistleblowing reports ■ SHEQ and sustainability targets for all parts of the business
Promotion of welfare and professional competencies of our employees	<ul style="list-style-type: none"> ■ Providing a safe and healthy environment for our employees ■ Developing risk assessments ■ Ensuring proper training and career development plans and adherence ■ Providing training in safety and health-related topics <i>(e.g. behaviour-based safety or equivalent, drug and alcohol misuse, use of seat belts, dangers of mobile phones when driving, tiredness and fatigue)</i> 	<ul style="list-style-type: none"> ■ Audit and observation results ■ Training days per employee ■ Training test results and records ■ Count of sick leave days ■ Work risk assessments ■ Succession plans ■ Drug and alcohol testing ■ Occupational health assistance & referrals
Responsible and efficient use of natural resources and energies	<ul style="list-style-type: none"> ■ Monitor and reduce fuel consumption ■ Monitor and reduce energy consumption ■ Monitor and reduce other relevant resource consumption ■ Recycle where possible 	<ul style="list-style-type: none"> ■ Fuel consumption ■ Energy consumption ■ Consumption of relevant natural resources ■ Sustainability KPIs incl. CO₂ per tonne-km
Ensure that appropriate, effective and regularly reviewed policies, procedures and standards are in place that facilitate the continuous management and improvement of occupational health, safety, environmental and quality systems and business performance	<ul style="list-style-type: none"> ■ Continuous review of processes, procedures, instructions and standard and legal requirements ■ Formal recording and follow-up of all incidents ■ Conducting internal audits ■ Measurement of processes ■ Use alternative energy where possible 	<ul style="list-style-type: none"> ■ Internal audit results ■ Management review ■ KPI core processes ■ SHEQ Incident Record ■ Sustainability Report ■ External audit/assessment against ISO 9001, IMPCAS and SQAS

BUSINESS RELATIONS

OBJECTIVES	DESCRIPTION	INDICATORS
Compliance with all legislation and customer requirements	<ul style="list-style-type: none"> ■ No child labour ■ No discrimination based on sex, age, ethnicity etc. ■ Observing the HOYER Code of Conduct ■ Observing and following all applicable legal requirements ■ Fair treatment and equal opportunities for all stakeholders 	<ul style="list-style-type: none"> ■ Age pattern of employees ■ Male/female ratio ■ Whistleblowing reports ■ Complaints and grievances ■ Gender pay gap
Meet and where possible exceed the expectations of our customers and other interested parties	<ul style="list-style-type: none"> ■ Customer requirements known and documented ■ Formal annual review with major customers ■ Customer surveys ■ Customer partnership agreements 	<ul style="list-style-type: none"> ■ KPI customer complaints ■ KPI performance events ■ KPI not-on-time delivery ■ Performance evaluation by customers (if applicable) ■ Bonus/penalty and continuous improvement mechanisms in contracts
Protection and security of assets and business systems	<ul style="list-style-type: none"> ■ Risk assessment and development of security plans for each location ■ Regular security assessment of all operations, use of SQAS packages where applicable ■ Develop security provisions for each site 	<ul style="list-style-type: none"> ■ Measurement of security breaches ■ Security tests/assessment/audit results ■ Emergency response plans, business continuity plans and exercises together with customers and authorities
Protection and security of (personal) data	<ul style="list-style-type: none"> ■ Adherence to data protection regulations ■ Compliance with ISO 27001 ■ Security arrangements for all business systems 	<ul style="list-style-type: none"> ■ Measurement and monitoring of IT breaches ■ Measurement of security breaches ■ Annual Information Security Report
Development of sustainable long-term business relations with customers and other business partners	<ul style="list-style-type: none"> ■ Improving operational efficiency by sharing knowledge, experience and good practice ■ Sharing goals across the Group ■ Open dialogue with stakeholders ■ Fair treatment of customers and business partners ■ Reviewing and reducing customer complaints, and implementing corrective and preventive actions ■ Good corporate governance (compliance with financial and legal requirements in the countries where HOYER operates) 	<ul style="list-style-type: none"> ■ Investments ■ Commitment to Responsible Care and action plans ■ KPI customer complaints ■ Performance reviews of business partners ■ Code of Conduct ■ Turnover ■ Earnings Before Taxes (EBT)
Sustainable improvements in efficiency by continuous optimisation of operations, processes and technologies	<ul style="list-style-type: none"> ■ Long-term economic success ■ Implementing ISO 9001 standards ■ Continuous improvement of operations and processes 	<ul style="list-style-type: none"> ■ Investments ■ Management Review ■ Operational parameters including utilisation, load size, empty kms ■ Turnover ■ EBT

4. Safety and Sustainability – A Core Value and Guiding Principle Achieved Through our People

As part of a recent corporate review that confirmed the HOYER Group’s Vision to be a leading provider of logistics solutions in our specialist markets, the company also confirmed that safety and sustainability are both core values and guiding principles that frame our thinking, behaviour, decision-making and actions at every level in our organisation. We know that our company cannot be successful long-term unless we successfully manage these fundamental aspects of our business. We believe that excellence in these matters is a key differentiator for our customers and employees.

The HOYER Group has set out the following express statements:

I A Core Value – Safety and Sustainability

We have a long-term commitment to our employees, our partners and the environment, taking responsibility to ensure their safety and security. Conserving the resources we use is an integral component of our daily activities to help safeguard our company’s future viability. We think and act on a generational scale

I A Strategic Guiding Principle – Sustainability

We are a sustainable, global company and make our decisions from an ecological, social and economic perspective. This alignment is regularly audited at every level. We constantly strive to minimise our carbon footprint and become a carbon net zero business as quickly as possible

Despite new technologies, fluctuating trends, and market developments, HOYER does not act on impulse. The traditional values described above, together with our responsibility, integrity, a belief in the value of cooperation, and an insatiable passion for excellence as we strive to achieve our business goals and deliver value-adding solutions for clients, bring stability and consistency into the dynamic environment.

These values and guiding principles are applicable everywhere, worldwide. We value this common understanding of our work culture and the way we operate just as much as the cultural differences introduced by the company’s internationality.



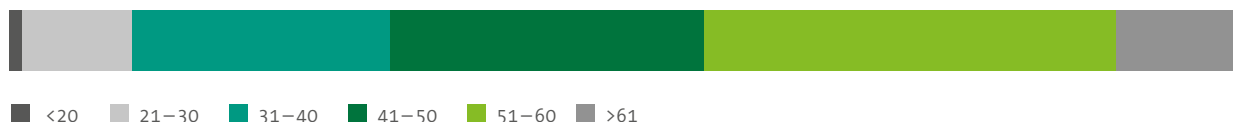
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CARBON NET ZERO EMISSIONS

We have developed many initiatives that drive us towards our ultimate goal

Our Employees

Age structure of our employees worldwide in 2020





**OUR EMPLOYEES
ALL SHARE THE
VALUES OF THE
HOYER FAMILY:
UNCONDITIONAL
RELIABILITY, TRUST
AND A GREAT
AWARENESS OF
RESPONSIBILITY.**

PEOPLE: WITHOUT GOOD PEOPLE WE ARE NOTHING

In relation to turning nice words into actions and outcomes, even the best strategies and plans cannot be achieved unless our company has the right number of people who understand, identify and buy into what the organisation is striving to achieve. In a service sector business such as ours that employs thousands of colleagues in a diverse organisation located across the globe, we totally depend on our many committed teams of individuals, whose blend of expert knowledge and experience, skills and ideas creates value-added know-how that is applied to differentiate our performance for our customers and as a business.

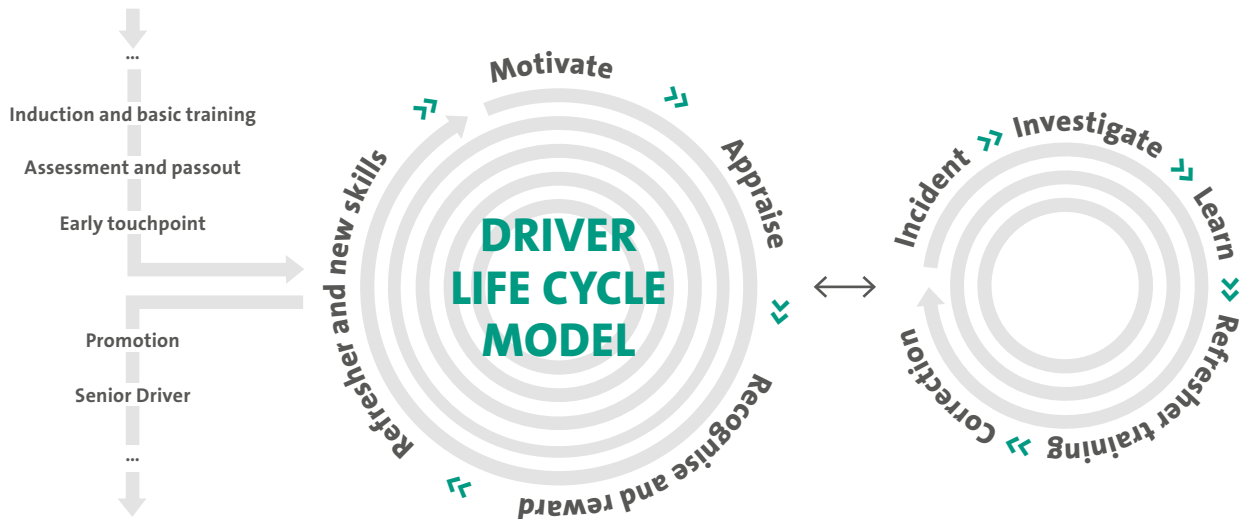
Our sustainability as a company comes from the in-depth competence and internationality of our colleagues who have the know-how and passionate dedication to achieve what is expected of them in our depots, on the road, in our offices and around our boardroom tables.

Our business therefore depends, more than anything else, on the sustainable careers of our employees and dedicated partners, and on securing, generation after generation, a sustainable pipeline of talented and motivated people who identify with, and therefore work to achieve the company's vision, whilst living our values, culture and ethos.

That is why the first guiding principle of the HOYER Group says:

I We inspire our people to live our values by creating an agile, challenging and appreciative environment. In particular, the customer-focused skills of our employees determine our success. We support everyone to achieve outstanding performance through excellent training and personal development measures

This is also why the HOYER organisation invests heavily in training. For example and especially for our operational employees, HOYER has developed a lifecycle model for our biggest worker group – our drivers.



For its key staff, HOYER is also launching for 2021 a personal development programme that takes more than 200 senior and middle managers from across the globe, as well as other selected key roles, on a ‘Leadership Journey’ that will align, equip and galvanise teams to meet the strategic and operational challenges of the future.

HOYER has a culture of developing people and careers, and is successful in doing so. That is why many colleagues at every level in the organisation remain employed for decades, and some for their whole working lifetime. This is also why many new positions and vacancies that arise, including senior ones, are filled by internal candidates who are promoted into roles, taking their wealth of knowledge and experience about the company, our market and the needs of our customers with them.

The organisation is deliberately designed with flat management structures that facilitate the entrepreneurial ethos of the company. This enables HOYER to make fast and clear business decisions and committed agreements with customers and other business partners. This also means that the responsibility and accountability for the decisions, logistics solutions and business commitments are made by people who are as close to the action as possible and trusted by the company to deliver accordingly.

Looking back over the past many months of the coronavirus pandemic, one can see the benefit of like-minded work colleagues who immediately and naturally collaborate with each other to great effect. As an example, and before everything we now know about the Covid-19 virus became common knowledge around the world, when the virus arrived in Europe, we were already briefed by our Chinese and South Asian colleagues about what to expect: we were prepared at some level for how it would affect our people and society, and also what options the authorities were likely to deploy to fight the virus. From colleagues who faced the emergency first, we also learnt directly what had worked, what did not, and what challenges all these effects presented. Such an expert knowledge transfer to Europe, the Americas and Africa was invaluable in grabbing time and focusing response actions to minimise, a little, the horrible effects of this deadly disease.



25%

OF WOMEN
in management
positions in 2020

5. Sustainability Situation

The HOYER Group recognises that the expectations of customers, employees, society in general and in particular governments are constantly evolving. Over the next ten years, HOYER expects governments across the globe to introduce a variety of regulations regarding matters that impact the environment. These will either require certain actions of organisations or prevent them from behaving in a certain way. Governments are also expected to introduce an increasing amount of subsidies and taxes, which are designed to influence the current patterns and norms of daily life and the behaviour of both society and businesses. That is why, in response, the HOYER Group is constantly updating its sustainability strategy and plans.

OUR METHODOICAL APPROACH

As of 2020, the HOYER Group is measuring and reporting its carbon emissions generated by freight transport according to the Global Logistics Emissions Council's (GLEC) Framework. The GLEC Framework is a globally-recognised methodology for harmonised calculation and reporting of the logistics greenhouse gas (GHG) footprint across the multi-modal supply chain. It is used by many shippers, carriers and logistics service providers. The framework uses a mixture of energy- and activity-based approaches when calculating emissions. GLEC is more complex, more sophisticated and more detailed, and therefore provides a more accurate measure of the HOYER Group's individual performance as an organisation.

18.26
g CO₂ per tonne-km

Transport emissions in 2020 were a 29% improvement from 25.85 in 2010

We are now in a position to apply a number of our own more accurate performance parameters in the emissions calculation formulas. Some of these parameters are better than the default industry standard parameters used in the previous McKinnon Study measurement methodology. We therefore can see that our previous emissions figures have been overstated and that the emissions efficiency of our transport operations is generally better than the average for our industry. We are now working to further increase the sophistication of our reporting by collecting an increased amount of data from as many different parts of our operations as possible. Where valuable information is currently unavailable, measurement and reporting systems are being progressively introduced. This will enable us to create even greater accuracy and better analyse the effect of changes so that we can track whether our improvement initiatives are being effective.

SUPPORTING SERVICES AROUND THE GLOBAL SUPPLY CHAIN ARE DECISIVE FOR EFFICIENT, SAFE AND SECURE LOGISTICS





11.98

KGS PER MAN HOUR

Non-Transport emissions in 2020 were a 3.5% improvement from 12.40 in 2019

HOYER continues to measure emissions against the principle of tank-to-wheel (TtW). The key metrics are:

- | Total tonnes of CO₂ generated by the business from both our transport and non-transport activities
- | Frequency measures of grams of CO₂ generated per tonne-km (tonne of cargo carried and per km travelled) in transport operations
- | Kilograms of CO₂ per man-hour in non-transport operations

HOYER also uses the internationally recognised EcoTransIT CO₂ calculation tool to support us in measuring and modelling the generation of CO₂.

METRICS FOR PROCUREMENT DECISIONS

When purchasing goods and services, CO₂ emissions performance is – in addition to cost, quality, and availability – now one of the routine parameters in our suite of metrics used to determine procurement decisions. The amount of CO₂ generated by an activity is monetised so that decisions are judged in economic terms. Carbon offset costs available to our organisation are used for calculation purposes.

GROUP ECOVADIS RATING INTRODUCED

The HOYER Group has now achieved, for the entire Group, a bronze level rating against the EcoVadis sustainability assessment system. Only certain parts of HOYER's worldwide network have historically been scored against this assessment tool that is frequently used by procurement professionals, because the SQAS audit system of the European chemical industry continues to be our primary independent external assessment.

6. Key Strategies and Plans

The HOYER Group will continue, as our first and top priority, to focus on reducing our direct emissions generated from both transport and non-transport operations.

Because it is not entirely clear which technology developments may emerge earliest or best, our strategy continues to be to test and trial all options that appear to have potential to help us reduce direct emissions.

ROAD TRANSPORT: ALTERNATIVE ENERGIES

Our research has concluded that LPG, LNG and CNG offer only modest net improvements in CO₂ reductions per km driven on the road because much of their benefit is eroded by other inefficiencies. Currently, there is significant optimism about the

10%

further reduction

of CO₂ emissions by 2025 is one of HOYER's main targets

potential of electric vehicles and hydrogen-powered engines to assist in the reduction of CO₂. Detailed discussions with our OEM vehicle manufacturers have, however, indicated that these technologies are unlikely to be available in large quantities until towards the end of this decade. We therefore can only expect them to have a significant positive impact post 2030. For the time being, biofuel appears to be the best alternative energy option for our road transport operations for the next several years. This will be highly dependent on a general network availability and affordable costs.

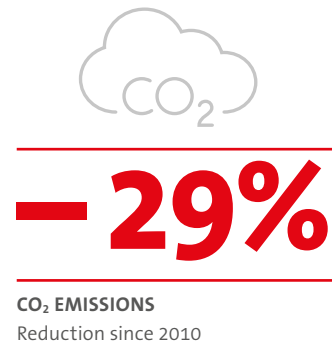
In Europe our road transport operations, especially those serving petroleum and gas customers, are fulfilled using mainly our own vehicles and drivers. Overall, 70 per cent of our organisation’s road transports are carried out by the HOYER fleet. However within those figures, in particular in our chemical logistics operations, approximately 30 per cent are fulfilled by our fully integrated subcontractors and other partners who undertake journeys on our behalf. We are committed to working with those partners, in their generating of scope 3 emissions, to achieve the same percentage improvements as with our own vehicles.

LOGISTICS OPTIMISATION

Direct CO₂ emissions savings can be made by using the HOYER Group’s proven ability to optimise logistics operations, transport flows and supply chains, and by also shifting goods as much as possible to the less CO₂-intensive intermodal methods of transportation. Especially with long-distance intermodal movements, much can be achieved by choosing the best routing and transport medium. Additionally, our advanced smart tank technology will help us to further reduce empty driving and re-positioning.

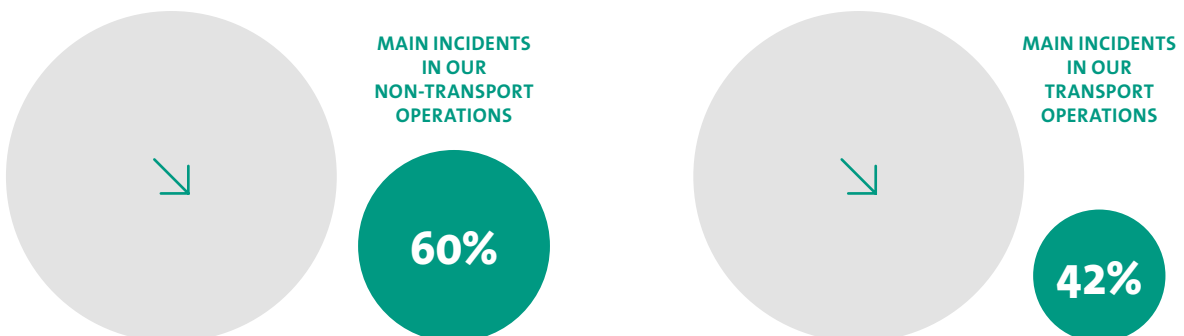
EVOLVING SOLUTIONS

While we observe that some new technologies which would support CO₂ reduction are available, they are not often available in sufficient quantities, may be difficult or inefficient to deploy, and more expensive than current costs.



Frequency Rate for Main Incidents

The Frequency rate for main incidents in our transport operations was our best ever. Improvement since 2010, in per cent



**BIOFUELS
SUPPORT THE
FURTHER
REDUCTION OF
CO₂ EMISSIONS**



However, we are convinced that over time the best technologies will emerge and mature, and become much more available and affordable in practice. We will prioritise these technologies. While for the time being, offset certificates can be purchased easily and at a lower increased cost than implementing and using technologies that reduce emissions directly, we expect them to become more expensive over time. For the moment, we will make use of offset certificates when we are requested to do so as they will make a contribution to reducing our net carbon emissions in the short and medium term. However, HOYER clearly and explicitly states that the purchase of offset certificates is not our preferred method of achieving reductions in our emissions.

When evaluating the various options that can reduce direct emissions, it is clear that some of them increase costs and/or inefficiency versus the current costs/ methods of operation. Therefore, some emissions-reducing solutions can only be introduced with the funding support of our customers, and we continue to promote an open dialogue with them in order to find the right solution for each situation.

However, there are some very good emissions-reducing initiatives that do not create additional costs or if so, only to a minor extent. These are already being progressed as a matter of first urgency. Some of these initiatives require close collaboration with our customers and their customers. In some situations, perfectly possible adjustments to current supply chain models and norms such as speed and just-in-time demands that may not always be necessary can generate important reductions.



78.7%

OF ALL KMS
travelled in 2020 were
by intermodal transport

TAILOR-MADE LOGISTICS SOLUTIONS FOR OUR CUSTOMERS' NEEDS

HOYER routinely calculates and shares with many customers the CO₂ emissions value of each revenue-generating activity undertaken on their behalf and, where possible, provides alternative options to improve CO₂ emissions. This may mean the cost of the activity will be higher, or the speed of the activity, such as the order-to-delivery time, is slower. Mutual decisions are then discussed and agreed with our customers regarding the best way forward. Where there are alternative options available which improve CO₂ emissions that can be implemented without a negative effect on cost or speed then HOYER will push for these to be actioned.



HOYER seeks to agree sustainability partnerships with main customers, business partners and providers wherever possible. These partnerships set objectives, plans and timetables to capture improvements for the volumes carried and primary kms travelled to deliver the cargo of our customers to their customers. This sometimes involves working with a customer to remodel the supply chain for transport flows, especially where bigger and more regular volumes are involved. A number of partnerships have already been agreed with key corporate customers, and we expect to sign further agreements with others over the next twelve months.

7. Sustainability Targets

Having achieved its Vision 2020 ten-year objectives, new medium-term targets have already been declared, as part of our HOYER Group strategy which pledges, by 2025, to:



10%

IMPROVEMENT IN

the rate of transport main incidents by 2025 is a major target of HOYER's Group strategy

- | Reduce our direct carbon dioxide tank-to-wheel (TtW) emissions rate (all scopes, 1 to 3), as measured in grams of CO₂ per tonne-kilometre by at least 10 per cent.
- | Improve our rate of transport main incidents by at least 10 per cent
- | Improve our rate of non-transport main incidents by at least 30 per cent.

Note: 'Main Incident' at HOYER is where we record our involvement in the most serious types of incidents, including major vehicle crashes and rollovers, serious injuries with a permanent effect or resulting in our people being off work for longer periods of time, major uncontained product spillages or escapes with a material environmental impact, explosions or fires, larger unintended product contaminations or mixtures, and any other incident with a larger practical or financial impact.

Given the disruption of Covid-19, which created a very unusual and non-representative year 2020, we have decided to use 2019 as the new baseline for these 2025 improvement targets in all cases.

As we continue to work towards our ultimate goal of running a carbon-neutral business, the HOYER Group is also in the process of developing more ambitious longer-term improvement targets for 2030 and beyond, which will be announced when agreed and declared.

HOYER is committed to achieving the ISO 50001 certification in Energy Management for all of HOYER's European operations, and is targeting to achieve this in 2022, and for all other operations outside Europe by 2025. This will help us to continually improve our conserving of resources as we run our daily business through efficient energy management.

8. Key Sustainability Initiatives

HOYER continues to work on a number of key initiatives to further improve and optimise our environmental performance and manage our business in a safe and sustainable way:

EMISSIONS-REDUCING INITIATIVES

- I Optimising truck fuel efficiency by maximising the potential of economical driver training and driver and vehicle performance monitoring systems (OTCs)
- I Maximum possible HOYER Group purchase of electricity from renewable sources



LOGISTICAL INITIATIVES

- I Increasing and optimising payload, transport flows, empty running and re-positioning, and kilometres driven in transport operations, including exploiting the use of sophisticated logistics softwares, digitalisation and other related technologies to achieve this



PEOPLE INITIATIVES

- I Increased driver training, management, audit and field spot checks of key hauliers (subcontractors) and agency (temporary) workers, especially in less mature countries
- I Responding positively to requests for remote and home working so as to reduce the environmental cost of employees travelling to their normal place of work
- I Ongoing development of the HOYER Wellbeing Programme with a special focus on mental health, weight management and musculoskeletal problems in middle-aged drivers and other blue-collar workers



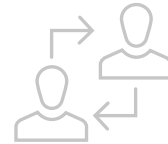
PROCESS INITIATIVES

- | A range of measures in our tank cleaning operations to reduce energy, water and waste water by up to 5 per cent per order, using new and optimised heat recovery and waste-water technologies
- | Measures to reduce the use of energy per order in our specialist workshops, depot and storage operations and in a number of supply chain services and logistics facilities



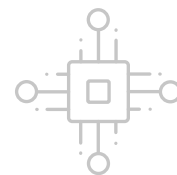
SOCIAL INITIATIVES

- | The Friedel and Walter Hoyer Foundation demonstrates the Hoyer family's commitment to social responsibility through its ongoing funding of charitable, social and cultural activities in Germany and other foreign countries. The second and third generations of the family have pledged to continue this legacy that places a part of their business success back into society for a common good
- | Latitude in each HOYER branch office to support employee voluntary work and projects in the community, and to sponsor voluntary and charitable deserving causes that are located close to our offices and depots



TECHNICAL INITIATIVES

- | Increase payload of selected transport operations by introducing further tanks designed and built from specialised lightweight composite plastic, as well as exploring other ways to reduce the tare weight of vehicles, thereby increasing the number of tonnes of cargo carried per km travelled
- | Migration of truck fleet, including our dedicated and fully integrated subcontractor partners, to more than 95 per cent Euro 6 engines
- | Continue, as fast as possible, the equipping of our own and our dedicated subcontractor partner trucks with forward-facing cameras that aid road transport incident investigations, and improve driver training, awareness and good behaviour. Introduction always subject to privacy laws, and in agreement with drivers and customers
- | Exploring the introduction and routine use of fatigue detection and warning technology in trucks that can help to prevent fatigue-related road transport incidents. Again always subject to privacy laws and agreement with drivers and customers
- | Testing, trialling, introducing and operating as many vehicles as possible that produce lower CO₂ emissions due to being powered by LNG, LPG, biofuels, electricity and hydrogen
- | Technical experts constantly evaluating and recommending use of emerging, maturing and increasingly affordable technologies which have the potential to engineer out many risks and reduce reliance on driver/operator skill and good behaviour





REDUCED BUSINESS TRAVEL

Helps to reduce CO₂ emissions. Instead we use more electronic communication and video-conferencing

- | Where possible, generation of own energy from photovoltaic, wind and ground source heating systems
- | Company cars will increasingly include additional safety features, improved engine performance and fuel efficiency. All-electric and hybrid cars will be progressively introduced into our fleets where this makes sense
- | Extensive development and roll-out of e-learning tools to improve performance and efficiency, whilst reducing the environmental impact of delivering the training
- | Reducing CO₂-intensive business travel by increasing the use of enhanced electronic communications and video-conferencing
- | Electronification of HR, finance and accounting documents used group-wide which reduces paper and other administrative costs and consumables

9. UN Global Goals for Sustainable Development

The 17 Sustainable Development Goals of the United Nations recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests. www.sdgs.un.org/goals



	CODE OF CONDUCT	SUSTAINABLE MANAGEMENT POLICY
1. No Poverty	<ul style="list-style-type: none"> ■ Social responsibility ■ Child labour ■ Remuneration/wage dumping 	<ul style="list-style-type: none"> ■ Promotion of welfare and wellbeing ■ Compliance with all legislation and customer requirements ■ Age distribution of employees ■ Fair treatment and equal opportunities for all stakeholders
3. Good Health and Wellbeing	<ul style="list-style-type: none"> ■ SHEQ ■ Social responsibility ■ Anti-discrimination ■ Occupational safety ■ Cooperation, communication and collaboration ■ Individual responsibility and involvement ■ Employee personal and career development 	<ul style="list-style-type: none"> ■ Implementation of wellbeing initiatives ■ Promotion of welfare and professional competencies of our employees ■ Drug and alcohol testing ■ Workplace and activity risk assessments ■ Occupational health assistance and referrals ■ Monitoring of sick leave days and trends
4. Quality Education	<ul style="list-style-type: none"> ■ SHEQ ■ Staff development 	<ul style="list-style-type: none"> ■ Ensuring proper training plans and career development and adherence ■ Promotion of welfare and professional competencies of our employees ■ Training days per employee ■ Training follow-up
6. Clean Water and Sanitation	<ul style="list-style-type: none"> ■ SHEQ ■ Environmental 	<ul style="list-style-type: none"> ■ Monitor and reduce other relevant resources ■ Responsible use of natural resources and energies ■ Consumption of relevant natural resources
8. Decent Work and Economic Growth	<ul style="list-style-type: none"> ■ Economic efficiency ■ Honest and fair dealings ■ Transparency and integrity in all business dealings ■ Competition law and anti-trust 	<ul style="list-style-type: none"> ■ Development of sustainable long-term business relations ■ Sustainable improvements in efficiency by continuous optimisation ■ Investments ■ Earnings Before Taxes ■ Turnover
9. Industry, Innovation and Infrastructure	<ul style="list-style-type: none"> ■ Not mentioned 	<ul style="list-style-type: none"> ■ Processes and developments ■ Sustainable improvements in efficiency by continuous optimisation of operations, processes, and technologies
12. Responsible Consumption and Production	<ul style="list-style-type: none"> ■ Environment 	<ul style="list-style-type: none"> ■ Responsible and efficient use of natural resources and energies ■ Fuel and energy consumption ■ Consumption of other natural resources ■ Sustainability KPIs incl. CO₂ per tonne-km
13. Climate Action	<ul style="list-style-type: none"> ■ Environment 	<ul style="list-style-type: none"> ■ Responsible and efficient use of natural resources and energies ■ Fuel and energy consumption ■ Consumption of other natural resources ■ Sustainability KPIs incl. CO₂ per tonne-km



42%

IMPROVEMENT ON 2010
in transport main incidents
and 11 per cent improvement
on 2019, well above target of
25 per cent in 2020

10. Comments on 2020 Performance

Despite an extremely challenging year, with some ten months of 2020 affected by the coronavirus pandemic, the HOYER Group achieved important improvements in key SHEQ and sustainability metrics. Frequency rates for CO₂ emissions and serious incidents (HOYER labels them 'main incident') were all improved. Long-term improvement targets for these metrics were also achieved.

The frequency rate for main incidents in our transport operations was our best ever, with an over 11 per cent improvement on 2019 and 42 per cent since 2010. Main incidents in non-transport operations also improved versus 2019 and have reduced by 60 per cent since 2010.

We strive to improve further, in particular regarding spills, leaks, and crossovers (contaminations) in our transport operations. New plans for 2021 have been developed to reduce incidents in these important areas of our business.

Our drive to increasingly carry as much cargo as possible using the less CO₂-intensive intermodal methods of transport came to a halt in 2020 as business activities across the globe were affected by the pandemic. Nevertheless, almost 80 per cent of all kilometres travelled were via an intermodal journey and we are confident that this will increase towards 85 per cent in 2021.



of our fleet vehicles are powered by emissions class Euro 5- and Euro 6-compliant engines

However, there was a good reduction of almost 6.5 per cent in our CO₂ emissions generated by transport operations versus 2019 as part of an overall improvement of some 29 per cent achieved since 2010.

Amongst a variety of measures that supported this improvement, our fleet complement of vehicles powered by the most environmentally friendly emissions class Euro 6-compliant engines increased slightly to 93 per cent, with 98 per cent of our fleet being Euro 5 or higher. Euro 6 figure is planned to increase further in 2021 as Euro 5 engine vehicles are replaced in line with our long-term target of migrating more than 95 per cent of our fleet to Euro 6.

Key initiatives are being intensified as we push towards achieving further improvements in 2021. Those are driven by smart logistics techniques and supported by the use of big data, which are critical to further improvements in maximising payload, reducing empty kilometres, and improving fuel consumption. We are also evaluating solutions using alternative energies in our transport operations. However, these will have only a modest effect in the short-term future.

There was also a pleasing reduction in CO₂ emissions generated by our non-transport operations, which were reduced by almost 3.5 per cent versus 2019.

Employee attrition and a shortage of skilled people in the general labour market, in particular drivers, especially in and around major cities and industrial areas, need to be considered. HOYER has therefore prioritised evaluation of and initiatives around our employer branding which focus on retention as well as recruitment. Maintaining the skills and experience for sustainable, mature and safe operations is understood to be crucial. Therefore, in relation to such matters, progress on important performance parameters and maintaining other parameters at similar levels to previous years is a very good result in the circumstances.

As a company that defines training as a strategic imperative, we are extremely frustrated about the social distancing restrictions of Covid-19 that effectively prevented us from undertaking the training of our drivers, technicians and office staff in our normal way. Risk-assessed adaptations were introduced to enable one-to-one training to take place safely, whilst as many sessions as possible were converted to classroom style and delivered online. This situation continued into 2021, but we have developed detailed catch-up plans that will be implemented as soon as circumstances allow.

The number of independent external audits of our operations was reduced because of the pandemic. Where audits did take place, our average score improved 5 points versus 2019 to 91 per cent.

We are not complacent, and continue to invest and work hard to improve performance across our business and across a wide variety of parameters in focus. It is self-evident that pressure to make step-change improvements with regard to CO₂ emissions is increasing and we are committed to playing our part as a leading logistics company in driving towards running a carbon net-zero business as quickly as possible.

Social Responsibility

67

AUDITS PER YEAR

91%

SQAS AUDIT (% Y QUESTIONS)

Emissions of CO₂ Non-Transport Operations

11.98

Kilogrammes of CO₂ generated per man-hour

15,475

Total tonnes of CO₂ generated by all activities, worldwide

EMISSIONS OF CO₂ TRANSPORT OPERATIONS

- 29%

over the past 10 years

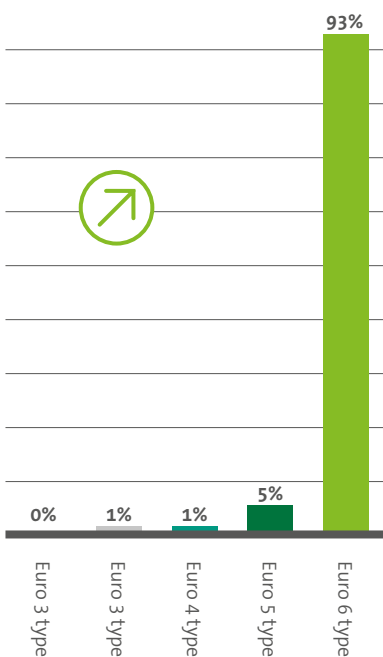
Emissions CO₂ (g CO₂/tonne-km): **18.26**

Emission CO₂ (K tonnes): **355,750**



Type of Euro Trucks

Amongst a variety of measures are our vehicles powered by the most environmentally friendly emissions class Euro 6-compliant engines.



2.44

MOTOR VEHICLE INCIDENTS per 1m kms in transport operations

0.17

TRANSPORT INJURIES per 1m kms in transport operations

MAIN INCIDENTS NON-TRANSPORT

0.11

Actual main incidents

0.14

Main incidents target

per 10k man-hours

SPILLS & CROSSOVERS

in 2020, per 1k customer orders

Spills (own) **0.09**

Crossovers **0.04**

0.114

ACTUAL MAIN INCIDENTS IN TRANSPORT OPERATIONS; MAIN INCIDENTS TARGET (PER 1M KMS): 0.145

0.84

Non-transport KPIs, all incidents per 10k man hours

WOMEN IN MANAGEMENT POSITIONS IN 2020

25%



78.7%

INTERMODAL TRANSPORTS per cent of kms travelled by intermodal transports

Social Responsibility KPIs

Covid-19 severely restricted the possibility to undertake all training in normal volumes and in our normal style

- Training hours per white-collar employees
- Training hours per blue-collar employees
- Training hours per drivers and fully-integrated subcontractors (SC)



11. About HOYER Reporting and Data

When the HOYER Group issued its first Sustainability Policy in 2010, it identified and introduced an initial range of important targets and KPIs to measure and monitor progress in our transport operations. We have subsequently extended our reporting to include emissions generated by our non-transport operations and also added to the suite of KPIs as we strive to find the most up-to-date and relevant mix of measures to help us to drive our safety and sustainability performance. We expect our suite of KPIs to evolve further as we refine our system over time.

The definitions of KPIs mentioned in this Report are self-explanatory.

CO₂ emissions generated by our transport operations between 2010 to 2019 are calculated using the ETCA Responsible Care activity-based method (McKinnon study). In 2020 and in the future, CO₂ emissions are now calculated in accordance with the Global Logistics Emissions Council (GLEC) framework supported by the use of the EcoTransIT emissions calculation tool. This provides management with more sophisticated, detailed and accurate information that helps us to understand our situation, better target improvements and know whether and by how much our improvement actions have been successful.

The calculation of emissions from our transport operations includes both scopes 1 and 3, thereby declaring all emissions generated directly by our own people and assets as well as by people and assets undertaking transports on our behalf.

Scope 2 emissions from our non-transport operations are calculated using the methodology of the German Federal Office for Economics and Export Control (BAFA).

**SUSTAINABILITY –
RAIL, SEA OR ROAD,
SPEED AND COST.
THE CORRECT
COMBINATION
MAKES THE RIGHT
TRANSPORT**



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