



Communication on Progress 2013

Rhenus Air

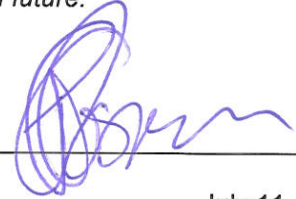


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1. Statement

Being a good corporate citizen is an ambition enthusiastically embraced at all levels within our company. As a member of the Global Compact, we believe that our business policies incorporate the ten principles. Our board fully supports our actions in working towards sustainability goals – in particular those contained in the UN Global Compact – and endorses the future priorities and specific targets we set out in our report. Through our support of the United Nations Global Compact, we also aim to move the agenda forward on performance related to human rights, labour rights, the environment and the fight against bribery and corruption. Here we summarised the progress we have made against these principles and we will continue to follow them up in future.

A handwritten signature in blue ink, appearing to read "P.G. Pasman", written over a horizontal line.

July 11, 2013
P.G. Pasman
Managing Director

2. Scope of the report

This annual report covers a 12 months period from July 2012 till June 2013 and is applicable for the sites of Rhenus Air B.V. in the Netherlands only. The report will be published on the website www.unglobalcompact.org.

3. Company profile

Rhenus Air is an airfreight forwarder based in the Netherlands. The head office of Rhenus Air is at Schiphol Airport. There are side branches on regional airports (Eindhoven, Maastricht and Rotterdam) and in Apeldoorn, Drachten and Etten-Leur. In total Rhenus Air has approximately 150 employees. Rhenus Air offers logistical solutions that are tailored to the specific needs of our customers. We are capable of this due to the dedicated efforts of our employees and our ability to anticipate the ever-changing market circumstances and demands in a professional and decisive manner. This is accomplished by a continuous improvement of our commercial, operational, financial, HR, quality and sustainability policy.

Rhenus Air is part of the Rethmann Group (Germany). The Rethmann group is one of the leading logistics service providers in Europe. Rhenus Contract Logistics, Freight Logistics, Port Logistics and Public Transport divisions manage complex supply chains and provide a wealth of innovative value-added services. In our Communication on Progress we refer to the Code of Conduct of Rhenus Logistics (Netherlands) and the Corporate Compliance document of the Rethmann Group (Germany), which are published on the intranet website of Rhenus Logistics and available to and distributed to all employees. It is the shared responsibility of the managers and employees of Rhenus Air to communicate those policies with clients and suppliers.

4. Evaluation of previous period

Rhenus Air embraces all principals and actively promotes them via the Code of Conduct (national level) and a Corporate Compliance document (published by the Rethmann Group). Participation in environmental friendly projects and sustainability issues are shared with our stakeholders in newsletters, meetings and presentations.

As a European based company we feel it is obvious that the principals related to environment are the biggest challenge for us since being compliant with all laws and regulations automatically means that we for example respect human rights, eliminate all forms of forced and compulsory labour and child labour. Therefore our main focus in the last year was to improve our environmental policy and procedures and to implement durable (logistic) solutions.

In the below paragraphs we describe and evaluate (4.1) our management systems and certifications, (4.2) the durable projects and programs we participated in last year, (4.3) the eco-friendly sites and equipment we have and (4.4) other indicators which endorse the fact that we actively support the principals.

4.1 Management systems and certifications

4.1.1 Environmental Management System

Since November 2012 Rhenus Air is certified by Lloyd's register against the ISO 14001:2004 standard. The environmental management system is used to achieve continuous improvement in environmental performance. The aim is to avoid or reduce the environmental effects of our company. To support the system an environmental policy, targets and indicators are defined, relevant environmental aspects are identified and procedures are written to identify and clarify the legal and other requirements that apply to the defined environmental aspects. The management system is evaluated twice a year during a management meeting and via internal and external audits. The Environmental Manual is published on the Rhenus Air intranet site and is available for all employees.

4.1.2 Quality Management System

Since 1993 Rhenus Air is ISO 9001 certified by Lloyd's Register. Our quality management system includes procedures covering all key processes, procedures covering selection and evaluation of suppliers, procedures on human resource management and monitoring processes to ensure the effectiveness of our procedures. The management system is evaluated twice a year during a management meeting and via internal and external audits. The Quality Manual is published on the Rhenus Air intranet site and is available for all employees.

4.1.3 TAPA-A Certification

In October 2010 Rhenus Air Schiphol moved to a new building, which is TAPA-A certified by Lloyd's Register since February 2011. All measures taken and procedures on safety and security issues are described in a Safety & Security Manual. The management system is evaluated twice a year during a management meeting and via internal and external audits. The Safety & Security Manual is published on the Rhenus Air intranet site and is available for all employees.

4.1.4 AEO Certification

Five years ago Rhenus Air was one of the first forwarders in The Netherlands who applied for and received the AEO-certificate (Authorized Economic Operator). This certificate offers different advantages in international trade. Dutch Customs Authorities grant various facilities for physical customs inspections to enterprises with the AEO status. Enterprises that would like to qualify for the AEO status must meet a number of criteria. Rhenus received the combined customs simplification and security and safety certificate.

4.2 Projects and programs

4.2.1 E-Cargo

Paperless airfreight carriage is the main objective of E-freight. Rhenus Air is one of the biggest e-Freight stakeholders in the Netherlands of this worldwide IATA initiative and ships, together with Rhenus Fresh, on average approximately 400 e-Freight shipments per month. From the beginning of the e-Freight project back in 2007, Rhenus Air has been in the top ten of IATA's e-Freight scorecard of number of e-Freight shipments. The goal of e-Freight is to make the supply chain faster, safer, more cost efficient and more durable. Rhenus Air participates in several e-Cargo initiatives (e-Freight, e-AWB etc) together with Amsterdam Airport Schiphol, IATA, Cargonaut, Dutch Customs, branch organisations ACN and EVO, the Ministry of Infrastructure and Environment, the Ministry of Economic Affairs and a lot of other parties.

4.2.2 Schiphol SmartGate Cargo

Dutch Customs, Schiphol Airport and ACN members have initiated an innovative public-private cooperation between government agencies responsible for enforcing border crossing legislation and the private sector. It is referred to as Schiphol SmartGate Cargo and includes the integrated monitoring and, in the case of perceived risks, the one-stop physical inspection of goods leaving the EU. Introduction of this concept is supported by SmartGateTheGame®, a "serious" game with e-learning module. This game will assist air cargo companies to optimally prepare for the changes and train their personnel. It will also be used in regular and vocational education. Rhenus Air was involved in the development of this program.

4.2.3 Horizontal Customs Supervision

Rhenus Air and the Dutch Customs Authority signed an official bilateral convention called "Convenant Horizontaal Toezicht" (Horizontal Customs Supervision). Goal of this convention is to create and maintain an efficient way of working based on transparency, understanding and confidence. This convention covers all issues concerning customs, safety, health, economy and environment. Although signed in 2009 this convention still stands and is resulting in continues improvement on above-mentioned issues.

4.2.4 CO2 Program

We also created the possibility for our clients to compensate (via our sister company) the emission of CO2 which evidently results from sending shipments by air. There are two options: compensation of CO2 only or compensation of all greenhouse gasses (ClimateSave). By choosing for one of these options our clients can take responsibility for the negative climate effects of airfreight.

4.2.5 Internal Compliance Program

In 2012 an internal project group is established to advise the air and ocean division in the Netherlands about compliance management. Implementation of an Internal Compliance Program is planned in the second half of 2013. In this program for example responsibilities, regulatory agencies, embargoes/sanctions and employee training are described. Goal of this program is to comply with customs and other requirements (USA en EU), protect employees and the brand name of Rhenus Logistics, reduce the risk of liability and to prevent employees from sharing confidential information.

4.2.6 Green carrier index

As part of our environmental management system we are working on a way to compare airlines on their environmental impact by setting up a ranking / index of airlines in which airlines are judged and categorized on their sustainability activities (either in general or for a specific route). It is our objective to present our customers a "green choice".

4.2.7 Milk run pilot

All forwarders on Schiphol Airport arrange their own transport to distribute and collect cargo with the airlines. In May 2013 a milk run pilot was done on the Airport in which Rhenus Air participated. A milk run is a round trip that facilitates both distribution and collection for all forwarders by one truck / trucking company. Advantages are reduction of the number of trucks waiting at airlines, reduction of CO2 emissions, higher load factors and reductions in transportations costs. The pilot will be evaluated in the coming weeks.

4.3 Sites and equipment

4.3.1 New freight building at Rotterdam The Hague Airport

In September 2012 Rhenus Air moved to a new freight building at Rotterdam The Hague Airport. The building is connected to a "ATES installation" (Aquifer Thermal Energy Storage), a sustainable energy control system. An ATES system uses aquifers (underground water-bearing formations) to store heat and cold and uses the groundwater as a heat carrier. Also attendance detection for light dimming and regulating the air conditioning are installed.

4.3.2 Freight building at Schiphol Airport

In October 2010 Rhenus Air moved to a new eco-friendly freight building at Schiphol Airport. Measures taken to save energy are:

1. Attendance detection: lights and air conditioning will switch off automatically if there is no movement in the offices and toilets.
2. Daylight timing: lights next to windows and dormers are equipped with sensors to detect if there is enough daylight. If there is enough daylight lights will be dimmed or switched off.
3. Reduction of the ventilation system (up to 40%): a monitoring system detects the number of employees present and will adjust the ventilation to a level that fits the amount of people present.
4. Heating pump (15KW): a pump will be used to get remaining heat out of the ventilation system and this heat will be warmed up to a higher temperature so that it can be used as heating for the building. This leads to reduction of gas consumption. Since the yield of the pump is higher than the yield of the boiler energy will be saved.
5. Tap water collector showers: water for the showers is heated by sun collectors.

6. Sun collectors: 500m² PV cells on the roof which produce 50.000 Kwh of energy on a yearly basis.

Energy consumption did decrease severely since the move to the new building: the energy consumption in 2011 and 2012 are approximately at the same level as they were in 2010, but in the new building twice the amount of employees are housed and almost twice the office/warehouse space is available. Exact figures will be made available in the second half of 2013.

4.3.3 Introduction of the "MIA Electric"

We recently started a test with a 100% electric car "MIA Electric". This car will be used for short rides on Schiphol Airport and the Schiphol area only. After the test period it will be decided if extension of the car park with the same or comparable cars / trucks will be realized when the current cars / trucks need to be replaced.

All internal transport means such as fork-lift trucks and pallet-jacks are electric.

4.4 Indicators

4.4.1 Use of paper

The following measures were taken to reduce the use of paper:

- The introduction of single instead of double invoices saved approximately 118.000 sheets a year.
- More clients and Rhenus offices worldwide received (or provided) digital invoices.
- The operational system Logitrack 2 which was introduced in 2010 (import) and 2011 (export) makes it possible to electronically file emails, digital photographs and other documents. As for the emails and photographs this can save easily up to hundred thousands sheets a year. We are now actively stimulating employees to use this function of Logitrack 2 instead of printing and filing the emails, photographs etc. in a physical file.
- As per 2012 quotes, tenders and rate sheets are filed electronically and are made accessible to all relevant employees.
- A web based booking tool (Logiweb) is introduced and we are now testing the web tool with a selected group of principals. Use of the web based booking tool should not only lead to more efficient work procedures, but also to unnecessary printing of documents.

4.4.2 Company cars

Since 2009 hybrid company cars are successfully promoted: in 2012 and 2013 more employees have chosen for hybrid cars when their old ones have to be replaced.

4.4.3 General

Indicators to measure our impact on the environment are (1) Energy consumption, (2) use of paper, (3) use of water, (4) lease cars, (5) public transport, (6) own transport, (7) transport arranged via third parties and (8) business trips. Exact figures will be made available in the second half of 2013.

5. Goals and targets / next years preview

Although we made some good progresses last year, especially on environmental level, there are still enough challenges for the coming year. Goals for the coming period (July 2013 – June 2014):

1. Implement the green carrier index and offer clients a green choice
2. Implement a Internal Compliance Program
3. Implement the environmental indicators
4. Improve our communication on our efforts on the UN Global Compact principals to our stakeholders (more specific our clients, partners and suppliers)
5. Investigate the possibility to introduce a Code of Conduct for partners and suppliers on corporate social responsibility (and the UN Global Compact Principals)
6. Further investigate which documents that are sent to (new) employees can be digitalized and implement when possible.
7. Further promote digitalization of operational files and invoicing

6. UN Global Compact Principals

1	Businesses should support and respect the protection of internationally proclaimed human rights;	Reference is made to the Code of Conduct chapter "Principals" in which for example we declare that Rhenus Air only provides services that are legal and ethical. Activities in contravention of national and international law and rules will not be accepted.
2	and make sure that they are not complicit in human rights abuses.	Reference is made to the Code of Conduct chapter "Principals" in which for example we declare that Rhenus Air avoids illegal activities and violation of human rights
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Reference is made to the Code of Conduct chapter "Employees" in which for example we declare that Rhenus Air respects its employees as a group and as individuals. A works council is active over more than 20 years and is involved in all company issues that affect the employees and their rights.
4	the elimination of all forms of forced and compulsory labour;	Reference is made to the Code of Conduct chapter "Employees" in which for example we declare that Rhenus Air opposes against all forms of discrimination, exploitation, intimidation, teasing and deceit.
5	the effective abolition of child labour;	Reference is made to the Code of Conduct chapter "Employees" in which for example we declare that Rhenus Air opposes against all forms of discrimination, exploitation, intimidation, teasing and deceit.
6	and the elimination of discrimination in respect of employment and occupation.	Reference is made to the Code of Conduct chapter "Employees" in which for example we declare that Rhenus Air opposes against all forms of discrimination, exploitation, intimidation, teasing and deceit. In addition Rhenus Air exerts itself to provide all people equal chances to develop themselves within the company. In case of suspicion of contravention of rules, laws or the Code of Conduct complaints can be anonymously reported to the Rhenus Air's Confidential Committee.
7	Businesses should support a precautionary approach to environmental challenges;	Reference is made to the Code of Conduct chapter "Social Responsibility" and to the website of Rhenus Air's holding company Rhenus Logistics. In November 2012 Rhenus Air was certified against the ISO 14001 standard which confirms the fact that we support a precautionary approach to environmental challenges . Audits will be done twice a year by Lloyd's Register to verify the effectiveness of our system.

8	undertake initiatives to promote greater environmental responsibility;	Reference is made to the principal 7. Since 2007 Rhenus Air participates in several e-Cargo initiatives (e-Freight, e-AWB etc) together with Amsterdam Airport Schiphol, IATA, Cargonaut, Dutch Customs, branch organisations ACN and EVO, the Ministry of Infrastructure and Environment, the Ministry of Economic Affairs and a lot of other parties.
9	and encourage the development and diffusion of environmentally friendly technologies.	Reference is made to the principal 7.
10	Businesses should work against all forms of corruption, including extortion and bribery.	Reference is made to the Code of Conduct chapter "Employees" and "Social Responsibility" in which for example we declare that bribery is unacceptable and contributions to political parties and unions id are unacceptable. Rhenus Air avoids and disproves participation in criminal activities.

7. Contact details

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