



trans-o-flex

Communication on Progress

May 2007

1. Statement of support for the Global Compact

The United Nations Global Compact was instituted to give more weight to social and ecological standards in a world of relentless globalization. Because without logistics there can be no globalization, the carriers of the world-wide economic flows bear much responsibility for a sustainable and fair world economy. The ten basic principles of the Global Compact are therefore guidelines to which trans-o-flex Schnell-Lieferdienst GmbH & Co. KG, one of the leading European logistics organizations, feels unconditionally bound. Services provided by trans-o-flex take place within a framework of partnership with the customer, with shareholders and with employees, with special responsibility toward the environment, because only a company which focuses on and documents its own social and ecological development, and not only its economic performance, can be successful in the long term. This is precisely the commitment trans-o-flex has made in joining the Global Compact.

2. Rules of conduct and measures at trans-o-flex in 2006

2.1. Social and ethical principles

trans-o-flex observes national, European and international law. Operating, as it does, in accordance with the rule of law, trans-o-flex is automatically bound to protect human rights and the German Basic Rights. Two of these are the freedom of assembly and the right to conduct collective bargaining. Forced labor and child labor – as well as all forms of corruption, including blackmail and bribery – are punishable by law in Germany and are in contravention of the moral principles of any respectable company. A law (Allgemeines Gleichbehandlungsgesetz or “General Law on Equal Treatment”) which has been in force in Germany since 2006 is intended to prevent and eliminate unjustified discrimination on grounds of race, ethnic origin, gender, religion, opinion, disability, age or sexual identity. All those in management positions at trans-o-flex have been extensively informed about the contents of the law and its effects on everyday working life, and also about aspects of human rights. The

information process also went beyond management level: the relevant texts were made available to all employees via intranet and noticeboards. At the same time, a complaint point in the company was set up to which employees can bring complaints in cases of infringement.

Present social and ethical conventions are due to be put in written form for the first time during 2007. This process will be accompanied by a series of individual measures (see Outlook).

2.2. Ecological principles

trans-o-flex became a member of Global Compact at the beginning of 2006 and its focus during the year was on improving its ecological standards. The reason for this was that this was the field in which there was most to be done and in which the potential progress was most promising. The results have confirmed that this decision was correct. Decisive progress has been made in precautionary steps in environmental care and with respect to development and amplification of green technologies, confirming trans-o-flex as an ecological pioneer among logistics enterprises.

Responsible environmental behavior is key for a company which has up to 2,700 vehicles on the road on a daily basis. Recently published data paints an alarming picture of the threats posed by climate change, caused first and foremost by carbon dioxide emissions. The reduction of these emissions is the cornerstone of the sustainability strategy at trans-o-flex. The company also reduces its environmental burden through water retrieval and management, the use of ecological building and insulation materials and paint, integration of solar systems for generation of electricity, separation of waste materials by categories and the use of reusable packaging systems. Careful use of natural resources and minimization of environmental impact (waste material, noise, energy consumption) on a day-to-day basis – from purchasing through sorting to transport – are the expression of a consistent ecological approach and behavior.

These days, ecological goals are often inseparable from economic constraints. Increasing network efficiency makes just as much economic sense as it does environmental: optimizing the vehicle fleet leads to the equation “fewer vehicles transport more shipments” – that simultaneously means relief for our environment. Although trans-o-flex grew over the past year, shifting 3.9% more shipments than in the previous year, no more vehicles were used to make those deliveries. This was largely due to the nationwide use of state-of-the-art planning software known as “Catrin.” Vehicle capacities were better used thanks to constant optimization of routes and vehicle use – also leading to cost reductions and a lessened environmental impact.

The use of vehicles which are equipped with the most up-to-date technology is a matter of course for trans-o-flex and is also an environmental contribution. Transport operators under contract to the trans-o-flex System Partners benefit from long-term partnerships between trans-o-flex and top-name commercial vehicle makers. Consequently, more and more newest-generation vehicles are used today to transport trans-o-flex shipments.

Grouping environmental interests throughout the organization has been an important step for trans-o-flex – one reason for the company’s 2006 participation in the German Environment Ministry’s project “**On the safe side on the last mile.**” The project supports the realisation of high environmental standards in city-center and regional distribution. At the center of trans-o-flex’ interest in the project is the investment in Ministry-subsidized clean, quiet vehicles with high noise and emissions standards. Being a partner in this project has enabled the trans-o-flex System Partners and their subcontractors to benefit from the Government subsidies. As one of its own environmental measures for 2006, trans-o-flex further supported each Ministry-subsidized vehicle to the tune of a further €500. Thanks to this project, the transport operators had put 112 natural gas powered vehicles into service within the trans-o-flex network by the end of 2006. These vehicles emit approx. 25% less carbon dioxide than normal diesels and represent less noise pollution for the general population. They also emit no particulates or nitrogen oxides. Throughout the EU,

towns and cities are experiencing significant problems in keeping to the guidelines for air pollution. Therefore, the natural gas vans are a genuine help in this respect and, furthermore, in Germany they are exempted from the restrictions which can be imposed on motor vehicle use on days when the air pollution limits are exceeded.

Another way in which trans-o-flex expresses its ecological approach is through driver qualification programs. The company requires its transport subcontractors to attend regular training seminars and it especially supports the Transport Industry Insurance Association's new training program which focuses not only on safety but also on ecological and energy-saving aspects of driving and vehicle use. All drivers in service for trans-o-flex also possess the ADR certificate (special supplementary license for hazardous materials), the acquisition of which also includes ecological aspects. This requirement has been part of the hazardous materials guidelines at trans-o-flex since 1990, which now are part of the quality guidelines. trans-o-flex was a pioneer in this area: only since 2007 have drivers of vehicles under 3.5 tons carrying hazardous materials in quantities requiring identification marking been legally required to have the ADR certificate. Despite an increase in the quantities carried, the number of accidents involving hazardous materials at trans-o-flex has been falling steadily since 1990.

3. Outlook

trans-o-flex will continue to do all it can to do business in a sustainable way. The company is planning to introduce an Ethical Code in 2007 which will provide all parts of the organization with clear ethical standards. This Code is intended to raise awareness of the responsibilities of the company and its employees. trans-o-flex is committed to proactive support for the principles of the Global Compact in the years to come and will take new concrete action to express this support.