



trans-o-flex
Communication on Progress
on the Principles of the
Global Compact

Report 2007 / 2008

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1. Statement of support for the Global Compact

In its second membership year, trans-o-flex Schnell-Lieferdienst GmbH & Co. KG, one of Europe's leading logistics enterprises, has continued in its commitment to the goals of the United Nations Global Compact and has contributed in a variety of ways to the implementation of these goals. trans-o-flex is positioned as a service company whose relationships with customers, shareholders and employees take the form of partnerships and who bears a special degree of responsibility towards the environment. In the globalization process, it is logistics organizations which physically carry the worldwide flows of goods and services and are in the front line of those whose task it is to ensure a fair and sustainable world economy. By supporting the ten basic principles of the Global Compact, trans-o-flex – along with other companies and groupings within society – states publicly that it will take on the challenges of the future and develop solutions which will further assist social progress and the protection of the environment.

2. Code of conduct and measures at trans-o-flex

2.1 Introduction of Ethical Guidelines

In 2008, one of the central aims of trans-o-flex was implemented when the new Ethical Guidelines were introduced. This document is a statement of the company's Corporate Social Responsibility and is an ethical framework within which all decisions at trans-o-flex are to be made. The Ethical Guidelines serve as a yardstick for all employees in all parts of the organization. They have their foundation in international agreements such as the Universal Declaration of Human Rights, the Conventions and Recommendations of the ILO or the Global Compact of the United Nations. They include unconditionally, among other elements, adherence to certain minimum social standards, mutual respect, functioning communication and teamwork, a working environment free from discrimination, intimidation and harassment and which is safe and compatible with good health, the observance of laws and responsibility towards the environment. trans-o-flex avoids working with customers or third parties whose

standards are incompatible with the Ethical Guidelines. The Ethical Guidelines are attached as an Appendix to this Communication on Progress.

2.2 Social and ethical principles

Existing national, European and international law is binding upon trans-o-flex as a German company conscious of its obligations under the rule of law. Observance of human rights, the freedom of assembly, and the right to collective bargaining are as much a part of this obligation as all other basic rights anchored in the German Constitution. This equally applies to the explicit rejection of child labour and forced labour, the avoidance of which trans-o-flex especially emphasizes in its relationships with partner companies in other countries. trans-o-flex' anti-corruption strategy has also been incorporated in a clearly defined statement into our new Ethical Guidelines (see 2.1).

In 2007, the guarantee of freedom from any type of discrimination was in special focus at trans-o-flex with the implementation of the General Law on Equal Treatment enacted in 2006, which is based on the anti-discrimination guidelines of the European Union. All trans-o-flex employees were made additionally aware of anti-discrimination and human rights topics and there were extensive training and information meetings. Employees were familiarized with the relevant texts via notice-boards. In cases of infringement, employees can turn to a special officer within the company. In this way trans-o-flex has ensured that neither employees nor customers nor contractors may be disadvantaged on grounds of sex, ethnic origin, religious belief or for any other reasons.

2.3 Ecological principles

In 2007 and beyond, trans-o-flex has placed increased emphasis on the improvement of ecological standards. As a leading provider of services in health logistics with 2,700 vehicles in Germany alone, the company is aware of its special environmental responsibility. Although the climate-change debate has reached a new pitch this year, many companies have merely declared their intentions – trans-o-flex, by contrast, has taken concrete action. The steps which have been taken serve to inhibit climate change in the long term and underline the company's ecological vanguard position within the logistics industry.

By using vehicles which incorporate state-of-the-art technology, the company is making a significant contribution to the reduction of dangerous CO₂ emissions. Carriers contracted by the trans-o-flex system partners also profit from long-term partnerships between trans-o-flex and major manufacturers of commercial vehicles. Within the framework of a new Fleet Policy, all the company's vehicles have since July 2007 at least met the Euro 4 emissions standard, and all are equipped with exhaust gas treatment systems and particulate filters. Furthermore, trans-o-flex uses its purchasing power to appeal to vehicle makers to offer more environmentally favourable technologies in future – for example SCR, a means to reduce emissions of nitrogen oxides. The proportion of delivery vehicles with alternative propulsion is also being increased: in 2006 and 2007 trans-o-flex was a participant in a German Environment Ministry project which supported investment in specially clean and quiet vehicles. trans-o-flex additionally used company money to encourage system partners and transport contractors to acquire such vehicles. The natural gas-powered vans used in the trans-o-flex network as a result of this initiative emit 25% less CO₂ than conventional diesel vehicles and can be used without restriction for deliveries within the "environment zones" which have been set up in numerous German cities. The use of modern delivery vehicles with higher cargo capacity, in combination with optimized delivery-route planning using new software, meant that in 2007 a higher volume of traffic (plus 1.2%) was carried without the need for any additional vehicles.

Another expression of the ecology-conscious thinking at trans-o-flex is the new campaign “My Choice 120.” Delivery vans are factory-equipped with speed restrictors limiting their top speed to 120 km/h. This enhances transport safety, reducing fuel consumption and pollution levels, and at the same time drivers are subject to reduced stress. By mid-2008 350 vehicles had been so equipped.

In addition to the new measures mentioned here, existing ecology-aimed activities are ongoing. These include careful use of natural resources and minimization of negative effects on the environment on a day-to-day basis, for example by re-using drainage water, using ecological building and insulating materials and paint, waste separation and using recycling systems. Drivers learn energy-efficient driving techniques in driver qualification programmes. The so-called “ADR Certificate” (specialized driving permit for transporting hazardous goods), the training for which includes elements of environmental relevance and which has been legally mandatory for all hazardous goods transport since 2007, has been standard for trans-o-flex drivers since 1990.

The trans-o-flex Logistics Group is the first operator of a nationwide distribution network in Germany to switch its electricity supply entirely to eco-power, or power derived from renewable sources. Despite additional annual costs amounting to a substantial five-figure Euro sum, all company locations are now using electric power derived from solar, hydroelectric and wind production. This means that in comparison with conventionally-generated electric power, emissions of CO₂ are reduced by 100%.

To document the environmental burdens for which trans-o-flex is responsible, the company has begun to quantify both its CO₂ and NO₂ emissions. For 2007, a complete CO₂ statement is already available. This data enables a more focused strategy for the following steps. There are plans to enter a co-operation with the environmental organization “Naturefund.”

3. Outlook

trans-o-flex is committed to the values incorporated in the Global Compact and will continue to help publicize them and to support their implementation. The company attaches much importance to an unequivocal commitment today and in future to basic ethical and ecological principles and to acting upon them. This will be emphasized in the years to come by further proactive measures.

In 2008, switching to power from renewable sources alone is improving the CO₂ position of trans-o-flex by almost 5%. Including the other initiatives already mentioned, the Group will be able to reduce its emissions of CO₂ by a total of around 10,000 tons this year.