



Communication on Progress 2019

Rhenus Air & Ocean



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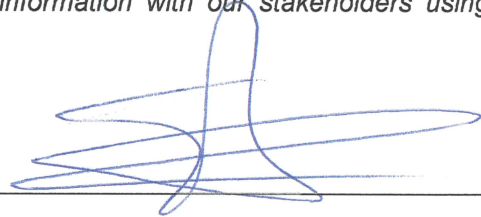
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1. Introduction

1.1 Statement

I am pleased to confirm that Rhenus Air & Ocean reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.



October 3, 2019

E.P.F. Roderkerk
Regional Manager BeNeLux Air & Ocean
Rhenus Air & Ocean Netherlands

1.2 Scope of the report

This annual report covers a 12 months period from June 2018 till June 2019 and is applicable for the sites of Rhenus Air & Ocean B.V. in the Netherlands only. The report will be published on the website www.unglobalcompact.org and is available for all stakeholders upon request.







1.3 Company profile

Rhenus Air & Ocean is an airfreight forwarder based in the Netherlands. The head office of Rhenus Air & Ocean is at Schiphol Airport. There are side branches on regional airports (Eindhoven, Maastricht and Rotterdam) and in Drachten, Vaassen, Rotterdam (port) and Tilburg. Rhenus Air & Ocean has approximately 120 employees. Rhenus Air & Ocean 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 continuous improvement of our commercial, operational, financial, HR, quality and sustainability policy and procedures.

Rhenus Air & Ocean 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.

2. Our actions in 2018 / 2019

2.1 Environmental goals

Goals 2018/2019	What we achieved last year	Status
The complete and within the entire Air & Ocean organization digitally linking information and documentation to the digital file in our operational system.	The end date of this goal is 31 December 2019. Full realization is only realistic after the introduction of ROCS (Rhenus' operational transport system) which is expected to be implemented end of October 2019.	
Digitally implement all newly-scored customers (including electronic invoices etc.)	Not all newly-scored customers are digitally implemented. We did offer it to all new clients but some were not willing to accept this way working yet.	
95% of the shipments that can be booked as E-AWB are sent as such	The percentage of E-AWB shipments booked as such was 85% for Rhenus Air & Ocean in 2018, which is still a percentage far above the average compared to other forwarders.	
Implementation and roll-out of RHEGREEN in the Netherlands (choice of the least environmentally damaging option / carrier on a particular route)	RHEGREEN was successfully launched in the Netherlands in April 2019. For more details see chapter 3.1 (page 4) of this COP	
Certification against the new ISO 14001 standard (ISO 14001: 2015 instead of 14001: 2008)	Recertification was done by Lloyd's Register on October 30 and November 1 and 2 2018	
Certification against IATA CEIV Pharma requirements	Rhenus Air & Ocean has obtained the Center of Excellence for Independent Validators in Pharmaceutical Logistics (CEIV Pharma) certification from IATA for its Amsterdam Airport Schiphol branch. The CEIV Pharma certification sets the highest quality standards for life sciences and healthcare customers through uniform processes and a compliant supply chain for pharmaceutical products. The certification is valid as of 31 January 2019	

2.2 Environmental KPI's

A KPI overview to measure our impact on the environment is implemented. Measured are CO2 emissions as a result of the company's own fleet, electricity consumption, gas consumption, water consumption, lease cars, commuter traffic, business trips, paper consumption and plastic consumption. Conclusion is that we have 25% more CO2 emission in 2018 compared to 2017. However the weight transported via our warehouses also significantly increased which explains the absolute increase in all areas.

At the moment we see no other possibility or need to take other measures to reduce CO2 emissions.

2.3 Other actions

Other CSR or environmental projects Rhenus Air & Ocean participated in or actions taken last year are:

- **LED lighting:** In March the lighting in the warehouse was replaced by LED lighting. The energy consumption since then reduced around 15% per month (Q2 2019) compared to last year. A first conclusion seems to be that introducing LED lighting has a positive effect on our energy consumption. However the energy consumption also includes the consumption of the temperature controlled rooms, so the actual percentage reduction in energy consumption as a result of the switch from fluorescent to LED lighting will be greater. It is not possible to measure this separately. The lighting on the outside area is currently also replaced by LED lighting.
- **Compliance training:** In 2018 all Rhenus Air & Ocean managers and staff participated in a compliance awareness training which was developed especially for Rhenus (worldwide) and which focussed on integrity in business dealings, separating professional and private interest, handling privacy-sensitive data etc. Also e-learning tutorials (and refreshers) on fair competition, preventing corruption, data protection and preventing fraud were provided by the German Head Quarters. These online tutorials focus on familiarizing with the matters of compliance. Participants in the training were taken in easy steps through hands-on examples of everyday business situations involving multiple compliance issues. The training was to be completed successfully for all participants.
- **DG awareness training:** As part of their daily job all export employees of Rhenus Schiphol attended a (refresher) DG security awareness training with the aim of recognising potential risks and or special handling request in an early stage.

3. Focus Areas

As an European based company we feel it is obvious that the principles 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 we focus on improvement of our environmental policy and procedures, implementation of durable (logistic) solutions, further implementation of E-Cargo and participation in other E-projects.

3.1 Projects and programs

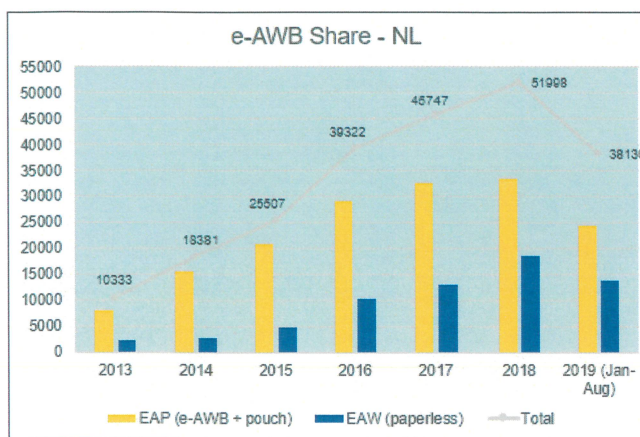
3.1.1 RHEGREEN

In April 2019 Rhenus Air & Ocean launched RHEGREEN. RHEGREEN is the world's first CO2 reduction program for airfreight. RHEGREEN gives customers the opportunity to choose the most efficient aircraft from a sustainability point of view. RHEGREEN is a calculation method based on available types of equipment, fuel consumption and distances to be covered. In short: RHEGREEN calculates which aircraft is most efficient in terms of CO2 emissions per route.

An external party has validated the transparency and independency of the calculation method. This validation confirmed that by making the greenest choice, a CO2 reduction of 10 to 40 percent per shipment can be achieved. RHEGREEN is offered on flights from Amsterdam Schiphol Airport to several destinations like Chicago, Mexico City, Mumbai, Shanghai, Singapore, San Francisco and Hong Kong. And from Brussel to Shanghai and from Frankfurt to New York, Shanghai and Hong Kong. RHEGREEN will expand to more destinations and rolled out worldwide within the Rhenus network.

3.1.2 Digitalization processes

In 2007 IATA started with its E-Cargo (aircargo digitalization) initiative, to build a new evolutionary set up and way of working / handling (overall framework). In 2013 IATA realized that its scope is too broad for their ambitions to change the aircargo business. Together with all stakeholders (mainly carriers) IATA determined the E-AWB as the most important component and the starting point of its attempt to start an evolution in the aircargo business. From the beginning of the e-Cargo project back in 2007, Rhenus Air & Ocean has been frontrunner for this project in the Netherlands. Rhenus Air & Ocean ships, together with Rhenus Fresh, over 2.000 e-Freight shipments per month. The below table gives a good overview of the E-AWB development for Rhenus Air & Ocean since 2013 and show us the key figures and (environmental) benefits.



- 274.617 e-AWBs issued
- 9.153,9h less handling time
- 3.295.416 Din A4 pages not printed
- €76.893 in material savings
- 263 trees saved

- A total of 274.617 original AWBs not printed! (2013-2019)
- One original AWB = 12 pages
- Leading to a total number of 3.295.416 saved A4 sheets



- One tree (length 10m & diameter 30cm) = 12.500 A4 sheets (70g)
- With not printing the original AWB we have saved a total of 175 trees!

Besides the IATA E-initiatives Rhenus Air & Ocean also has other aims for digitalizing the whole organisation like digitally linking information and documentation to the digital file in our operational system.

3.1.3 Last mile delivery of relief goods / Wings for Aid

Over the next two years, Rhenus Air & Ocean and Wings for Aid will work together to explore the feasibility of a strategic alliance for the 'last mile' delivery of relief goods in disaster areas.

Bridging the so-called 'last mile' in disaster areas that are difficult to reach is a major logistical problem. It is estimated that 100 million people in disaster areas are in need of emergency aid every year, 20 percent of whom are poorly served. Wings for Aid responds to this with an innovative delivery system consisting of unmanned small airplanes and smart technology that allows self-landing boxes of emergency aid to land with great precision in otherwise inaccessible places. Rhenus Air & Ocean looks after the logistics needed to get the delivery system to its destination quickly and efficiently, anywhere in the world.

The system can be used for disaster relief, but also for the planned supply of medicines in remote areas. In 2018, the system was tested in the Dominican Republic, delivering 20 kilograms of emergency aid per flight. Based on the positive results, work is now underway on the next generation of unmanned aircraft capable of carrying 120 kilograms per flight, over a distance of 250 kilometers, and then returning for the next flight.

Wings for Aid is a Dutch start-up that helps humanitarian organizations to reach people in need in the most inaccessible places. Using automatic flights and patented self-landing boxes, Wings for Aid offers new possibilities to oversee situations, overcome obstacles and deliver emergency aid efficiently, exactly where it is needed. In addition to working with Rhenus Air & Ocean, Wings for Aid also works closely with technical universities and the German aviation institute DLR

3.1.4 Schiphol SmartGate Cargo

Dutch Customs, Schiphol Airport and ACN have initiated 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.

Since April 2014 Rhenus Air & Ocean started with e-Link. E-Link is part of Schiphol SmartGate Cargo and provides seamless connections and real time status information to all parties involved in the delivery of export shipments. Simply by connecting the AWB number to the ACN Cargo Card (driver's ID), shipment statuses and customs and security controls are immediately visible to all concerned. The e-Link pilot project has shown that an average delivery truck can save 15 minutes of every hour it spends at the ground handler, simply by passing over the "intake" desk. Reusing key shipment information brings more transparency and fewer errors. Moreover, the system provides real-time status reporting in line with Cargo 2000 milestones. It enables the industry to deal with any customs controls and inspections before building up pallets and loading the goods in the truck. It seamlessly integrates e-Freight and automated compliance checking.

3.1.5 CO2 Program

In 2017 Rhenus Air & Ocean signed an agreement with Climate Neutral Group to offer clients a CO2 compensation program. In the program there are two options: compensation of CO2 only or compensation of all greenhouse gasses (ClimateSave). By choosing one of these options our clients can take responsibility for the negative climate effects of airfreight. Promotion actions are currently on hold due to the introduction of RHEGREEN in April 2019. RHEGREEN (actual CO2 reduction) and the CO2 compensation program (compensation of CO2) are not (yet) easy to promote together since one of the advantages (real reduction and not compensation) of the first undermines the goal of the second one.

3.2 Environmental friendly sites and equipment

All sites of Rhenus Air & Ocean are fully compliant to all labor and environmental legislation. The sites of Rhenus Air & Ocean in Drachten, Rotterdam (port and airport), Tilburg and at Schiphol Airport Rhenus Air & Ocean however even have some more eco-friendly solutions and provide optimal working conditions for all employees since the buildings are relatively new. Below we summarize some of the solutions:

- In the third quarter of 2018 a sustainable distribution center of Rhenus Logistics was opened in Tilburg. The total surface area of approximately 60,400 m² of which circa 40,000 m² are warehouse space and 16,000 m² Value Added Logistics space. For both the design and the realisation of the DC Rhenus and Dokvast pursue the 'Outstanding' BREEAM score. To achieve this sustainable materials, automatically dimming LED lighting, triple insulation glass, additional insulation of facades and roofs as well as a heat pump and e-boilers are used. The DC will in its entirety be heated without gas. Rhenus Air & Ocean also has an office in this building for the export air and ocean operations.
- Attendance detection for light dimming and regulating the air conditioning are installed (Drachten, Eindhoven, Vaassen, Rotterdam, Schiphol, Tilburg).
- The building in Rotterdam The Hague Airport 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.
- 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 (Schiphol).
- 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 (Schiphol).
- Tap water collector showers: water for the showers is heated by sun collectors (Schiphol).
- Sun collectors: 500m² PV cells on the roof which produce 50.000 Kwh of energy on a yearly basis (Schiphol).
- Electric forklift and pallet trucks are used (all sites)

3.3 Management systems and certifications

3.3.1 ISO standards

Rhenus Air & Ocean has an integrated quality and environment management system. The system has the aim to improve our processes and to meet the needs and requirements of our customers and to comply with all legal and other requirements. The systems are ISO 9001 and ISO 14001 certified by Lloyd's Register. The management systems are evaluated at least twice a year during management meetings and via internal and external audits. The Quality and Environmental Manual is published on the Rhenus Air & Ocean intranet site and is available for all employees.

3.3.2 TAPA-A Certification

The freight building of Rhenus Air & Ocean Schiphol is TAPA-A certified by Lloyd's Register. 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 & Ocean intranet site and is available for all employees.

3.3.3 AEO Certification

In 2008 Rhenus Air & Ocean 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 Air & Ocean initially received the combined customs simplification and security certificate. Last year we changed it to security only since the customs activities are subcontracted to our sister company ALS.

3.3.4 IATA CEIV Pharma Certification

Rhenus Air & Ocean has obtained the Center of Excellence for Independent Validators in Pharmaceutical Logistics (CEIV Pharma) certification from IATA for its Amsterdam Airport Schiphol branch. The CEIV Pharma certification sets the highest quality standards for life sciences and healthcare customers through uniform processes and a compliant supply chain for pharmaceutical products. CEIV Pharma ensures that facilities, equipment, operations and staff comply with all applicable standards, regulations and guidelines (such as GDP, WHO, IATA TCR) expected from pharmaceutical manufacturers. Main goal is to ensure product quality resulting in patient safety. The certification is valid as of 31 January 2019

4. Values and behaviors

Rhenus Air & Ocean embraces all UN Global Compact principals and actively promotes them via the Code of Conduct (national level) and the Corporate Compliance document (published by the Rethmann Group). Both documents are available for all employees via intranet. The Corporate Compliance Document is available for all stakeholders on the website.

4.1 Corporate Compliance

The main objective of the Rhenus SE & Co. KG (holding company of Rhenus Logistics) is to deliver high value across the Group's individual divisions, in line with the interest of all stakeholders; shareholders, employees, the wider community etc. This must be achieved in compliance with legal and ethical requirements. We value our company's good reputation: business partners, authorities and the public all expect us to act in a professional and responsible manner. The growing importance of good corporate governance and the legal risks associated with non-compliant behavior was the reason to set out formal Corporate Compliance Principles, which are:

1. We are committed to fair competition – no illegal cartel agreements
2. We are committed to integrity in our business dealings – no corruption
3. We are committed to separating our business and private activities – no conflict of interest
4. We are committed to full cooperation with the authorities – no false or misleading information
5. We are committed to respecting human rights and creating proper working - without making any compromises

All principals are in line with the UN Global Compact anti-corruption principle (*Businesses should work against all forms of corruption, including extortion and bribery*). Some clients request Rhenus activities to be compliant to the FCPA (Foreign Corrupt Practices Act / USA), which has been agreed upon with those clients.

4.2 Code of Conduct

The division management of Rhenus further implemented and explained the corporate compliance code of our holding company which resulted in the Code of Conduct for Rhenus employees in the Netherlands. This Code of Conduct is an addition to the brochure with the title 'Corporate Compliance'. The Code of Conduct contains all regulations and rules of conduct that Rhenus employees may encounter while at work.

The main aim of the Dutch brochure is to set out those guidelines that we believe to be important at Rhenus. We also describe how to handle and respond to certain situations, and how to create a pleasant working environment. This is called 'doing the right thing'. The Dutch Code of Conduct sets out what we mean by 'doing the right thing', and enables us to take a more in-depth look at a number of subjects, including:

- (1) **Respect and behavior towards others**

Rhenus believes that it is important to have a pleasant working environment. Working well with other company departments and divisions, colleagues, customers and third parties will always have a positive outcome. A good working environment starts with showing respect to others and behaving appropriately towards colleagues, customers and third parties.
- (2) **Separating professional and private interest**

Working in a honest, professional manner is the top priority for all employees. This means that professional interests and private interests have to remain separate. A few rules of conduct are provided in the Code of Conduct to help employees to follow these rules. This will guarantee integrity and reliability in the workplace at all times. A few examples are: do not accept any business gifts at home, do not give discounts to customers in exchange for private benefits, never ask (potential) suppliers for gifts etc.
- (3) **Handling privacy-sensitive data**

Privacy-sensitive data should always go hand in hand with governmental regulations, i.e. permitted and non-permitted activities in accordance with the law. It is important to make sure that employees do not pass on any information about their selves to others. Furthermore, employees should not collect or check information about others. While there are of course exceptions to this rule (e.g. in the event of risk/danger), employees should treat such information with care at all times and only share the details which are absolutely necessary. At Rhenus, we wish to avoid:

 - Loss of private data regarding employees, customers and third parties.
 - Unauthorized access to employee, customer and third-party data.
 - Unauthorized use of employee, customer and third-party data.
 - Theft of personal data of employees, customers and third parties.
- (4) **External and internal communication**

In the age of modern digital communication, e.g. smartphones and e-mail, it is easy to disseminate information that both employees and Rhenus would prefer not to be shared. Digital communication equipment is hugely important to Rhenus' business operations. We want to be sure that we are able to continue using our technical infrastructure and digital communication and that it continues to function correctly. This is why it is important to use this equipment and these systems carefully. If we fail to do so, this could endanger our logistical processes and lead to financial losses.
- (5) **Health & Safety**

A healthy and safe working environment is important. At Rhenus, we constantly strive to improve our working environment, thereby reducing the risk of any employees being placed in danger. This also serves to minimize the effect of our activities on the environment. To ensure that we are able to continue working as effectively as we are doing now, we have set out a few rules of conduct such as:

- Rhenus makes sure that working conditions are safe. All employees are responsible for ensuring that this remains the case. If you follow Rhenus' operational health and safety procedures, you are in full compliance with the company's requirements.
- During working hours, Rhenus expects its employees to refrain from ingesting intoxicating agents (alcohol / drugs) that may have an adverse effect on workplace safety.
- Rhenus requires you to report all work-related accidents.
- Rhenus is committed to sustainability (and a healthy environment), which is why we want to prevent employees from taking risks that may have an adverse impact on people and the environment.

4.3 Complaints and Reporting procedures

At Rhenus in the Netherlands we have a complaints and reporting committee. Employees can contact the Complaints and Reporting Committee in case they have a complaint or observe a violation of the code of conduct and if they were not able to solve or discuss it with their manager.

Employees who prefer to make an anonymous statement can contact the Rhenus Integrity Line. This line can also be contacted for non-anonymous complaints. More information about these two bodies and the relevant procedure is available for all employees on the Dutch intranet site on the page 'Compliance'.

5. Preview 2020

Although we made some good progresses last year, especially on environmental level, there are still enough challenges for the coming year. Goals for 2020 are:

1. The complete and within the entire Air & Ocean organization digitally linking information and documentation to the digital file in our operational system
2. Digitally implement all newly-scored customers (including electronic invoices etc.)
3. 95% of the shipments that can be booked as E-AWB are sent as such
4. Worldwide implementation and roll-out of RHEGREEN

6. Contact details

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