



Sustainability Report 2017

Foreword

Ladies and gentlemen, dear friends of our company,

We are pleased to present our sixth HOYER Group Sustainability Report.

It is a simple but evident truth: those who stand still move nothing – neither logistically, nor entrepreneurially. Change and continuous development are therefore important aspects of HOYER's success story.

Since its foundation by my father Walter Hoyer, our family business has not only moved liquid goods along German roads, and increasingly over time around the globe, but we have also achieved a remarkable move ourselves: what started in 1946 as a small Hamburg transport company has, over seventy years, developed into a world market leader. This longevity has been achieved by applying governance structures that sustain an organisation, whilst developing ambitious business objectives and innovative strategies that respond to the rapidly changing situations in our industry and in globalised markets. These are the things that enable us to achieve sustainable success as we safely move essential commodities that provide continuity to the lives of millions with the minimum possible impact on our planet and our environment.

Looking at our business, I am pleased to say that we developed a good strategy and set the right targets, which is why our company has thrived over the last seventy-two years. Financial and social responsibility and minimising our impact on the general population and environment have always been key building blocks of our success.

Consistency and reliability in dealings with our customers, with our employees and with all other stakeholders remain a cornerstone of our company. These things are especially important to our drivers on the front line. As a result of a reduction in the availability of labour in key markets, HOYER is working hard to attract and retain the skilled personnel we need to run our company sustainably. That is why we are initiating a number of measures to respond to this sector-wide challenge.

It is not only the willingness to embrace change that guarantees our corporate success; it is also our tradition, our culture and our strong system of values in the way we run our business. We will not stand still, and will continue to work to design and create an exciting future in a sound and professional way with a long-term sustainable view.

With warmest regards from Hamburg,



Thomas R. J. Hoyer
Shareholder and Chairman of HOYER Group Advisory Board



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1 Overview and Vision

We present our sixth HOYER Group Sustainability Report.

The HOYER Group, now in its 72nd 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 has always recognised that the ways in which their company is owned, steered and managed are fundamental to achieving that objective.

The Hoyer family also understands that in today's increasingly global marketplace, running their business in an environmentally and economically responsible way is critical to their people-dependent, service-oriented company continuing to be successful into the long-term future.

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, its customers and the environment, and openly discloses its objectives.

The Sustainability Policy and Strategy focus 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, of our business partners 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 practice is sometimes less developed. A special focus is also 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 world's most populated countries continue to place ever-increasing demands and pressures on our planet. The political drive for reductions in CO₂ emissions will undoubtedly continue to have repercussions for the transport sector. There is also an increasing focus on air quality, especially in and around cities and urban areas connected to the emission of potentially damaging particulates and noxious gases from vehicle diesel engines. These are things we will both have to cope with and respond to, which is why optimising our use of energy and managing our exhaust emissions is the second key focus of our strategy for a sustainable business. Our decision to proactively respond to the EU Energy Efficiency and Air Quality Directives 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. Unfortunately, a tightening of the labour market in mature countries, especially in and around major cities and industrial areas, has made attracting and retaining the right number and quality of personnel much more difficult and expensive. 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. We are therefore evolving a number of existing strategies as well as introducing new initiatives to respond to this important and critical aspect of our business.

This report sets out our targets for a sustainable business, makes comment on progress and provides details 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 6,500 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 39,200 tank containers, 2,400 trucks, 2,700 road tankers, 43,100 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, policies, guidelines and good practice	<ul style="list-style-type: none"> ▪ No child labour ▪ No discrimination based on sex, age, ethnicity, nationality etc. ▪ Observing the HOYER Code of Conduct ▪ Modern Slavery Policy ▪ Gender pay equality ▪ Data Protection 	<ul style="list-style-type: none"> ▪ Age pattern of employees ▪ Male/female ratio ▪ HOYER Code of Conduct ▪ Whistleblower cases ▪ Annual Gender Pay Report ▪ No. of data breaches ▪ No. of slavery concerns
Promoting well-being and professional skills, motivation and career development of all employees and key operational partners	<ul style="list-style-type: none"> ▪ Providing a safe and healthy environment for our employees ▪ Analysing incidents, identifying causes and implementing corrective action and learning ▪ Implementing a yearly audit and follow-up plan ▪ Developing risk assessments for all safety-critical tasks and activities ▪ Ensuring proper training plans for drivers, staff and managers ▪ Variety of SHEQ initiatives and campaigns ▪ Ongoing promotion of health & well-being ▪ Biennial Employee Survey ▪ Regular, open and inclusive communication and information to all employees ▪ Structural contracts and Service Level Agreements (SLA) with partners 	<ul style="list-style-type: none"> ▪ KPI personal injuries ▪ KPI vehicle incidents ▪ Reporting major incidents ▪ Internal, external and major client audits/observations per year ▪ 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 ▪ Local wellbeing and health campaigns/initiatives ▪ Take-up of early retirement and sabbatical possibilities ▪ Employee survey results and follow-up ▪ Publication of newsletters ▪ Management and Employee Development Programmes ▪ Audits of key partners and observations of key partner activities
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 ▪ Local budgets for community/employee support ▪ Community news articles in HOYER 360°/intranet

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 ▪ Amount of recycling
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 ▪ Reduction of empty movements and kilometres
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/consumables ▪ Energy management 	<ul style="list-style-type: none"> ▪ Energy consumption by cleaning operations/workshops/logistics facilities/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, using technology, experience and good practice ▪ Sharing goals across the group 	<ul style="list-style-type: none"> ▪ Turnover ▪ EBT ▪ Investment ▪ Vehicle utilisation
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) ▪ Prudent and long-term investment and borrowing strategies 	<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 ▪ Service Level Agreement (SLA) 	<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 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 wastewater 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 2017 figures

Despite an increasingly challenging business and operating environment, the HOYER Group achieved an improved performance in 2017, with frequencies for Time Losing Injuries* (TLIs), CO₂ emissions and serious Motor Vehicle Incidents all reduced.

Employee attrition and an acute shortage of skilled people in the general labour market, in particular drivers, and especially in and around major cities and industrial areas, has placed significant pressures on maintaining the skills and experience needed for sustainable, mature and safe operations. Therefore progress on and maintaining important parameters as shown in this report at similar levels to previous years is a very good result in the circumstances. That is also why training hours for both staff and drivers were increased in 2017 with driver training time being at its highest level ever.

Nevertheless, there is more to do to make enhancements in some key parameters, in particular in regard to the injury performance of our non-transport operations, especially in newer Supply Chain Solutions projects, as well as in our cleaning and workshop business cotac. Further progress in incidents connected to vehicles on the road and when making deliveries is also a focus for 2018 and the future.

We are pleased that we were able to reduce CO₂ emissions and also push our fleet's complement of vehicles powered by the most environmentally friendly emissions class Euro 6 compliant engines to 76 per cent, with a number of our bigger country operations already at close to 100 per cent. In line with our long-term target of migrating more than 95 per cent of our fleet to Euro 6 we are confident that within another 12 months this figure will rise towards 90 per cent.

We are also carefully monitoring the proportion of volumes carried by our most CO₂-efficient intermodal operations that have reduced from above 80 per cent in 2014 to below 75 per cent in 2017, due to a growth in the more CO₂-intensive road-based distribution parts of our business in Europe. Key initiatives to maximise payload, reduce empty kilometres and improve fuel consumption are therefore being intensified to combat this trend caused by a shift in the mix of business in our portfolio.

We are not complacent and are already working very hard to improve performance where progress needs to be made.

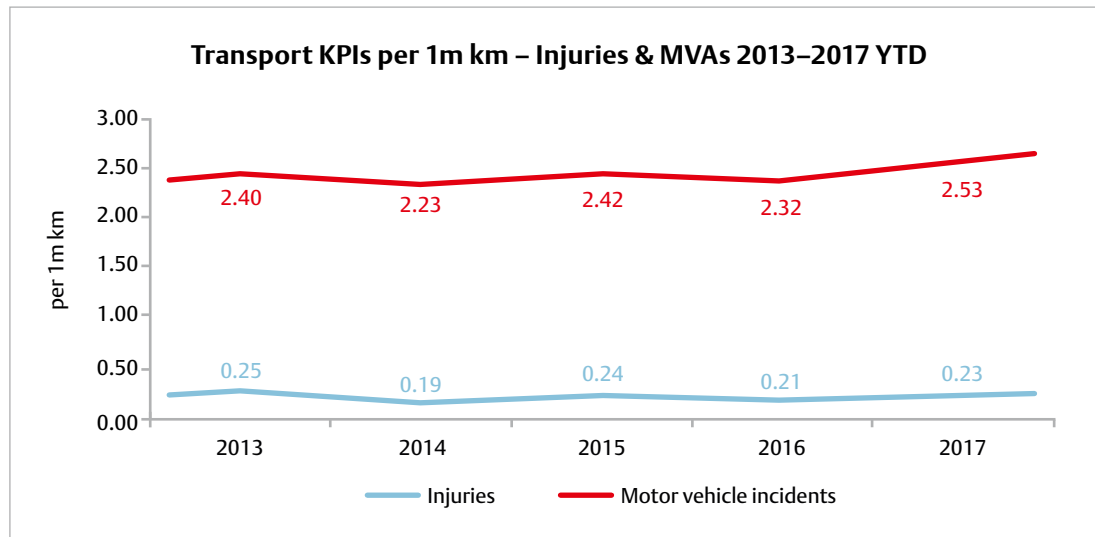
Based on the HOYER Group Safety, Health, Environment and Quality (SHEQ) Policy and the Sustainability Policy, a number of KPIs have been identified to monitor performance. The main ones are the following:



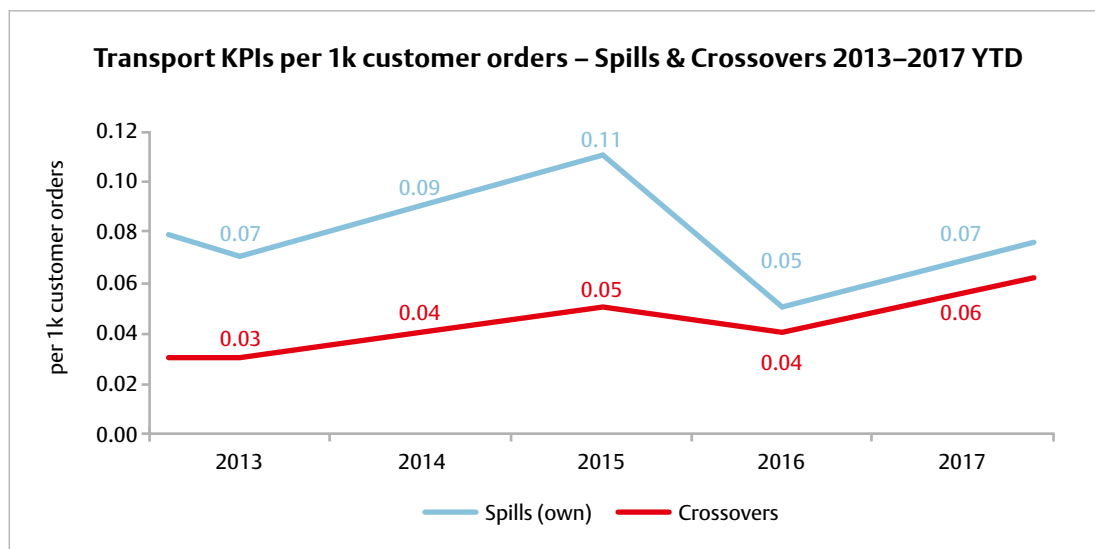
* HOYER Group registers employees' absence due to work-related injuries starting from day one.

4.1 SHEQ KPIs for Transport and Non Transport

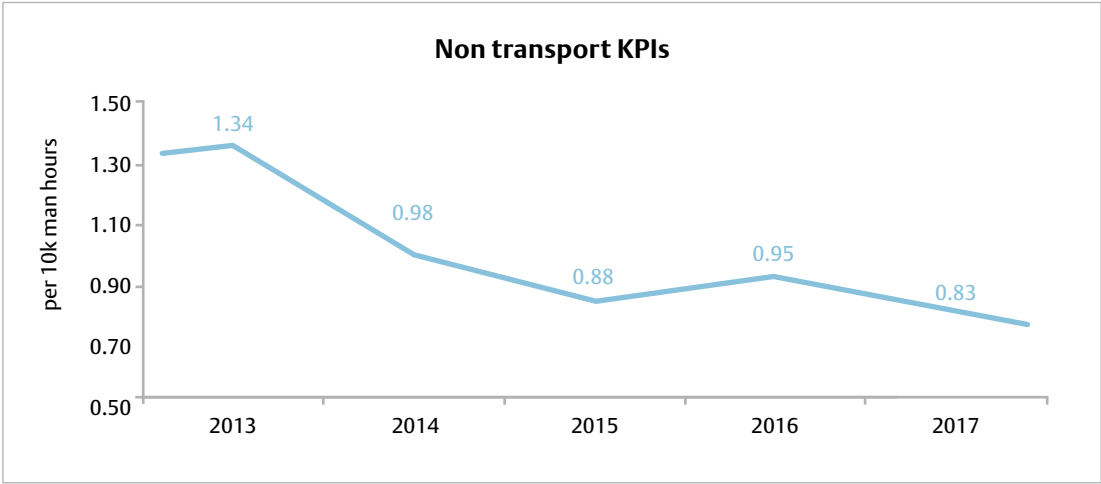
SHEQ KPIs Transport	2013	2014	2015	2016	2017
Motor vehicle incidents (per 1m km)	2.40	2.23	2.42	2.32	2.53
Injuries (per 1m km)	0.25	0.19	0.24	0.21	0.23



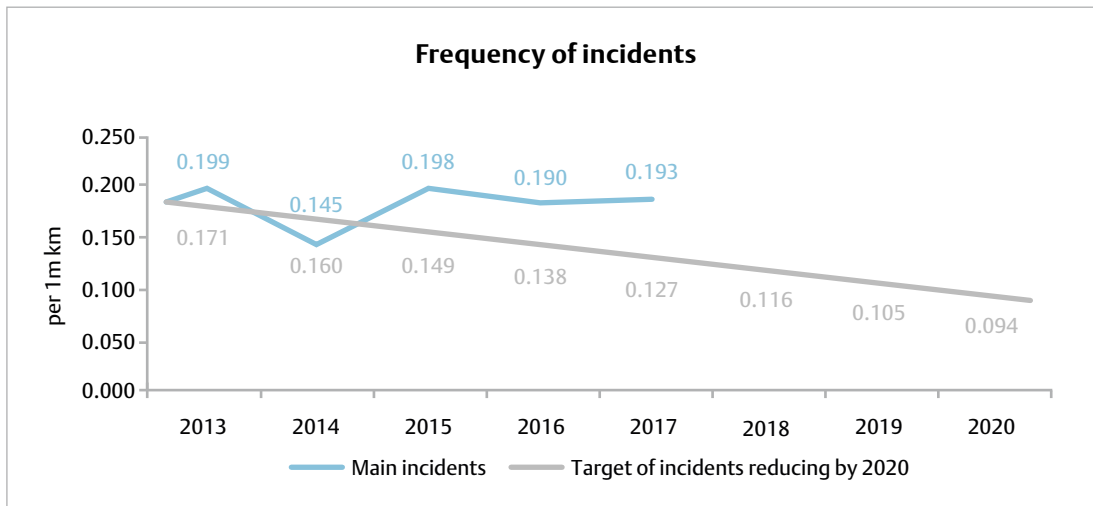
SHEQ KPIs Transport	2013	2014	2015	2016	2017
Spills (per 1k customer orders)	0.07	0.09	0.11	0.05	0.07
Crossovers (per 1k customer orders)	0.03	0.04	0.05	0.04	0.06



SHEQ KPIs Non Transport	2013	2014	2015	2016	2017
All incidents (per 10k man hours)	1.34	0.98	0.88	0.95	0.83

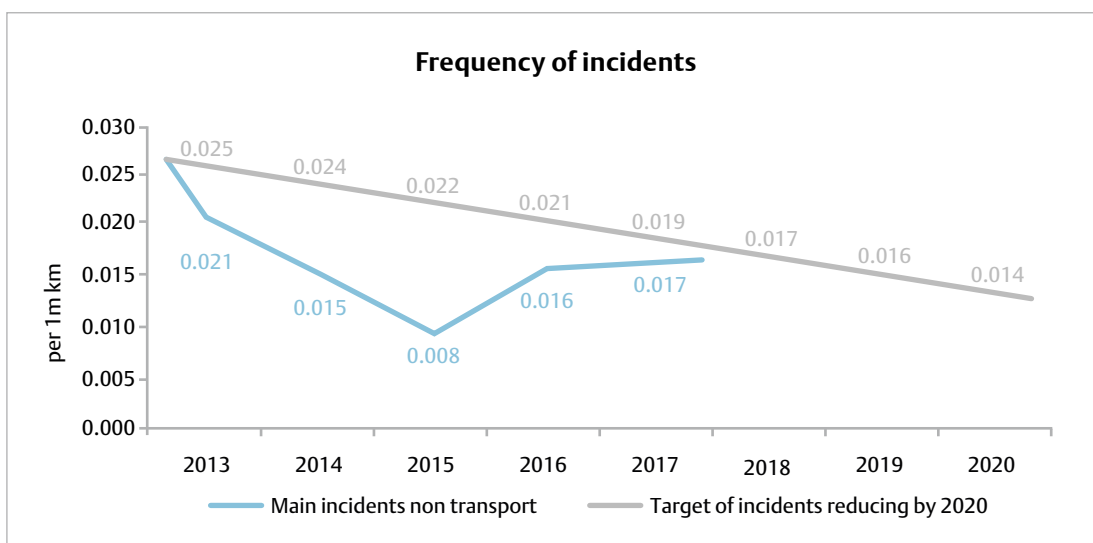


Main Incidents Targets Transport	2013	2014	2015	2016	2017	2018	2019	2020
Main incidents targets	0.171	0.160	0.149	0.138	0.127	0.116	0.105	0.094
Actual main incidents	0.199	0.145	0.198	0.190	0.193			



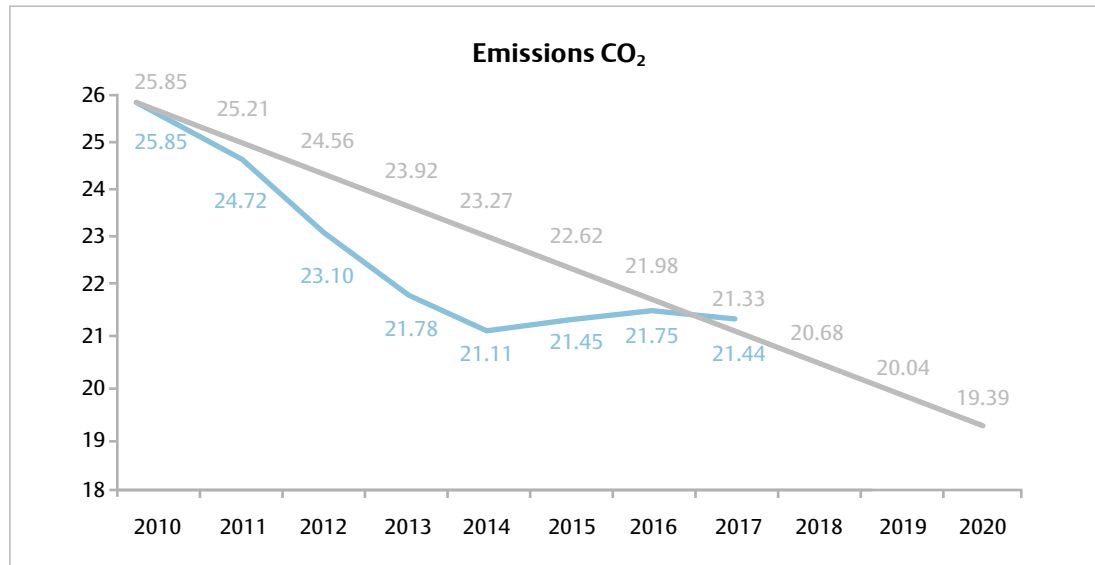
Increase due to acquisition of already running business with inherited poorer performance.

Main Incidents Targets Non Transport	2013	2014	2015	2016	2017	2018	2019	2020
Main incidents targets	0.025	0.024	0.022	0.021	0.019	0.017	0.016	0.014
Actual main incidents	0.021	0.015	0.008	0.016	0.017			



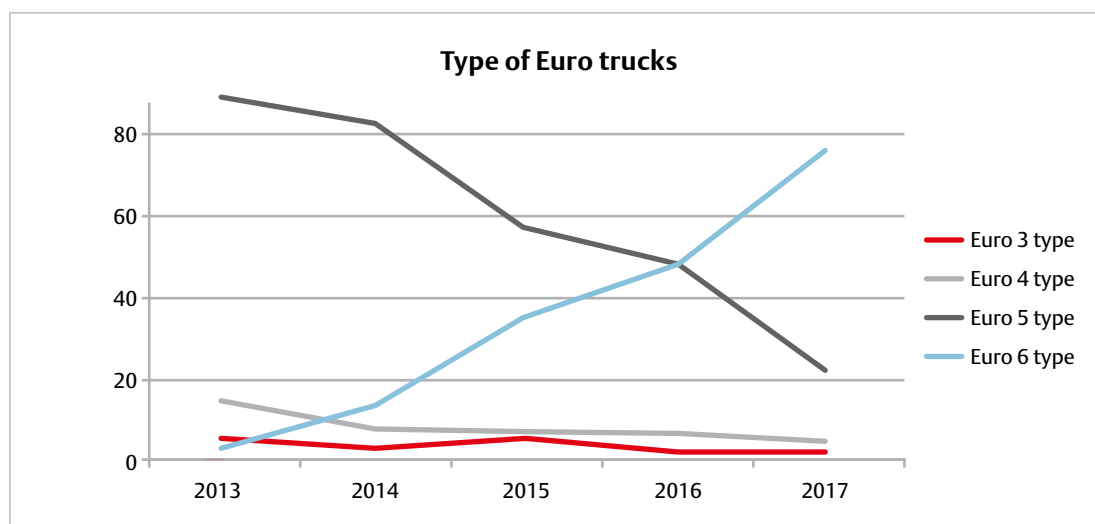
4.2 Environmental Protection KPIs

Environmental Protection KPIs Transport	2010	2011	2012	2013	2014	2015	2016	2017
Emissions CO ₂ (average g CO ₂ /tonne-km – including overseas)	25.85	24.72	23.10	21.78	21.11	21.45	21.75	21.44
Emissions CO ₂ (tonne)	630,463	640,434	596,634	563,580	758,892	664,140	601,397	588,589

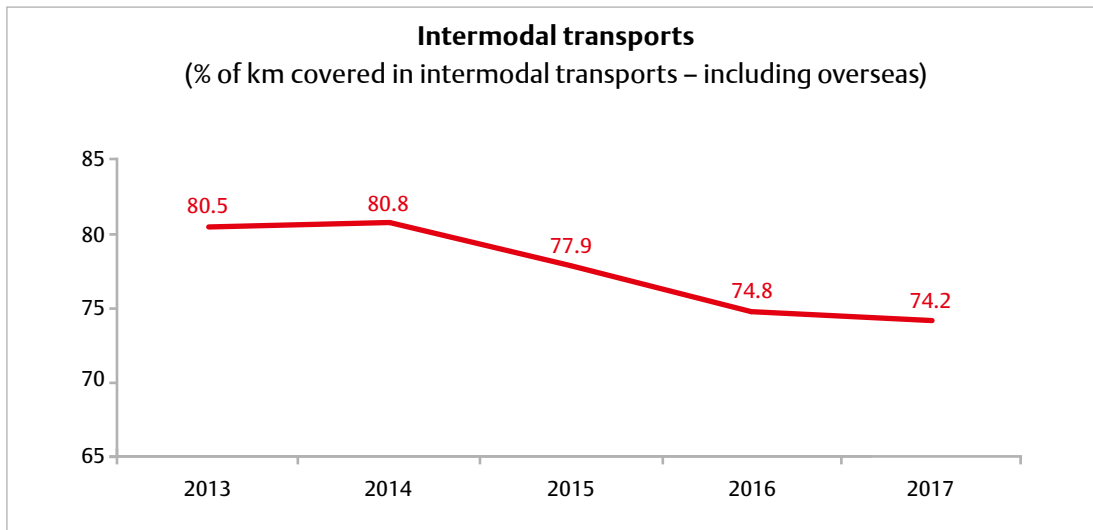


Increase in average CO₂/tonne-km due to growth in more CO₂-intensive based logistics contracts in Europe.

Environmental Protection KPIs Transport	2013	2014	2015	2016	2017
Type of Euro trucks (%)					
Euro 3 type	2	1	2	1	1
Euro 4 type	10	4	3	3	2
Euro 5 type	87	83	59	48	21
Euro 6 type	1	12	36	48	76



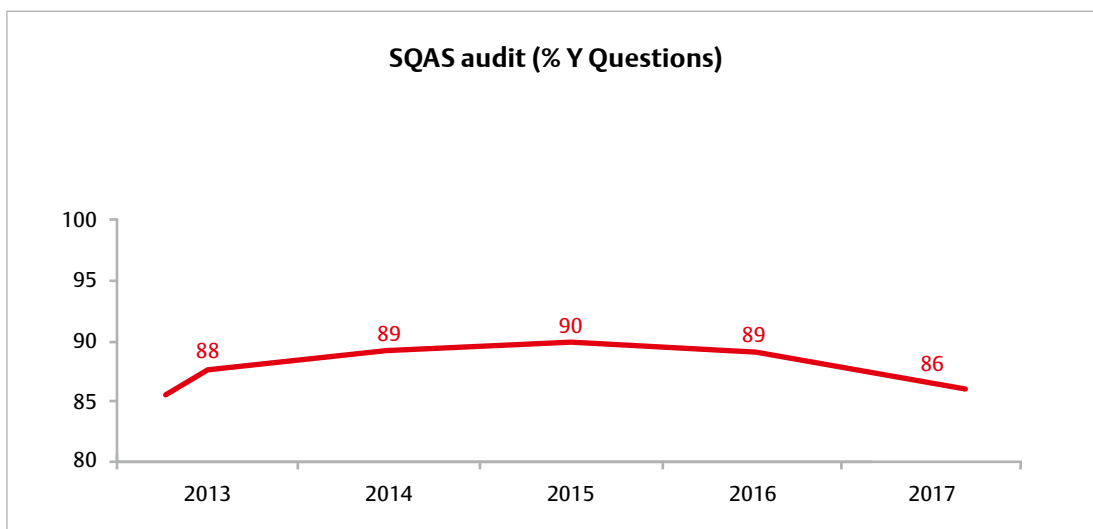
Environmental Protection KPIs Transport	2013	2014	2015	2016	2017
Intermodal transports (% of km covered in intermodal transports – including overseas)	80.5	80.8	77.9	74.8	74.2



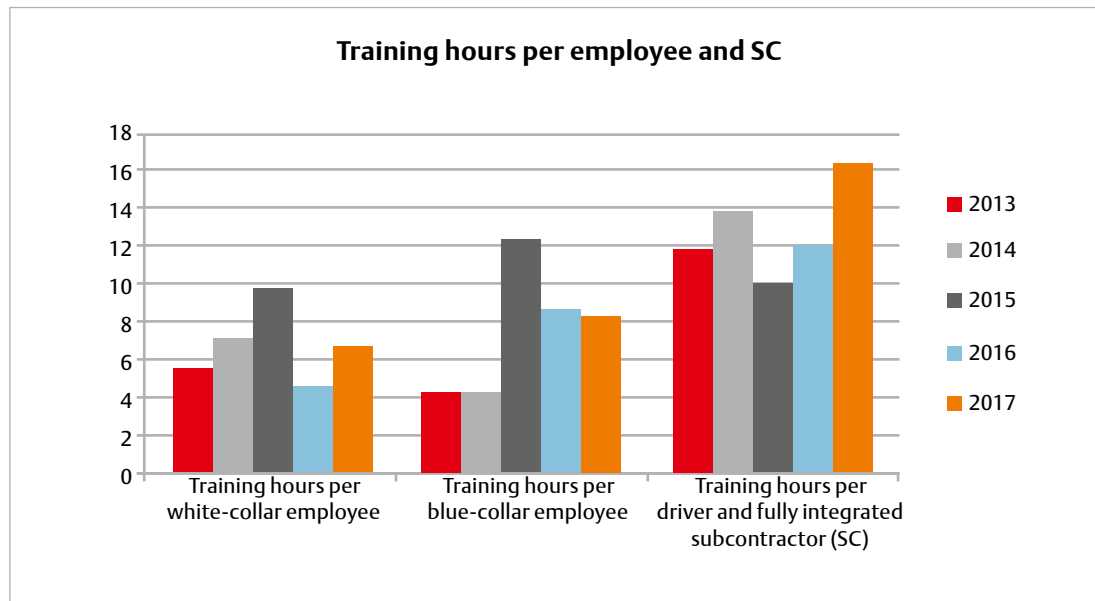
Reduced proportion of intermodal transports following growth in road-based logistics contracts in Europe.

4.3 Social Responsibility KPIs

Social Responsibility KPIs	2013	2014	2015	2016	2017
Audits per year	48	46	47	29	53
SQAS audit (% Y questions)	88	89	90	89	86



Social Responsibility KPIs	2013	2014	2015	2016	2017
Training hours per white-collar employee	5.8	7.3	9.7	5.3	6.9
Training hours per blue-collar employee	4.3	4.2	12.7	9.0	8.3
Training hours per driver and fully integrated subcontractor (SC)	11.9	13.8	10.1	12.1	16.4



Social Responsibility KPIs	2013	2014	2015	2016	2017
Age pattern of employees (%)					
< 20	0.8	1.2	0.8	0.8	1.1
21–30	9.3	10.6	12.3	11.0	10.5
31–40	18.9	18.7	18.4	19.2	20.2
41–50	37.4	34.5	32.5	30.2	28.6
51–60	26.7	27.8	28.4	30.7	30.8
> 61	6.8	7.1	7.5	8.1	8.7
Male/female ratio in management position (%)	8	7	7	11	21
Code of Conduct violations (N)	1	1	2	7	9
Security breaches**	72	48	49	23	27

** 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 the ETCA Responsible Care method (McKinnon study). Due to the EU norm (EN 16258) published in 2013 related to the calculation of emissions in transport operations, we may need to adapt our reporting system in the future to bring it in line with any commonly adopted measures consistently used across Europe.



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