



Sustainability Report 2016

Foreword

Ladies and gentlemen, dear friends of our company,

We are very pleased to present the HOYER Group's fifth Sustainability Report.

This report focusses not only on our environmental performance, but also on other important factors which are essential for a business that has both existed and successfully grown over our 70 year history. My father, our founder and original entrepreneurial driving force, created a vision built on business principles that he believed would enable his company to sustain itself across the generations and succeed through multiple business cycles.



Care for our employees, the lifeblood of our service and performance driven business, is our number one priority. We understand that their safety, health, well-being and job satisfaction have a direct bearing on our company.

While taking professional care of the products we carry to all corners of the globe is our daily business, it is also our aim to protect the environment and the general public all along the way.

Our ambitious but prudent financial strategy, thoughtfully overseen by our family owners and their advisors, has provided a sound basis for our company and for its further development in future decades.

The Hoyer family strongly believes that these ownership and business principles will continue to sustain our company for future generations to come.

I commend this report to you.

With warmest regards from Hamburg,

A handwritten signature in black ink, appearing to read 'Thomas Hoyer', followed by a period.

Thomas Hoyer
Shareholder and Chairman of HOYER Group Advisory Board

Index

1	Overview and Vision	04
2	Profile of the Company	05
3	HOYER Sustainability Policy	06
4	HOYER Group Key Targets	09
4.1	SHEQ KPIs for Transport and Non Transport	10
4.2	Environmental Protection KPIs	13
4.3	Social Responsibility KPIs	14
5	About HOYER Reporting and Data	15

1 Overview and Vision

We present our fifth HOYER Group Sustainability Report.

The HOYER Group, now in its 71st year, is determined to continue to be a leading player in worldwide bulk transport and logistics for the long term. HOYER has been in business since 1946, and is now in the privately owned hands of the second and third generations of our founder Walter Hoyer's family.

The Hoyer family continues to recognise that the ways in which the company is owned, steered and managed are fundamental to achieving that objective. The Hoyer family also believes that in an increasingly global marketplace social, environmental and economic responsibility is critical to achieving sustainable long-term business success.

This is why several years ago, HOYER decided to develop a Sustainability Policy, which makes commitments regarding how our company is run, sets out plans for the future and puts management and measurement systems in place to help us achieve our objectives. The company thereby demonstrates its responsibility for its employees and the environment, and openly discloses its objectives.

The Sustainability Policy and strategy focusses on three broad but essential areas:

- Social responsibility, both internal and external
- Protection of the environment
- Economic sustainability

The Sustainability Policy makes commitments in nine key areas, with a range of targets and a measurement and monitoring system to manage our progress in all these areas.

At the top of our agenda are three critical areas.

1. Given the nature of the business we are in and the variety of dangerous products we carry around the world, the health and safety of our employees and of the general public as well as the protection of the environment are at the top of the list of the things we are absolutely committed to getting right in the way we run our business. This is increasingly important as we extend our business across the globe and into markets which are less mature than our historic heartland of Europe and where the infrastructure and professional practise is less developed. A special focus is needed, in particular, on operations where



we work with partners and providers, to ensure that these activities are executed in accordance with the same high standards we expect of ourselves.

2. Climate change continues to pose enormous challenges for business in general and for the transport and logistics industry in particular. Population growth and the economic development of some of the most populated countries of the world continue to place increased demands and pressures on our planet. The political drive for reductions in CO₂ emissions will undoubtedly continue to have repercussions for the transport sector. This is something we will both have to cope with and respond to which is why optimising our use of energy and managing our CO₂ emissions is the second key focus of our strategy for a sustainable business. Our decision to proactively respond to the EU Energy Efficiency Directive and the ESOS regulations are key actions already taken.
3. Our third main focus is our people and in the highly complex and demanding service industry in which we operate our people are our most important resource. Having enough of the right people, taking care of our people and supporting them to perform at the highest level and develop their careers with HOYER is the only way our business will survive and thrive in the long term.

This report sets out our targets for a sustainable business, makes comment on progress and provides detail of a variety of initiatives which are designed to improve our performance over the next few years.

2 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 industries.

Around 6,000 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.

HOYER operates 37,300 tank containers, 2,400 trucks, 2,900 road tankers, 41,200 intermediate bulk containers, and numerous logistics facilities, transport depots, tank cleaning stations and specialist tank workshops.



3 HOYER Sustainability Policy



The HOYER Sustainability Policy

Sustainability is commonly defined as meeting the needs of current generations without compromising the needs of future generations. HOYER considers the following key elements to set a strong sustainable approach throughout the company:

Social responsibility

- Adherence to all relevant applicable laws, directives and guidelines
- Promoting well-being and professional skills of employees
- Contributing to the communities in which we operate

Environmental protection

- Minimising impact of all operations on the environment
- Reducing carbon footprint of transport operations
- Optimising use of natural resources

Economy

- Continuously seeking to improve efficiency in all areas
- Looking for business growth based on principles of sustainability
- Promoting sustainable business with suppliers and customers

The HOYER Group is committed to Responsible Care® and sustainable logistics.

A handwritten signature in black ink, appearing to read 'Ortwin Nast'.

Ortwin Nast
Chief Executive Officer

Hamburg, in December 2010

A handwritten signature in black ink, appearing to read 'Gerd Peters'.

Gerd Peters
Chief Financial Officer

HOYER
WHEN IT MATTERS ■

Social Responsibility

Objectives	Description	Indicators
Adherence to all relevant applicable laws, directives and guidelines	<ul style="list-style-type: none"> ▪ No child labour ▪ No discrimination based on sex, age, ethnicity, etc. ▪ Observing the HOYER Code of Conduct 	<ul style="list-style-type: none"> ▪ Age pattern of employees ▪ Male/female ratio ▪ HOYER Code of Conduct
Promoting well-being and professional skills of employees	<ul style="list-style-type: none"> ▪ Providing a safe and healthy environment for our employees ▪ Analysing incidents, identifying causes and implementing corrective action ▪ Implementing a yearly audit plan ▪ Developing risk assessments ▪ Ensuring proper training plans ▪ SHEQ initiatives (Driver of the Year) 	<ul style="list-style-type: none"> ▪ KPI personal injuries ▪ KPI vehicle incidents ▪ Reporting major incidents ▪ Audits per year ▪ Set annual targets for managers ▪ Training days per white-collar employee ▪ Training days per blue-collar employee ▪ Training days per driver ▪ HOYER Code of Conduct
Contributing to the communities in which we operate	<ul style="list-style-type: none"> ▪ Providing charitable and social services for the communities in which HOYER operates 	<ul style="list-style-type: none"> ▪ Report by Friedel und Walter Hoyer Stiftung

Environmental Protection

Objectives	Description	Indicators
Minimising impact of all operations on the environment	<ul style="list-style-type: none"> ▪ Avoiding pollution through safe operations ▪ Implementing waste disposal at all sites ▪ Reducing waste and increasing recycling ▪ Wastewater treatment in cleaning operations 	<ul style="list-style-type: none"> ▪ KPI spills and leaks ▪ Amount of waste generated during cleaning operations
Reducing carbon footprint of transport operations	<ul style="list-style-type: none"> ▪ Expanding and encouraging use of intermodal transport ▪ Measuring and implementing actions to reduce emissions 	<ul style="list-style-type: none"> ▪ % of intermodal transports ▪ Emissions (CO₂) tonne-km ▪ % of Euro trucks
Optimising use of natural resources	<ul style="list-style-type: none"> ▪ Use of latest technology to minimise the environmental impact of the emissions from all our activities ▪ Reducing fuel consumption/use of detergents ▪ Energy management 	<ul style="list-style-type: none"> ▪ Energy consumption by cleaning operations/workshops/offices ▪ Fuel consumption

Economy

Objectives	Description	Indicators
Continuously seeking to improve efficiency in all areas	<ul style="list-style-type: none"> Improving operational efficiency by sharing knowledge, experience and good practice Sharing goals across the group 	<ul style="list-style-type: none"> Turnover EBT Investment
Looking for business growth based on principles of sustainability	<ul style="list-style-type: none"> Long-term economic success Good corporate governance (compliance with financial and legal requirements in the countries where HOYER operates) 	<ul style="list-style-type: none"> Turnover EBT Investment
Promoting sustainable business with suppliers and customers	<ul style="list-style-type: none"> Open dialogue with stakeholders Fair treatment of customers and suppliers Reviewing and reducing customer complaints, and implementing corrective action 	<ul style="list-style-type: none"> Commitment to Responsible Care® and action plans KPI customer complaints



4 HOYER Group Key Targets

- Reduction of 50 per cent in our most serious accidents and incidents by 2020
- 25 per cent cut in CO₂ emissions per tonne-km by 2020

Key Initiatives

- Optimising payload, transport flows, empty running and kilometres driven in transport operations, including exploring the use of digitisation and related technologies to achieve this
- Migration of truck fleet to more than 95 per cent Euro 5 and 6 engines
- Trialing of alternative cleaner fuel engines in our vehicles which produce significantly lower pollutant emissions
- Optimise truck fuel efficiency by maximising potential of economical driver training and driver and vehicle performance monitoring systems (OTCs)
- Carriage of maximum tonnes of cargo by intermodal operations, using sea and rail to transport, especially over the longest distances
- Increase payload of selected intermodal operations by introducing tank containers designed and built from specialised lightweight composite plastic
- Increased training of staff, including in customer service techniques
- Creation of working groups better looking at 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
- Increased driver training, management, audit and field spot checks of key hauliers (subcontractors) and agency (temporary) workers, especially in less mature countries
- 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
- A revised company car scheme with a focus on safety features, engine performance and fuel efficiency. Explore options for certain company cars to be hybrid or all electric
- Extensive development and roll-out of e-learning tools to improve performance and efficiency, whilst reducing the environmental impact of delivering the training
- Ongoing development of the HOYER Well-being Programme with a special focus on weight management and musculoskeletal problems in middle aged drivers and blue-collar workers
- Launch and rerunning of an extensive employee survey
- Electronification of HR, finance and accounting documents used Group wide which reduces paper and other administrative costs and consumables
- 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.

Comment on 2016 figures

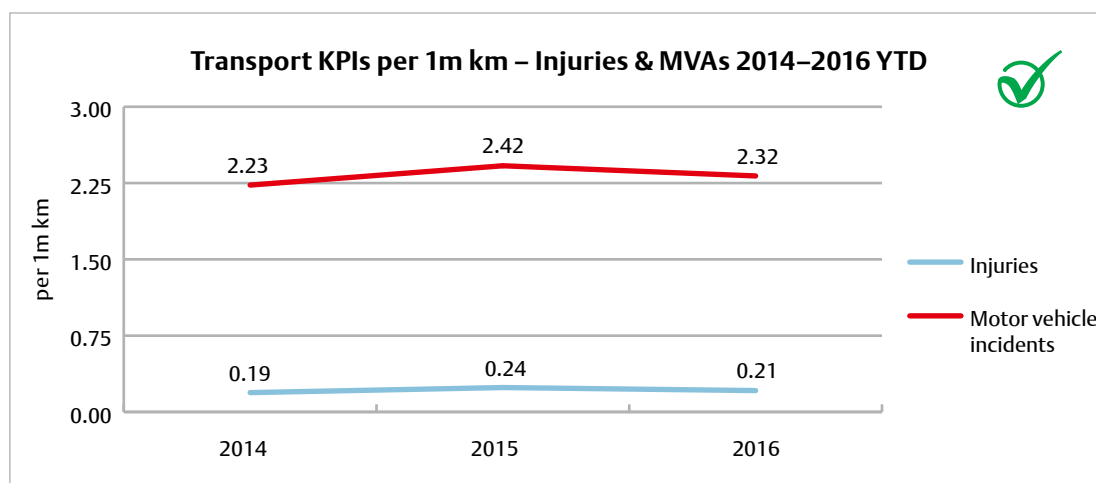
There was an increase in the number of our most serious kind of safety incidents in 2016 (HOYER calls them main incidents). This was caused by an increase in the number of Time Losing Injuries* (TLIs), especially in our non-transport operations. There, we did not meet our trend target to reduce main incidents by more than 50 per cent by 2020. However, we have a good understanding of what lay behind this deviation which was a result of incidents suffered on new business in our Supply Chain Solutions operations in Germany and China where we took over running operations together with the workforce who were already undertaking those activities. The safety record we inherited was below the good level we expect of ourselves and it has taken us some months to change the practices, behaviour and safety culture which, we are confident, will improve performance in 2017. We continue to work very hard to improve performance and get back on track as quickly as possible.

In 2016 our CO₂ emissions per tonne-km increased on our previous low of 21.11 in 2014. At the same time, however, the total tonnes of CO₂ generated by the business, at 601.4, was the smallest since 2013, despite the business carrying 11 per cent more cargo around the world than in 2015. This change was a result of a significant increase in our most CO₂ intensive dedicated road operations, especially in Scandinavia, whilst volumes in our most CO₂ efficient intermodal operations were flat. Key initiatives to maximize payload, reduce empty kilometres and improve fuel consumption are being intensified to combat this trend caused by a shift in the mix of business in our portfolio. A faster introduction of Euro 6 and in particular Euro 7 vehicles when they become available will further support our efforts to minimise the damaging effects of CO₂ on our atmosphere. We are confident that despite this situation we will achieve our targets.

Based on the HOYER Group Safety, Health, Environment and Quality (SHEQ) Policy and the Sustainability Policy, a number of KPIs have been identified to monitor performance. The main ones are listed below:

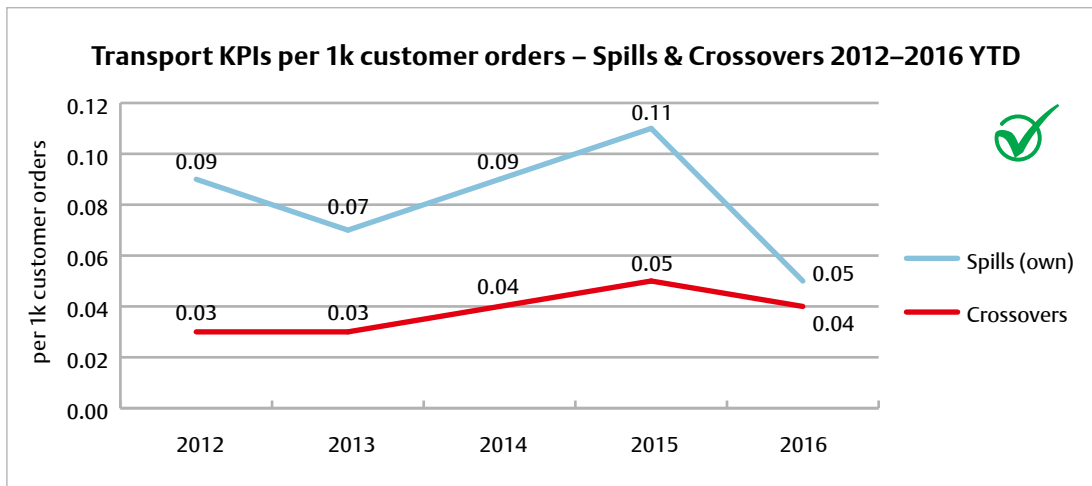
4.1 SHEQ KPIs for Transport and Non Transport

SHEQ KPIs Transport	2014	2015	2016
Motor vehicle incidents (per 1m km)	2.23	2.42	2.32
Injuries (per 1m km)	0.19	0.24	0.21

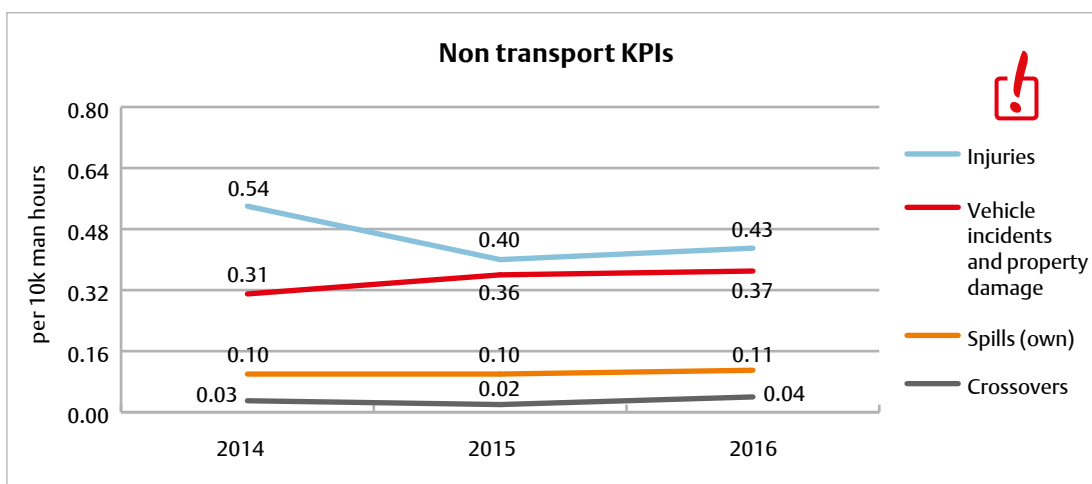


* HOYER Group registers employees' absence due to work related injuries starting from day one.

SHEQ KPIs Transport	2012	2013	2014	2015	2016
Spills (per 1k customer orders)	0.09	0.07	0.09	0.11	0.05
Crossovers (per 1k customer orders)	0.03	0.03	0.04	0.05	0.04

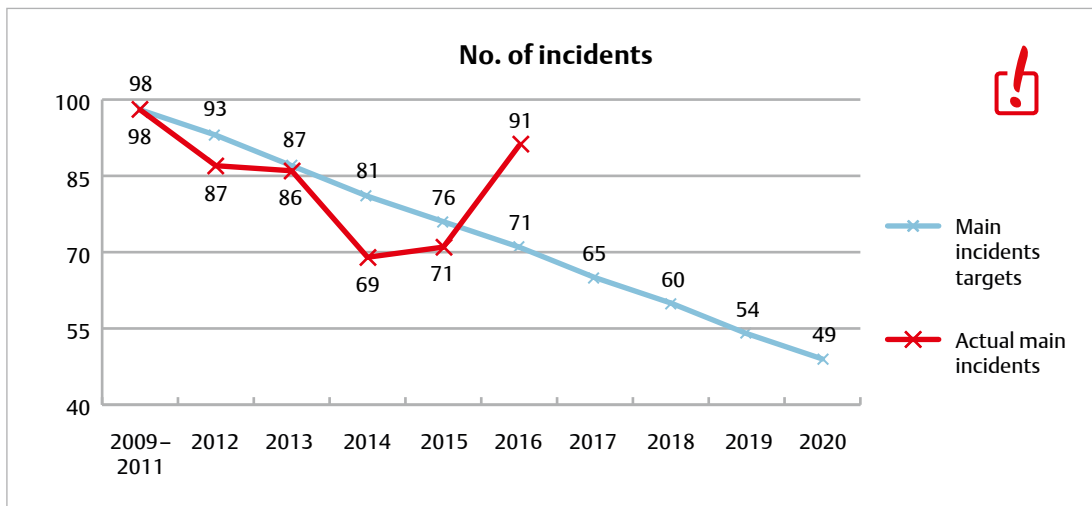


SHEQ KPIs Non Transport	2014	2015	2016
Injuries (per 10k man hours)	0.54	0.40	0.43
Vehicle incidents and property damage (per 10k man hours)	0.31	0.36	0.37
Spills (per 10k man hours)	0.10	0.10	0.11
Crossovers (per 10k man hours)	0.03	0.02	0.04



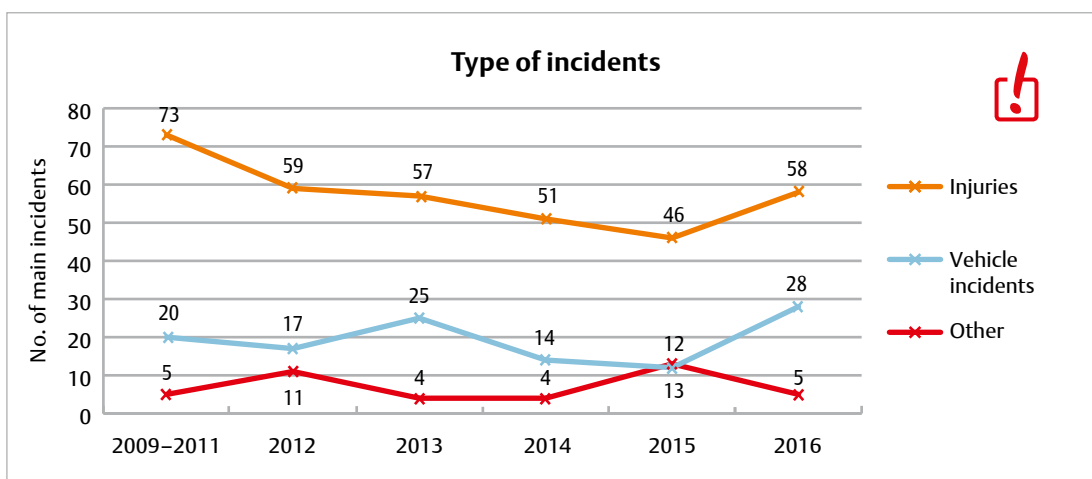
Increase due to acquisition of already running business with inherited poorer performance.

Main Incidents Targets	2009–2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Main incidents targets	98	93	87	81	76	71	65	60	54	49
Actual main incidents	98	87	86	69	71	91				



Increase due to acquisition of already running business with inherited poorer performance.

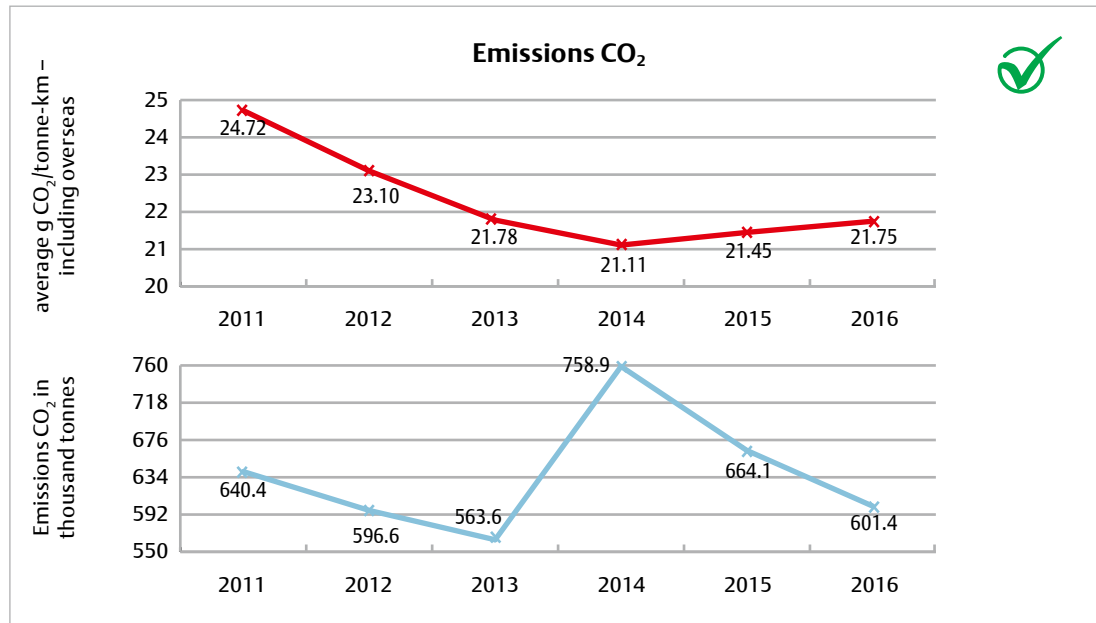
Type of Main Incident	2009–2011	2012	2013	2014	2015	2016
Injuries	73	59	57	51	46	58
Vehicle incidents	20	17	25	14	12	28
Other	5	11	4	4	13	5



Increase due to acquisition of already running business with inherited poorer performance.

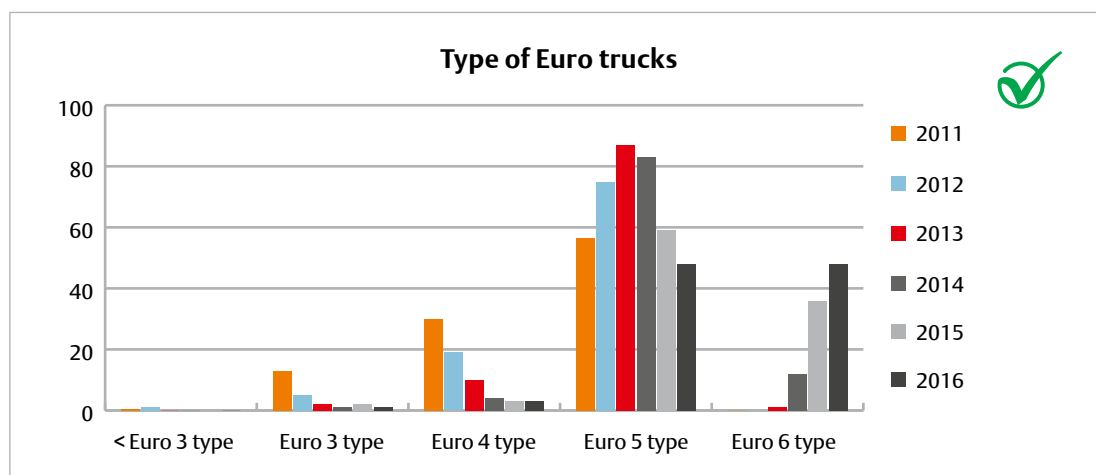
4.2 Environmental Protection KPIs

Environmental Protection KPIs Transport	2011	2012	2013	2014	2015	2016
Emissions CO ₂ (average g CO ₂ /tonne-km – including overseas)	24.72	23.10	21.78	21.11	21.45	21.75
Emissions CO ₂ (tonne)	640,434	596,634	563,580	758,892	664,140	601,397

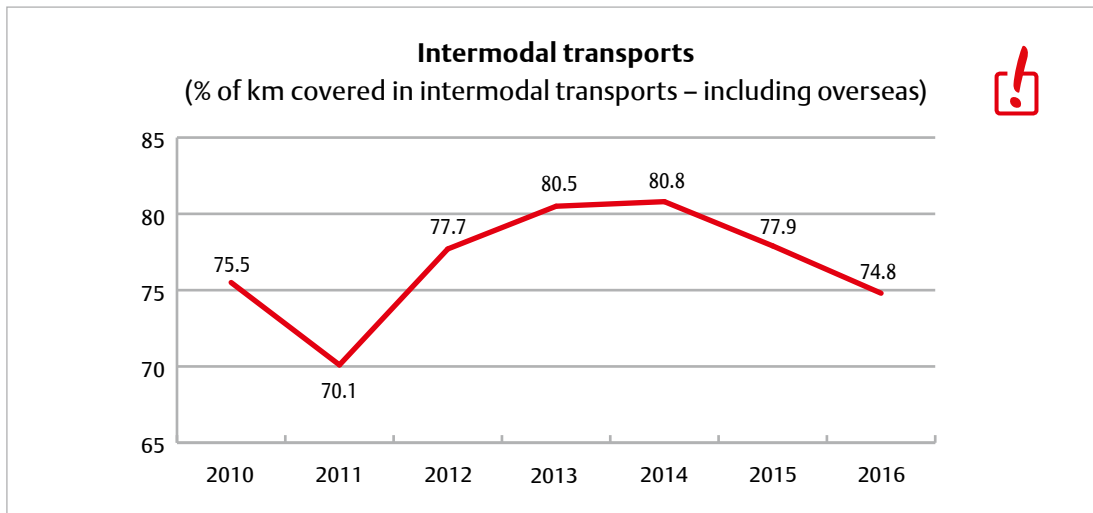


Increase in average CO₂/tonne-km due to change of demands in transportation market and more CO₂ intensive road operations of acquired business in the Nordics.

Environmental Protection KPIs Transport	2011	2012	2013	2014	2015	2016
Type of Euro trucks (%)						
< Euro 3 type	0.4	1	0	0	0	0
Euro 3 type	12.8	5	2	1	2	1
Euro 4 type	30.1	19	10	4	3	3
Euro 5 type	56.6	75	87	83	59	48
Euro 6 type	–	–	1	12	36	48



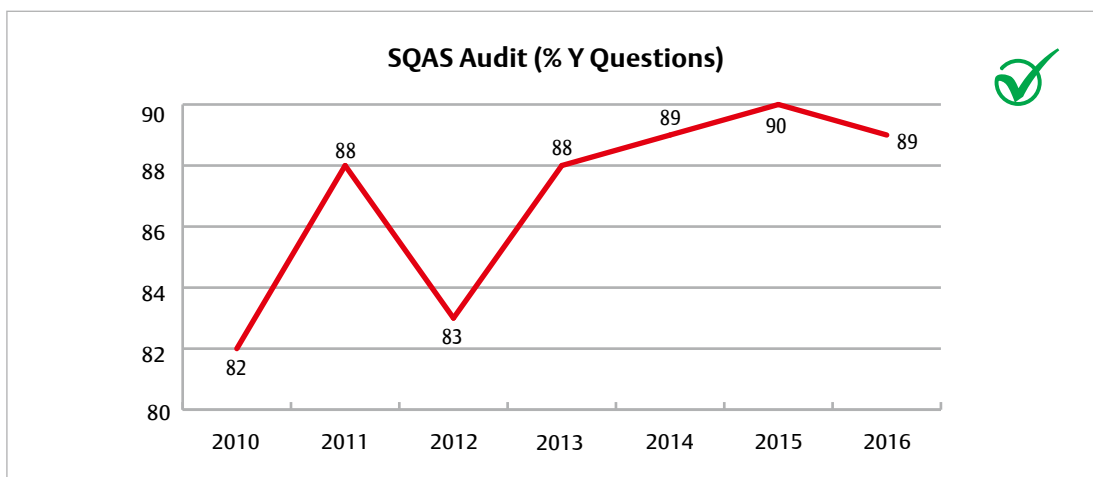
Environmental Protection KPIs Transport	2010	2011	2012	2013	2014	2015	2016
Intermodal transports (% of km covered in intermodal transports – including overseas)	75.5	70.1	77.7	80.5	80.8	77.9	74.8



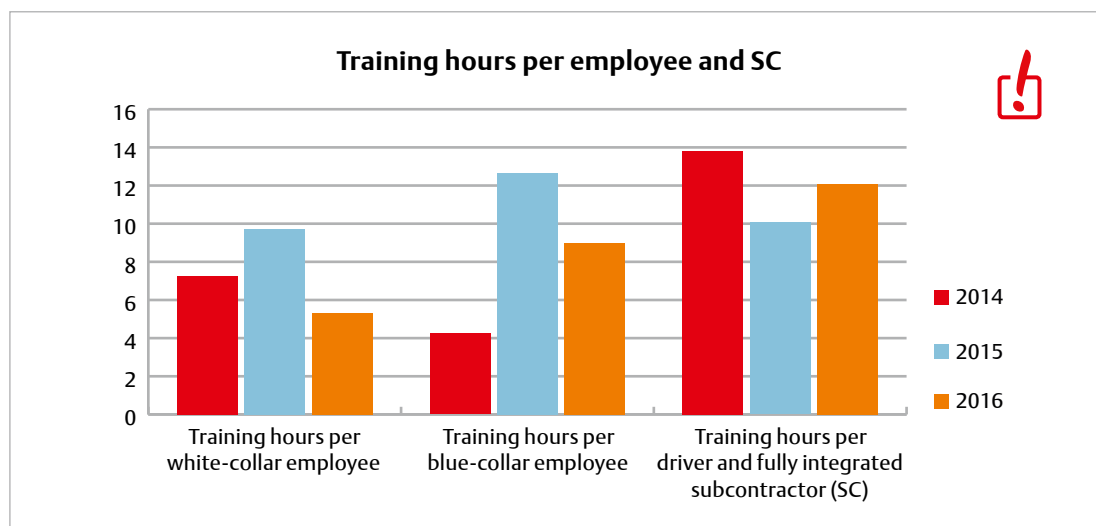
Reduced proportion of intermodal transports due to change of demands in transportation market.

4.3 Social Responsibility KPIs

Social Responsibility KPIs	2010	2011	2012	2013	2014	2015	2016
Audits per year	29	26	30	48	46	47	29
SQAS audit (% Y questions)	82	88	83	88	89	90	89



Social Responsibility KPIs	2014	2015	2016
Training hours per white-collar employee	7.28	9.72	5.3
Training hours per blue-collar employee	4.24	12.66	9.0
Training hours per driver and fully integrated subcontractor (SC)	13.82	10.06	12.1



Social Responsibility KPIs	2012	2013	2014	2015	2016
Age pattern of employees (%)					
<20	0.9	0.8	1.2	0.8	0.8
21–30	10	9.3	10.6	12.3	11.0
31–40	19.9	18.9	18.7	18.4	19.2
41–50	37.3	37.4	34.5	32.5	30.2
51–60	26	26.7	27.8	28.4	30.7
> 61	6.0	6.8	7.1	7.5	8.1
Male/female ratio in management position (%)	10	8	7	7	11
Code of Conduct violations (N)	–	1	1	2	7
Security breaches**	40	72	48	49	23

** Security breaches: only minor incidents, mainly theft

5 About HOYER Reporting and Data

When the HOYER Group issued the Sustainability Policy in 2010 it also identified and introduced an initial range of important targets and KPIs to measure and monitor progress. These KPIs remain under constant review as we strive to find the best mix of measures to drive sustainable performance. We expect other KPIs will be added as we refine our system over time.

The definitions of KPIs mentioned in this report are self-explanatory. CO₂ emissions are calculated based on ECTA Responsible Care method (McKinnon study).

HOYER GmbH
Internationale Fachspedition

Head Office
Wendenstraße 414–424
20537 Hamburg
Germany

Phone +49 40 21044 - 0
Fax +49 40 21044 - 246
Internet www.hoyer-group.com
Email hoyer@hoyer-group.com