ThinkGLS. 
ThinkResponsible. 

2nd Sustainability Report 
2014/2015
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Mr Back, how important is the topic of sustainability for GLS?
Sustainability is one of our five core values. In this day and age, sustainable business practices are essential if a company is to have a viable future. We operate in a sector in which transport is unavoidable, which means we need resources and generate emissions. Therefore, it is our job to take responsibility.

How important is the Sustainability Report for GLS?
The Sustainability Report offers an excellent opportunity to communicate the many activities carried out by the GLS Group to our stakeholders and to illustrate our progress in this area.

This is the second GLS Sustainability Report. How do you regard the progress made by the GLS Group in the reporting period?
We have strengthened our commitment to sustainability and put it on a more professional footing. This is made clear in this Sustainability Report, which was prepared in line with the GRI guidelines and is far more extensive than the previous report.

In your view, what are the strengths of GLS in terms of its sustainability commitment?
Thanks to our national companies, we have strong local roots, which I regard as our key strength when it comes to our sustainability commitment. This is reflected in the many initiatives introduced at GLS sites all over Europe, both in terms of environmental and social issues.

What challenges do you expect to face in the field of sustainability?
The expectation that companies will act in an environmentally friendly and socially responsible manner will continue to increase. Uniting our three sustainability aspects — economic, environmental and social — will therefore remain the primary objective behind our business activities.
GLS at a glance

<table>
<thead>
<tr>
<th>Key figures</th>
<th>2012/2013</th>
<th>2013/2014</th>
<th>2014/2015</th>
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<tbody>
<tr>
<td><strong>Business figures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turnover (in euro billions)</td>
<td>1.84</td>
<td>1.96</td>
<td>2.10</td>
</tr>
<tr>
<td>EBIT (in euro millions)</td>
<td>123</td>
<td>128</td>
<td>146</td>
</tr>
<tr>
<td>EBIT margin (in %)</td>
<td>6.7</td>
<td>6.5</td>
<td>7.0</td>
</tr>
<tr>
<td><strong>Operating figures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers</td>
<td>approx. 220,000</td>
<td>approx. 220,000</td>
<td>&gt; 220,000</td>
</tr>
<tr>
<td>Parcel volume (in millions)</td>
<td>380</td>
<td>404</td>
<td>436</td>
</tr>
<tr>
<td>Long-distance vehicles</td>
<td>approx. 2,000</td>
<td>approx. 2,000</td>
<td>approx. 2,000</td>
</tr>
<tr>
<td>Delivery vehicles</td>
<td>approx. 16,000</td>
<td>approx. 16,000</td>
<td>approx. 17,000</td>
</tr>
<tr>
<td>Hubs</td>
<td>37</td>
<td>39</td>
<td>40</td>
</tr>
<tr>
<td>Depots</td>
<td>667</td>
<td>662</td>
<td>688</td>
</tr>
<tr>
<td><strong>Sustainability figures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GLS companies certified in accordance with ISO 14001</td>
<td>14</td>
<td>19</td>
<td>20</td>
</tr>
<tr>
<td>CO₂ emissions</td>
<td>491,243</td>
<td>509,860</td>
<td>542,707</td>
</tr>
<tr>
<td>Employees</td>
<td>approx. 14,000</td>
<td>approx. 14,000</td>
<td>&gt; 14,000</td>
</tr>
<tr>
<td>Workplace accidents (per 100 employees)</td>
<td>*</td>
<td>4.2</td>
<td>4.7</td>
</tr>
<tr>
<td>Work-related days of absence *</td>
<td>*</td>
<td>5,334</td>
<td>4,802</td>
</tr>
<tr>
<td>Work-related deaths *</td>
<td>*</td>
<td>0</td>
<td>0</td>
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</tbody>
</table>

* These figures were previously recorded in another form. Therefore, they are not presented here.

About this Report

With the second Sustainability Report of the GLS Group, we wish to inform our stakeholders and interested members of the general public about the company’s aims, activities and progress in economic, social and environmental matters. The information contained in this Report relates to the 2013/14 and 2014/15 financial years.

Corporate responsibility at the GLS Group encompasses the following dimensions:
- Economic – commercial sustainability
- Environmental – responsibility for the climate and environment
- Social – social responsibility and corporate citizenship

The Report is split into the following chapters: ThinkGLS, ThinkResponsible, ThinkQuality, ThinkGreen and ThinkSocial.

Data categorisation and comparability

Unless indicated otherwise, figures refer to the GLS Group as a whole. Due to changes in the past two years, the environmental figures included in the Report can only be compared to a limited extent with those in previous years. For example, the sale of DPD Systemlogistik GmbH & Co KG was effective at 31 March 2015. In addition, new emission factors were used compared to the 2012/13 Sustainability Report, and the emission figures are now only quoted in carbon dioxide equivalents.

Reporting on emissions and resource consumption for the 2013/14 and 2014/15 financial years is – unless indicated otherwise – based on the following data categorisation:
- all activities, products and services,
- as well as all entities that we have included in the scope of consolidation as at the relevant balance sheet date in accordance with the rules governing financial reporting and/or those entities that have a material effect on the environment in this regard.

Reporting cycle

The Sustainability Report of the GLS Group appears every two years in German and English, and can also be accessed online. The first edition was published in February 2014. This report relates to the period from 1 April 2013 to 31 March 2015.

Additional information online

In addition to this Report, the GLS Group provides information about its sustainability activities online: https://gls-group.eu/EU/en/sustainability

Calculation principles

**Environmental management system**

The environmental data for this Report was collated by GLS in an Eco Footprint based on an ISO-certified environmental management system.

**Emissions**

Emissions are quoted as carbon dioxide equivalents. Alongside CO₂, which is the most harmful greenhouse gas and the one that makes up the largest share of emissions, the carbon dioxide equivalents also factor in other gases that play a role in the greenhouse effect. The values are determined using the categories of the Greenhouse Gas (GHG) Protocol, which divides emissions into three main categories ("Scopes"): direct emissions, indirect emissions and other indirect emissions.

**Specific consumption types**

The Eco Footprint also includes the amounts of thermal energy, water, paper and electricity consumed by GLS, as well as the amount of waste produced.

**Accuracy**

For presentation reasons, the figures quoted in tables and graphs have been rounded. Exact figures are shown, however, for changes against previous years and fractional percentages. For this reason, it is possible that a relative change may be reported, even though the figure is shown as unchanged against the previous year. Due to the rounding of fractional percentages, it is also possible that adding them may result in figures different to the ones reached when adding non-rounded fractional percentages. For example, it may not be possible to add fractional percentages up to that a figure of 100 per cent is reached, although that would be the logical expectation.

**Editorial remarks**

For the purposes of legibility, we have not distinguished between the male and female forms of address. Thank you for your understanding.
GLS, General Logistics Systems B.V. (headquartered in Amsterdam), realises reliable, high-quality parcel services in Europe, complemented by logistics and express services. Our parcel network spans 37 countries, both in Europe and around the world. In the 2014/15 financial year, we employed over 14,000 people and had some 19,000 vehicles in operation.

Coverage of our core European markets is assured by wholly owned and partner companies. We are also represented worldwide thanks to various contractual alliances.

GLS boasts 40 central trans-shipment points, known as “hubs”, and 688 depots, with more than 220,000 customers all over Europe putting their trust in our services. GLS combines an extensive distribution network with precisely coordinated long-distance journeys. Our standardised range is complemented by country-specific services so that we can do justice to all the market requirements in each country. All this has made us one of Europe’s leading parcel companies.

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How it all started – 25 years of GLS

In 1989, 25 medium-sized haulage companies joined forces to establish a private parcel service for all of Germany. The core idea was to bring together in one place all the transport services necessary to provide first-class freight and shipping to the companies’ own logistics customers. The sites of the individual haulage companies became the first 30 depots. In order to link them in the best-possible way, the man who is now the Chief Executive Officer (CEO) of GLS B.V., Rico Back, used a compass to plot circles with a radius of 400 kilometres around each site, thus determining the town of Neuenstein in the German state of Hesse as the central trans-shipment point. Initially, this is where all parcels were sorted and distributed. German Parcel, which started trading on 28 April 1989, was born.

In the early days, the haulage companies were responsible for bringing and collecting the parcels themselves. One of them even used to bring parcels to Neuenstein in their own car, but as the company flourished, there wasn’t enough room in the boot. In its first year, German Parcel sent some two million parcels. Even back then, they were all recorded using scanner technology.

Following German Reunification in 1990, the states of the former German Democratic Republic became part of the new country. The company expanded parcel volumes and standardised its processes. In 1995, it then began delivering to private recipients and started making contacts outside Germany. Together with its partner companies, German Parcel now offered parcel shipping abroad. In 1997, the company opened its first ParcelShop in Germany.

In 1999, German Parcel gained a new parent company, Royal Mail plc, thus enabling further foreign expansion. Some of the previous partner companies were bought and new GLS national subsidiaries were set up. These were united under the banner of General Logistics Systems B.V. (GLS), with the company strengthening its activities in Europe and adding new ones to its portfolio. In addition to his role as the Managing Director of German Parcel, Rico Back was appointed CEO of the new company. In 2002, German Parcel was officially renamed GLS Germany, which continues to go from strength to strength as part of the GLS Group. 2003 marked the start of the process to develop a standardised, Europe-wide quality management system. In the same year, the subsidiary GLS IT Services was founded in order to enable standardisation of IT processes across the board.

More than 30 employees who were there on day one still work at GLS Germany. What’s more, many employees who worked for the former franchises moved to the newly formed company.

25 years of GLS Germany – the anniversary year 2014

“Our success is largely down to the dedication of our employees, customers and transport partners, some of whom have been with us since the very beginning,” said Rico Back, CEO of the GLS Group, marking the company’s anniversary. “We would like to thank everyone involved for the spirit of partnership and the trust shown in us.”

In Germany, various activities and celebrations were held in honour of the 25th anniversary throughout the course of the year. Things got under way with a surprise for all employees, transport partners and their delivery drivers on 28 April 2014: 15,000 bars of chocolate in an anniversary design were handed out at all sites.

Over at Neuenstein primary school and the town’s nursery schools, GLS organised a painting competition entitled “The most beautiful thing I have ever found when opening a parcel”. The winners received small gifts and GLS donated €300 to each school.

Employees, transport partners, their delivery drivers and ParcelShops were also given the chance to win prizes by entering various photographic competitions. In July, each delivery driver was given an anniversary T-shirt. Those employees who were there at the start were treated to regional dinners.

Furthermore, GLS Germany invited all former partners of German Parcel to a reunion event. On 4 September 2014, 16 of the 25 original franchisees came together in Rotenburg an der Fulda and remembered the company’s formative years.

“...I often think about how Distribution Centre 50 has developed over the past 25 years. It started out as a portable building with a ‘trans-shipment hall’ that was nothing more than a tent the size of two tennis courts. And just look at the current site in Bornheim. In my opinion, this development reflects how GLS has developed as a whole.”

Michael Fetten, Manager of Distribution Centre 50, Bornheim

Brigitte Katzlinger, Credit Control Germany West, Schafheim

“Our first jobs included furnishing the office, sending out advertising material, acquiring customers and providing customer service by phone, handling enquiries and complaints, preparing and sending out invoices and all other commercial activities. Back then, we would eagerly await the day’s closing figures each evening to see how many parcels had been sent that day.”

We really started from square one. Our first jobs included furnishing the office, sending out advertising material, acquiring customers and providing customer service by phone, handling enquiries and complaints, preparing and sending out invoices and all other commercial activities. Back then, we would eagerly await the day’s closing figures each evening to see how many parcels had been sent that day.”

Brigitte Katzlinger, Credit Control Germany West, Schafheim
As a successful parcel company operating all over Europe, GLS has to contend with changes in the industry’s underlying conditions and is aware of its responsibilities towards people, the environment and society. The courier, express and parcel industry (CEP) is a high-growth sector that plays a crucial part in keeping our economy functional. Fast and efficient product and goods distribution is a fundamental prerequisite for the day-to-day operations of many of our customers in the business-to-business (B2B) segment. Growth in the industry is also attributable to an increasing volume of deliveries to private households as part of online retail (B2C deliveries). B2B shipping is our core competency and is complemented by sophisticated services for private recipients that respond to the increasing significance of this segment.

Despite the positive developments, the industry is also faced with a number of challenges: alongside fierce competition and the resulting price wars, CEP companies also have to tackle issues such as dwindling resources, climate change and environmental protection. Added to this are statutory requirements such as emissions standards, toll fees and the setting up of low-emission zones. This situation demands ongoing monitoring and adjustment of delivery processes. Current political developments also impact day-to-day processes and make it harder to forecast the future, which is why the nature of business practices is coming increasingly under the spotlight. It is also why our aim is not only to boost efficiency in order to counteract price pressure, and adapt our transport conditions to growing environmental challenges, but to treat resources and our employees more responsibly in a general sense too.

Corporate responsibility strategically enshrined

The mission of the GLS Group is to be “European leader in quality”. Without losing sight of increased parcel volumes and parallel rises in transport costs, we are working hard to meet the needs of our customers with top-quality solutions. In doing so, we strive to keep environmental impacts to a minimum and set great store by an honest spirit of partnership in our dealings with employees and transport partners (see page 47). Our five core values – reliability, security, transparency, flexibility and sustainability – pave the way for our corporate direction. These core values illustrate the high degree of importance we attach to corporate responsibility. Acting sustainably means shouldering responsibility. That’s why all corporate responsibility activities here at GLS have been pooled and coordinated within the ThinkResponsible initiative.

ThinkResponsible makes it clear that sustainability at GLS begins in the planning phase, extends through the whole company and includes any action taken. Responsibility is the hallmark of everything we do. For us, there is no conflict between successful corporate governance and sustainability efforts. Environmental and social responsibility go hand in hand with commercial success, as the principles of sustainable business are enshrined in day-to-day operations. Sustainability is the benchmark for the company and its employees, as well as one of the management instruments used to ensure the future development and success of the company. Bearing this in mind, a Group-wide corporate responsibility strategy has been developed. This forms the cornerstone of transparent and reliable planning of sustainability objectives over the next few years. Our aim is to actively assume environmental and social responsibility in order to generate company growth that is sustainable, resource-saving and fair. By fostering local differences, we build Europe-wide strengths and live up to our slogan: “GLS – We deliver!”

New developments in IT and the continuous optimisation of transport solutions serve to enhance deliveries on an ongoing basis, enabling us to offer our customers high-quality B2B and B2C solutions. Flexible systems are essential if we are to guarantee a high-quality service. People, however, are the point of reference and centrepiece of all our relations, whether our employees, our transport partners and their delivery drivers, our customers or the people who receive our parcels. Giving our employees a safe job in a strong company goes hand in hand with upholding outstanding quality in parcel logistics.

Dr Anne Wiese, Corporate Responsibility, GLS Group

What sustainability project are you particularly proud of?

There is no single project that I particularly want to pick out. For me, what matters is the sum of all projects. It is thanks to the dedication of numerous colleagues that we have such a diverse sustainability commitment here at GLS, whether it’s the volunteer day in Germany, the free deliveries on behalf of aid organisations or the work done by staff in collecting data for the Eco Footprint.

What hurdles do you face in terms of your sustainability efforts?

When it comes to communication and coordination, the structure of the GLS Group, with its various national subsidiaries, constitutes a challenge. That’s why it’s important for each country to set out its own objectives and define its own areas of focus in terms of sustainability management. As the Corporate Responsibility department of the GLS Group, we have laid the groundwork and paved the way by formulating the strategy. We will continue to help the individual countries implement the strategy and offer motivation.

What stage are you currently at in terms of implementing sustainability?

We are making excellent progress. With the corporate responsibility strategy, we have a clear road map for the years ahead, structuring our approach to sustainability management and putting it on a more professional footing whilst giving us the impetus for further development.

In your opinion, which topic will be the main focus of future activities?

I am striving for closer links between the sustainability activities of the individual GLS national subsidiaries. On the basis of a joint strategy, each country needs to outline its own areas of focus so that we can work together to build a bright future for the company and enable it to become a reliable partner for all dialogue groups.
Our Group strategy

The aim is to safeguard the future growth of our company by means of quality, technological leadership, efficiency and sustainability. With its focus fixed on the B2B segment, GLS will continue to guarantee outstanding quality through short delivery periods and a comprehensive range of services for business customers. Many of our custom- ers are now active in the field of online retail, allowing us to supplement our range of services with premium solutions that enable them to deliver to their recipients. The technological leadership to which we aspire enables us to enhance efficiency and productivity and offers the poten- tial for new services, making it a key factor in the future success of the company. Our IT strategy is therefore at the heart of our Group strategy.

Our IT strategy

Investment in IT solutions will be an area of focus over the years to come. With the transformation of the IT systems landscape at European level, the implementation of future-proof customer solutions, the securing of performance and the optimisation of processes, we are paving the way to the future and getting ready for an exciting and challenging sphere. We channel our efforts in new direc- tions in order to meet all of the challenges of both today and tomorrow. Our aim is to become the leader in develop- ing future-proof technologies within the next three to five years. This will allow us to respond to market changes as quickly as possible and drive forward innovation. In turn, this will give us the capability to serve the demand of tomorrow in a top-quality and environmentally friendly manner, all over Europe.

Amongst other things, we opened an additional IT facility, the GLS IT Services, in Eschborn (Germany) with this goal in mind. With a host of new and highly qualified staff, we have been able to press ahead with the expansion of our IT infrastructure, successfully tackling the resulting chal- lenges and areas for action in the process. Our future strat- egy can be divided into three primary objectives: securing performance, upgrading the current application landscape and implementing new products and services.

Securing performance

By better protecting the IT infrastructure, it is possible to guarantee the continuous availability and performance of our IT systems. This process will, amongst other things, be supported by the acquisition of new workplace PCs and the modernisation of the GLS Europe data centres (all lo- cations are in Germany). The live systems are kept twice, with backup systems are stored for all processes. This in- creases reliability and IT availability considerably. If dis- aster were to strike, it would be possible to switch to the backup systems centre within 60 minutes. The number of server systems has been reduced from 460 to 80 by using modern virtualisation technology, resulting in an energy saving of 50 per cent.

Upgrading the application landscape

Upgrades to the system architecture and individual applications will significantly increase flexibility and usability over the long term. To achieve further harmonisation, 2,200 Unistations will be renewed in the company’s depots and the GLS e-platform will be fully implemented in all European countries. The process has already been com- pleted in France, with Germany, Austria, Ireland, Poland, Spain, Belgium, Luxembourg, Denmark and Portugal set to follow suit by March 2016. The new stations are faster and will be able to cater for future requirements arising from new GLS services in an efficient manner thanks to their high development standard. Furthermore, the IT infrastructure will be modernised so that it can keep pace with more strin- gent security and compliance require- ments. This is not only important for internal control purposes and trans- parency within the company, but also guards against unwanted security in- cidents and IT failures, which in turn could inflict damage to the company’s image and financial position.

An internal cloud solution facilitates the consolidation and more efficient use of server resources. By using an in-house solution, we are able to guarantee maximum security, both for our own data and that of our customers.

Implementing new products and services

Modern technologies play a vital role in making the B2B segment both profitable and efficient. Proactive commu- nication with our customers makes it possible to tailor our services more precisely to their needs. In line with this goal, we are always working to develop new products and services. Here are a few selected examples:

• Dispatch systems such as YourGLS (see page 23) make it easier for our corporate customers to send parcels in bulk. The system was completely overhauled in Ger- many. Thanks to state-of-the-art technologies in our data centres, we only need a few hours to install new dispatch systems.

• Having recently been fitted with robust industrial smart- phones and the most cutting-edge software solution on the market, our ParcelShops (see page 50) in Germany are now directly connected with the GLS system.

• Also, private recipients in Germany can now print out their own return labels. The sender is able to offer them as a download via GLS, thus saving paper and helping safeguard the environment.

Our CR strategy

GLS is committed to operating in a sustainable and responsible manner in all areas of the company. Enshrin- ing sustainability at the company and systematically implementing it within internal structures is both a chal- lenge and an interdisciplinary task. It is necessary to plan the measures in an active and targeted manner in order to do justice to such a complex topic.

For this reason, we set up the Corporate Responsibility de- partment, which ensures that our sustainability efforts are clearly structured. It reports directly to the CEO, meaning

“SOCIAL COMMITMENT and environmental protection are not only firmly embedded in the corporate values, but we actually live and breathe them too.”

Anne Pult, Head of Corporate Communication
Stakeholder dialogue

The business activities of the GLS Group have a significant impact on various interest groups, who we refer to as our “dialogue groups.” These groups include our corporate customers and private recipients, our employees, the transport partners engaged by us and their delivery drivers, as well as lawmakers, politicians and society at large. All these groups have certain demands and needs, thus exerting direct and indirect influence on our decisions, success and aims.

In particular, the complexity of sustainable thinking demands structured communication on an ongoing basis, as this enables us to identify relevant risks and opportunities within this multilayered subject matter. As our sustainability efforts have an effect both inside and outside the GLS Group, we have to proactively include the company’s environment in corporate planning. The trust and appreciation of this environment are essential for our business activities.

Recognising the demands of our interest groups

In order to reflect growing interest in a continuous and constructive dialogue, we aim to further intensify our efforts in this area in the future. This dialogue will serve as the basis for further developing future-oriented and responsible strategies — and for putting them into practice. We hope to see increased trust in the company on the part of all dialogue groups, as well as suggestions on the topic of sustainability management and increased motivation on the part of employees to help actively shape our sustainability management work. We communicate in a multitude of different ways with our most important dialogue groups (see the table opposite and the interview with Gero Liebg, Region Manager West, GLS Germany, on page 49).

### Dialogue group

#### Corporate customers
- **Who are they?** Commercial senders from a range of industries
- **What are their expectations?** High quality, flexibility, excellent support and service, quick and reliable delivery, appropriate prices
- **How do we communicate?** Key Account and Sales departments, Customer support, Website, YourGLS (see page 23), INSIGHT Europe (customer magazine)
- **What has already been achieved?** YourGLS made more user-friendly
- **What is planned for 2015/16 and 2016/17?** Europe-wide upgrade of the UniStates at our depots and hubs

#### Private recipients
- **Who are they?** Our customers’ customers, Recipient contacts are increasing due to e-commerce
- **What are their expectations?** Quick and flexible delivery, Parcel tracking, Recipient service in the event of problems
- **How do we communicate?** Customer service line, Website, Delivery drivers, Press relations, Facebook and Twitter (since March 2015 in DE and AT)
- **What has already been achieved?** FlexDeliveryService expanded by means of Saturday and evening deliveries (see page 24)
- **What is planned for 2015/16 and 2016/17?** Continued roll-out of the FlexDeliveryService

#### Employees
- **Who are they?** More than 14,000 staff spread across 19 GLS national subsidiaries
- **What are their expectations?** A secure and attractive job
- **How do we communicate?** Employee magazine in DE, information on the intranet or noticeboard, Newsletter, Employee events
- **What has already been achieved?** Diverse professional development opportunities
- **What is planned for 2015/16 and 2016/17?** Launch of a newsletter for all employees of the GLS Group (Direct Europe)

#### Transport partners
- **Who are they?** They handle the collection and delivery of parcels, and transport between depots
- **What are their expectations?** Fair collaboration, conditions and pay
- **How do we communicate?** Regular meetings with transport partners
- **What has already been achieved?** Partner Code of Conduct
- **What is planned for 2015/16 and 2016/17?** Opening of new sites

#### ParcelShop partners
- **Who are they?** The people who run our ParcelShops
- **What are their expectations?** Higher turnover through additional business, quick and simple processing of parcels, easy to contact us when questions or problems arise
- **How do we communicate?** Regular contact via ParcelShop team, Emails and letters with current topics and information, ParcelShop newsletter
- **What has already been achieved?** All German ParcelShops have been fitted with modern IT equipment
- **What is planned for 2015/16 and 2016/17?** Raising awareness, Mobile parcel label

#### Society
- **Who are they?** The communities in which our depots and hubs are located
- **What are their expectations?** No adverse impacts caused by GLS business activities
- **How do we communicate?** Website, Press releases, Media reports
- **What has already been achieved?** Volunteering day in Germany, Free deliveries for aid organisations
- **What is planned for 2015/16 and 2016/17?** Strengthening of local commitment

#### Parent company
- **Who are they?** Royal Mail
- **What are their expectations?** Increase shareholder value
- **How do we communicate?** CEO of the GLS Group, Cooperation between specialist departments on selected topics, Regular communication by means of reporting
- **What has already been achieved?** GLS activities included in the Royal Mail Sustainability Report
- **What is planned for 2015/16 and 2016/17?** Continuation of current activities
Code of Conduct for transport partners
(Partner Code of Conduct)

By engaging in dialogue with its transport partners, GLS has set out the principles underpinning working relations with them and enshrined these in a Code of Conduct. The Code not only requires that partner companies act in accordance with applicable laws and regulations, but that they also reject discrimination, bribery and corruption. This Code of Conduct is an integral part of the agreements in place between GLS and transport partners. The Code is based on partnership, fairness and responsibility. It contains a commitment to service quality and to the principles governing both sides’ dealings with each other.

“...THE RIGHT THING and we can only do that if employees do the right thing.”
Rico Back, CEO of the GLS Group

Ethics and integrity
Strict compliance with all applicable laws is of paramount importance when it comes to our customers’ trust. It also forms the basis for responsible and sustainable corporate governance. Lawful behaviour has to be ensured at all levels of the company and must be the guiding principle behind all decisions taken.

Putting compliance on a professional footing
As an international parcel company, GLS is committed to fair competition, integrity and responsible business practices. In order to live up to its growing demands in the key compliance-related areas of competition law, anti-corruption and observance of sanctions, GLS began the process of launching a Group-wide compliance programme in the 2014/2015 financial year. A newly established Corporate Compliance Team will now handle the development, organisation and monitoring of all compliance-related areas. Further tasks include a comprehensive risk assessment, updating the existing policies and organising staff training programmes. The national subsidiaries themselves are responsible for local adaptation, implementation and application, with a local Compliance Manager named by each organisation acting as the first port of call in this area.

The compliance programme will be put into place in the 2015/16 financial year.

Policies and training programmes
The GLS compliance policies set out the binding ground rules to ensure that our employees act in a lawful manner. We will not condone unlawful behaviour on the part of our employees. In particular, we have a strict no-tolerance policy in respect of bribery and corruption. Appropriate standards of behaviour are laid down in our anti-corruption policy, which applies to all GLS employees in all countries. There is also a competition law policy, and guidelines are being drafted to ensure compliance with sanctions imposed against specific countries and individuals.

Thanks to accompanying online tutorials, employees will be familiarised with the content relevant to them.

Ombudsman system
In March 2012, the GLS Group introduced a whistle-blower/ombudsman system to enable employees, business partners and third parties to report criminal acts and similar serious offences on a confidential basis. By appointing a lawyer as the ombudsman, we have ensured that the identity of the whistle-blower will not be divulged, as they and their information are protected by legal confidentiality and privilege. Even the act of making contact with the ombudsman is protected, thus lowering the inhibitions of potential whistle-blowers who wish to use the system.

Our aims:
→ To protect the company from financial damage
→ To protect the company from reputation damage
→ To protect all employees and executives from personal liability

Our six core principles:
→ Sustainability
→ Comprehensibility
→ Fairness
→ Risk minimisation
→ Acceptance
→ Prevention

Our remit:
The Compliance department is responsible for the following areas:
→ Competition law
→ Anti-corruption
→ Observance of sanctions
The challenge of the last mile

The “last mile problem” constitutes a challenge for all parcel companies – and GLS is no exception. By “last mile”, we mean the transport of the parcel from the depot to the recipient’s front door. In an ideal scenario, this will end with successful delivery. However, this outcome often only applies to B2B parcels, as there is usually someone on the premises who can take delivery. In terms of B2C consignments, which are smaller than those in the B2B segment (both in terms of size and number of parcels), it is often not possible to deliver at the first attempt, as the recipient is not at home.

In these instances, it is necessary to make a second journey at a later stage.

Generally speaking, we aim to pool deliveries in such a way that journeys are kept as short and efficient as possible, thus minimising the cost, time and distances involved. Due to the growth of online retail, more and more deliveries are being addressed to private recipients. The results of a 2014 study conducted by the German E-Commerce and Distance Selling Trade Association (bevh) showed that private individuals in Germany receive an average of 11 to 17 parcels per capita a year – with regional differences. This is changing the parcel market in general and our transport solutions in particular. Due to the small size of the consignments and the repeated delivery attempts, a large share of costs is attributable to the last mile of B2C deliveries, which also increases emissions per parcel.

We are therefore faced with the challenge of adapting our processes (which have been standardised and optimised for the B2B segment) and altering our distribution structure so that we can continue meeting the needs of our customers in an optimal and flexible manner whilst also ensuring cost-effective and high-quality delivery.

The last mile is therefore a key factor. It plays a major role in terms of ensuring delivery quality on the one hand and, on the other, in terms of reducing the environmental burden and achieving potential cost-savings (see also page 24, “Private recipients” and page 33, “Transport planning”).

A parcel’s journey

If recipient not at home

ParcelShop

Signature release authorisation

Neighbour
When it comes to reliability, punctuality, and service standards, our customers can count on us. That’s because a commitment to outstanding quality is at the heart of the GLS corporate ethos.

Our quality standard is not only reflected in our transport services, but in all company systems and processes. By actively shaping our environment, we encourage our employees to prevent deficiencies in advance and to strive for outstanding service standards. We satisfy exacting demands in respect of our services, both in our core market of Europe and around the world. Our aim is to meet customer needs in an optimum manner, ensure fast delivery that represents good value for money, build on our competitive position and lay a foundation for ongoing improvement at the company. In order to achieve this, it is essential that we are equipped with cutting-edge IT and state-of-the-art security systems. In the long term, we can only meet the needs of our customers and maximise efficiency if we work with standardised processes and an uncompromising commitment to quality.

Bearing in mind heightened demands as regards precision and the measurement of quality, not to mention increasing complexity in all areas of the company, we have introduced a standardised Group-wide quality management system in line with ISO 9001:2008. This enables us to guarantee seamless internal processes and unwavering quality in terms of the services we provide.

**Mario Kampa, Corporate Quality Assurance Manager, GLS B.V.**

What values underpin the “quality leadership in Europe” ethos?
The values of reliability, customer focus and trust are especially important if the GLS brand is to be associated with the highest quality in the parcel logistics sector.

**How is high quality assured at GLS?**
We use a raft of sophisticated individual components to ensure the quality of our services. These components come together to form a functioning system. Alongside detailed process descriptions, optimum IT support and highly efficient monitoring, these components include standardised training programmes for our staff. After all, the system only comes to life when highly motivated employees put it into practice on a daily basis. These employees play an especially vital role when it comes to responding in a flexible and timely manner should any problems arise.

**Rico Back, CEO of the GLS Group**

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**“AS A SERVICE PROVIDER, GLS believes that sustainability and lasting success are inextricably linked. Successful services don’t just happen on a single day, but are based on a high level of discipline, endurance and responsibility.”**

*Melanie Menkhaus, District Sales Manager, GLS Germany*
What GLS believes in – our core values

Vision and values:

Our company’s mission is to become the “European leader in quality in parcel logistics”. In order to uphold this standard, GLS focuses on five core values that guide all the company’s activities. We see these values as the key to success.

Reliability
As a CEP service provider, GLS sets great store by reliability. Thanks to a comprehensive European network, close links between sites and a cross-border mechanism for process optimisation, we can ensure that parcels get delivered on time. And with our quality management systems and ongoing monitoring, we are able to guarantee an unwaveringly high standard of parcel logistics all over Europe.

Security
It is necessary to implement a range of precautions to ensure that each parcel arrives safely, and in one piece, at its destination. GLS has high, Group-wide security standards that make it possible to safely send parcels. Alarm systems and CCTV are in place to safeguard parcels in the depots. Our employees, as well as our transport partners and their delivery drivers, attend regular training sessions on how to handle parcels with care.

Transparency
Our senders and recipients want to be able to track their parcels. This is made possible by individual parcel codes and the use of scanning technology at all interfaces. All data is also available Group-wide, which means that national borders are no obstacle when it comes to tracking parcels. Thanks to state-of-the-art IT solutions and mobile data transfer, the information is available more or less in real time in many countries.

Flexibility
Despite a high level of standardisation, GLS attaches a great deal of importance to service flexibility. The standardised, Europe-wide range of basic products can be combined with services tailored to different sectors and countries, thus allowing customised product-service combinations, such as in the processing of returns. Local presence and customer focus enable flexibility and short response times across Europe.

Sustainability
GLS takes its responsibilities towards employees, society and the environment extremely seriously and actively campaigns for greater fairness, increased education and a minimal impact on the environment. We demand and promote professional development for employees. In terms of environmental protection, the areas of energy efficiency and resource conservation take centre stage. With donations, volunteering days and free transport services for good causes, GLS contributes to the good of society.

Our business customers

Senders with a high parcel volume need a strong parcel logistics company with an extremely low damage rate, reliable delivery times, attractive value for money and an uncompromising customer focus. We will therefore continue to focus on our core business: deliveries to B2B customers.

We will invest further in our network, building new depots, expanding existing sites and deploying innovative technologies. Working with our customers, we will endeavour to find ways to further boost growth without compromising on quality.

Expectations are high, with people demanding fast, reliable and integrated parcel processing. Our customers have access to modern and standardised – yet flexible – shipping systems that can handle all requirements and parcel volumes. We offer reliable shipping for companies of all sizes and sectors. With our YourGLS online dispatch system, for example, we offer a tool that is simple and intuitive to navigate, enabling smaller corporate customers to conveniently manage the shipping of 30 to 50 parcels a day. The system is tailored to the needs of senders and is designed to ease their daily workload. From online delivery management through to advanced consignment tracking, the tool features a wealth of options for fast and seamless processing – without customers needing any particular software. Using a sliding scale based on parcel volumes, we offer additional IT solutions for corporate customers, such as direct access to the existing ERP system or a software package for data import.

Communication is everything

And should any problems arise, our corporate customers can contact our Customer Service department at any time. In the financial year 2014/15, we handled 247,000 calls in total. The sharp rise in incoming emails – from 96,000 in 2013 to 137,000 in 2014 – is due to increased acceptance of email correspondence.

Furthermore, we canvass the opinions of our corporate customers in several countries. We conduct annual surveys in Hungary, Croatia, the Czech Republic, Slovenia, Slovakia and Romania; there were surveys in Finland in 2013 and in Denmark, Poland and the Netherlands in 2014. We deployed mystery shoppers in Italy in 2014. This means that telephone testers acting on behalf of GLS assessed the ability of employees to answer customer queries and proactively recommend services. The testers also measured the overall response time to calls. The outcomes of these tests were used to develop special training programmes. A survey is planned for 2016 in Germany.

A broad customer base makes us independent of any specific sector, with no single customer making up more than one per cent of overall turnover. Lasting and fruitful customer relations matter a great deal to us. In Hungary, for example, we plant a tree in our “customer garden” for every customer that has been with GLS for ten years. As of the end of March 2015, there were more than 100 trees in the garden.
**Private recipients**

As things stand, around 30 per cent of all parcels handled by GLS are delivered to private recipients. Flexible systems are therefore essential if we are to guarantee an outstanding delivery service. We press ahead with innovations in B2C delivery in order to offer recipients genuine benefits and a delivery service that is reliable, secure and convenient. To this end, we have developed various services over the past few years, allowing us to respond to recipient needs in a flexible manner. Here, the focus is on communication with recipients.

**Improvement through communication**

With our *FlexDeliveryService*, which was launched in Germany back in 2012, recipients are included in the delivery chain from the outset. Prior to the parcel even being sent, the recipient is sent an email informing them of the expected delivery slot, assuming that the sender has provided us with the email address. As a result, the recipient can decide what happens with their parcel up until the time it arrives at the depot on the morning of the delivery date. GLS offers up to six options if it is not possible for the recipient to take delivery of the parcel in the planned slot: delivery can be made on a different day or to a different address, such as a GLS ParcelShop. Alternatively, the recipient can issue a signature release authorisation or collect their parcel from the depot. Since May 2014, customers in some postcode areas have been able to arrange delivery on Saturdays or in the evening. Refusal to accept may also be another option. As of the end of the 2014/15 financial year, 13 countries already offer the *FlexDeliveryService*, with other countries set to follow suit.

Thanks to state-of-the-art IT solutions such as the GLS mobile app, recipients can use their smartphones to track parcels whilst out and about and amend delivery options. If the recipient knows that they are rarely at home, they can select the *ShopDeliveryService* when they place their order, allowing their parcel to be sent straight to a ParcelShop of their choice. GLS has already introduced this service across five countries, with no border restrictions between them: Belgium, Germany, Denmark, Austria and Poland.

The current network of around 14,000 ParcelShops is also being expanded and improved on an ongoing basis, with new IT implemented in Germany, for instance. The new processes are faster, more convenient and more secure than the paper-based ones they replace, thus enabling additional resource savings.

Private recipients also have access to a customer support network, known as Delivery Customer Service. This involves the processing of recipient queries such as parcel and product information, amending delivery options, complaints, goodwill requests and the following-up of complaints. The sharp rise in calls – from 1,049,000 in 2013 to 1,340,000 in 2014 – is attributable to the large number of deliveries made to private recipients. In addition, the successful switch from a premium-rate number to a central number at standard landline rates in 2014 triggered a 60 per cent increase in call attempts.

**Social service reporting**

In March 2015, GLS Germany and GLS Austria launched their own Facebook and Twitter accounts, thus further enhancing digital customer support and enabling flexible communication across a range of channels. Private recipients in particular tend to use social media such as Facebook as a service channel – a trend that is increasing. They primarily use the channel to submit complaints about service and delivery. In order to maintain our average response time of four hours and do justice to the complexity of the queries, new members of the social media team will be recruited in the 2015/16 financial year. The plan is for other national subsidiaries to have a Facebook page in the future.

**Data protection**

The flow of information is just as important as the flow of parcels when it comes to maintaining seamless processes. This has been a guiding principle of our company ever since it was founded. Safeguarding our own data, as well as data pertaining to employees and customers, is of the utmost importance and forms a key pillar of any spirit of partnership and trust.

**Group-wide standards and guidelines**

Every day, more than 20 million records follow the 1.7 million parcels transported by GLS, every step of the way. Daily data traffic between depots ensures transparency from the start. Each parcel is scanned at every interface, meaning it can be managed transparently – regardless of whether it has gone through a sorting machine or been sorted by hand. Thanks to Europe-wide harmonisation of scan codes and uniform standards, every step of the process is monitored. A comprehensive data and information management system is therefore essential. In the 2013/14 and 2014/15 financial years, eight-figure sums were invested in IT projects. We intend to press ahead with the stability and modernisation of our IT systems by means of further investments in the 2015/16 financial year.

At GLS IT services, the IT subsidiary of the GLS Group, data protection audits are conducted on a regular basis. The findings of the audits are used to draw up measures for further improvement. These are implemented continuously. In particular, data protection officers are to have closer involvement in projects and processes. Other measures are planned in the areas of training and communication between senior management and company data protection officers.

**Prizes and awards**

GLS Poland is the first-ever winner in the newly launched “Leading Logistics Company in E-Commerce” category at the annual Logistics Service Provider of the Year awards. GLS Poland also received first prize in the “Innovative Product 2014” category for launching its *FlexDeliveryService*. Financial publication *Gazeta Finansowa* awarded GLS Poland the distinction “Best Products for Corporate Customers” in the “Courier Services” category.

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GLS Germany delivered an outstanding performance in a test carried out by German market research organisation DTGV. The test compared various parcel companies in terms of price, delivery quality and service, with GLS coming out on top against eight other companies in the overall rankings thanks to the fastest delivery times and excellent service.
As a parcel company, climate and environmental protection play a key role for GLS. That’s because the effect we have on the environment is largely due to our core business, the shipping and transportation of parcels. We therefore feel obligated to take responsibility in this regard.

We started the ThinkGreen environmental initiative back in 2008 in a bid to coordinate the various activities within the GLS Group and therefore handle parcels in a more eco-friendly manner across the Group. The positive developments we have witnessed over the past few years show us that we are on the right track. We think and act in an environmentally friendly manner in all areas of the company: from transport planning and depots through to employees all over Europe.

We currently have 26 environmental officers who support our national subsidiaries and ensure that our Group-wide environmental protection measures are implemented and followed. They also help us prepare the Eco Footprint, which we use to collect the consumption and fleet data for all depots and national subsidiary head offices in line with ISO 14064-1. This is a strong basis for identifying potential savings when opening new depots or expanding existing ones. These savings may be made, for example, in terms of energy, paper or electricity consumption (see page 32). We can only continue to reduce our impact on the environment – and therefore tackle current and future environmental challenges head-on – by using resources as efficiently as possible. We also encourage our employees to get to grips with the topic of sustainability. They are given the opportunity to report on their experiences from day-to-day working and submit suggested improvements, thus enabling us to boost process efficiency yet further.

Furthermore, all 21 GLS companies are certified in line with ISO 9001:2008 (quality management) and, with the exception of Italy, in line with ISO 14001:2004 (environmental management). GLS Italy does have AEO (Authorised Economic Operator) certification and is working towards ISO 14001 certification.

We also look beyond the borders of our own company to ensure that our transport partners and service providers also possess environmental certification.

With green ideas, we are able to actively conserve resources and reduce the environmental impact of our activities.

Klaus Schädle, Managing Director Europe South

What environmental aspects does GLS Italy see as being at the forefront?

We are conscious of our responsibility towards the environment. As a result, we want to conserve resources wherever possible.

Is environmental sustainability in logistics restricted to transport planning?

No. Whilst transport planning is vital in terms of optimising routes, it’s also really important to deploy the right vehicles. In city centres, for example, we make use of delivery bikes, electric vehicles or gas-powered vans. Furthermore, sustainability is also about buildings. In many of our depots, for instance, we generate electricity with solar panels and sort our waste.

Is there a conflict between environmental and economic aims?

No. In April 2015, we opened a depot in the centre of Milan where we will only make deliveries using bicycles and battery- and gas-powered vehicles. This depot will be just as productive as our other depots — whilst generating no CO2 emissions. This is only possible, however, due to the depot’s proximity to the city centre and the delivery volumes involved. By not using conventional vehicles, we are also exempt from paying the congestion charge in Milan.

What is the most important starting point for future environmental efforts?

It is important to view the topic of sustainability from different angles. On the one hand, we will be continuing to optimise route planning, thus shortening journeys and making working hours more productive. On the other, we will be carefully considering the location of new sites. Due to the increased focus on private recipients, it is more important than it used to be that depots are located close to cities, especially larger ones. This makes it increasingly possible to offer green deliveries with bikes or gas-powered vehicles. Another area of focus is staff training. If employees are to live and breathe the topic of sustainability, it is important that they understand the importance of their behaviour and are aware of the issues involved.

What has the ThinkGreen initiative achieved thus far?

Eight per cent of vehicles in the GLS Italy fleet use alternative drive systems, which is more than at any other GLS Group national subsidiary. In my opinion, this is proof that emissions can be reduced without sacrificing quality.
Emissions and resource management

Due to continuous increases in our transport services, we are faced with the challenge of boosting our CO₂ efficiency and minimising our environmental footprint. In concrete terms, we aim to counteract increased resource consumption, as well as the emissions this causes, with a comprehensive range of measures, in particular in the areas of transport and mobility (page 30) and transport planning (page 33).

If we are to analyse and improve our processes, it is necessary to precisely measure the effects on the environment. Ever since the 2008/09 financial year, GLS has carried out an annual Eco Footprint, which examines our resource consumption and the resulting emissions. By quoting so-called carbon dioxide equivalents (CO₂eq), GLS is factoring in not only CO₂, which is the most harmful greenhouse gas and the one that makes up the largest share of emissions, but also other gases that play a role in the greenhouse effect. The values are determined using the categories of the Greenhouse Gas (GHG) Protocol, which divides emissions into three main categories (“Scopes”):

Scope 1: direct emissions caused by the burning of fuels on company premises and in company vehicles.

Scope 2: indirect emissions from the consumption of purchased energy (electricity, heating).

Scope 3: other indirect emissions attributable to third parties, such as emissions arising from the transport services provided by our partners (scheduled services, delivery and collections) or from flights used for business travel.

Both conventional and alternative drive technologies are evaluated using a well-to-wheel analysis, which looks at the fuel cycle in its entirety. In other words, it includes the entire energy cycle, from the point at which the energy is generated or sourced through to its transportation and use in road traffic. It therefore includes both direct emissions from vehicle operation and indirect emissions from the fuel supply process (see diagram on page 29).

Compared with the 2012/13 financial year, total emissions rose by 10.5 per cent to 542,707 t CO₂eq. This is due to the continuous growth of the GLS Group. 21 new depots were opened. 2,000 vehicles were added to the fleet. Parcel volume rose by 56 million, which gave rise to an increased number of delivery and collection journeys, both nationally and internationally. In particular:

- Emissions in the area of delivery and collection, as well as in line-hauls, rose by 12.6 per cent in the 2014/15 financial year, compared to 2012/13.

In addition to a rise in transports, this is also based on an adjustment of the emission factor. For diesel, this has been increased from 2.90 kg CO₂eq/l to 3.24 kg CO₂eq/l (according to CEN EN 16258).

Emissions in the area of company vehicles and flights rose by 27.3 per cent compared to the 2012/13 financial year. The main reason for this development is the increased number of company cars and also a slightly higher mileage of those compared to the financial year 2012/13. The increased emission factor for diesel accentuates this effect. Furthermore, the development is caused by an increase in business flights on the one hand (see page 30) and by the rise of the respective emission factors on the other hand. The value for a domestic flight was 135.7 kg CO₂eq in the financial year 2012/13, this stood at 90.3 kg CO₂eq. At the same time, the emissions for international flights also increased from 126.5 kg CO₂eq in the financial year 2012/13 to 184.2 kg CO₂eq. The new emissions factors include radiative forcing, which has a significant influence on global warming.

By fitting our sites with new technologies, we reduced emissions in the areas of heating (gas, oil, coal) and electricity by 20.4 per cent compared with 2012/13. An adjustment of the emission factors also took place here. For electricity, this value is 448.7 kg CO₂eq/kWh instead of 641.0 kg CO₂eq/kWh (2012/13) or 347.2 kg CO₂eq/kWh (2013/14).

Well-to-wheel explained

Source of GLS emissions

Scope 1
Fuel consumption of company vehicles
Electricity
Heating (gas, oil, coal)
District heating
Scheduled services of transport partners
Company air travel

Scope 2
Delivery and collection by transport partners

Scope 3
Transport vehicles
Company cars and air travel
Heating and electricity

Total emissions in CO₂ equivalents (WTW) in t*

2012/13
2013/14
2014/15
Transport vehicles
449,155
476,826
505,565
Company cars and air travel
7,650
8,033
9,736
Heating and electricity
34,418
35,001
27,406

* Changes of record dates due to an adjustment to the Royal Mail reporting times. Therefore, a discrepancy exists between the GLS financial year and the measurement period of the eco footprint.
Transport and mobility

Transport vehicles

Transporting parcels from A to B is the core process underpinning our services. Some 17,000 delivery vehicles and 2,000 long-distance vehicles are deployed for this purpose. 56 vans run on compressed natural gas, with a further 16 running on propane. The fleet also includes three electric vans, with the number of green transport vehicles increasing all the time. Whereas 77.4 per cent of our vans and lorries met or exceeded the Euro 4 emissions standard in 2012/13, this figure now stands at 84.0 per cent for the 2014/15 financial year, with 43.7 per cent of vehicles meeting the Euro 5 standard. Some countries are particularly advanced in this area. GLS Slovakia and GLS Hungary, for example, only use line-haul lorries that meet Euro 5 and Euro 6.

Company vehicles

As part of our Eco Footprint, we regularly review our company vehicles with a view to making the fleet more environmentally friendly. As at December 2014, GLS owned 1,085 company vehicles, including 37 propane vehicles and two electric cars. 99.2 per cent of company vehicles currently meet the Euro 4 standard, with 92.2 per cent even satisfying Euro 5. This figure stood at 61.8 per cent in 2012/13. These figures are a good example of our systematic efforts to gradually upgrade all our company vehicles. GLS Poland is making excellent progress in this regard, having purchased 22 new company vehicles that run on liquefied natural gas.

Business travel

Whenever possible, we strive to hold meetings between staff in different countries by video conference. Nevertheless, plane travel is often inevitable due to our international structure. In the period under review, the number of domestic flights rose by 100.7 per cent compared to 2012/13 to 2,647; the number of intra-European flights climbed by 31.7 per cent to 1,528. This is due to the fact that we have employed a large number of new executives, who visited various sites and locations within the GLS Group during their induction phase. We offset any emissions that are caused by our large-scale meetings by purchasing carbon credits from our compensation provider PRIMA Klima-weltweit-e.V.

* The Italian franchise depots and DerKurier were not included in the Eco Footprint. The chart does not therefore represent all vehicles operating on behalf of GLS.
Resource consumption and waste

Heating

The mild autumn and winter in 2014/15 led to savings in heating energy of 2,919,387 kWh compared with 2012/13. Special strip curtains at entrances ensure that heat is retained inside the building during loading and unloading.

Electricity

Compared to 2012/13, overall electricity consumption rose by 1,213,693 kWh, which represents a moderate increase of 2.6 per cent. Therefore, we were able to keep electricity consumption relatively stable despite the expansion of our business activities.

Drinking water

The consumption of drinking water fell by 29,259 m³ compared with the 2012/13 financial year. All green depots (see page 39) collect, store and use rainwater, which cuts costs and reduces the consumption of drinking water.

Paper

We continuously strive to reduce paper consumption in our administration, such as by issuing digital invoices and acknowledgements of receipt. A paperless administration process has also been introduced at our ParcelShops in Germany, facilitated by modernisations to the existing technology. In addition, our delivery drivers only travel with short digital lists, which also saves resources. These changes are already bearing fruit: in the 2014/15 financial year, we used just under four million fewer sheets of paper than in 2012/13.

Changes in resource consumption

<table>
<thead>
<tr>
<th>Resource Type</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heating energy in kWh</td>
<td>33,770,225</td>
<td>34,830,932</td>
<td>34,850,848</td>
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<tr>
<td>Power in kWh</td>
<td>46,885,695</td>
<td>46,085,489</td>
<td>48,096,648</td>
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<td>Water in m³</td>
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<td>97,631</td>
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<tr>
<td>Paper in sheets (A4)</td>
<td>119,142,693</td>
<td>223,659,823</td>
<td>115,186,705</td>
</tr>
</tbody>
</table>

GLS Sustainability Report

Measures designed to reduce our environmental impact

GLS has instituted a raft of measures in order to reduce our energy and greenhouse gas consumption – and thus cut emissions.

Transport planning

In the 2014/15 financial year, GLS conveyed more than 436 million parcels. We continuously review the modes of transport we use in order to be able to convey parcels in a speedy, reliable and eco-friendly manner. GLS utilises modern, IT-assisted planning instruments in order to improve operating workflows and transport processes. Optimum route planning and network design are of fundamental strategic importance in terms of systematically minimising transport distances, making cost-effective use of capacity and reducing CO₂ emissions as a result. The following examples illustrate how this works on a case-by-case basis.

Network structure (hub-and-spoke system)

A hub-and-spoke system consists of a single central hub and numerous spokes in a star formation. At the hubs, small quantities are collected and sorted, so that they can be consolidated and delivered to target regions. Therefore, a seamless hub-and-spoke system makes it possible to ship the items more efficiently and optimise routes. In turn, this enables us to make better use of capacity, avoid-
ing below-capacity utilisation and deadhead journeys. Where larger parcel volumes are concerned, there are also direct journeys between the depots, thus reducing the amount of trips to the central hub.

The hub-and-spoke system is used throughout the GLS Group and is structured as follows: the depots serve as both OPL depots (outbound parcel logistics) and IPL depots (inbound parcel logistics). See the diagram on pages 18/19. Outbound parcel logistics describes the process from the parcel being collected from the sender to its arrival at either the IPL depot responsible or the hub. At the OPL depot, parcels from the entire depot region are consolidated and are transported on the main run to either a regional hub (RH) or a central hub (CH). At the RH or CH, the parcel quantities are once again consolidated before being transported to the destination depot (IPL) on another main run. If there is a sufficient quantity of parcels, this intermediary step may be dispensed with and replaced by a direct journey from the start depot to the end depot. Incoming parcel logistics refers to the process between the parcel’s arrival at the RH/CH or IPL depot and its delivery to the recipient. Once the incoming parcels have been scanned and a delivery note generated, the parcels are delivered by our transport partners’ delivery drivers. Each depot covers a certain geographic area. One or more transport partners are responsible for collection and delivery within these depot areas, ideally by means of combined delivery and collection trips. Each transport partner is assigned a section of the depot area, with this section subdivided into individual routes.

Different national subsidiaries have different approaches to make processes even more efficient within the hub-and-spoke system. At GLS Italy, for instance, routes are not planned on the basis of postcodes, but by delivery address. If necessary, different vehicles may therefore be used to deliver to B2B recipients in the same shopping centre or to deliver to private recipients who share the same postcode.

Green modes of transport

Alongside efforts to optimise the hub-and-spoke system, it is important to choose the right mode of transport for eco-friendly parcel delivery. In particular, Italy is approaching the problem from various angles, with eight per cent of its vehicles running on alternative sources of energy. In total, 50 natural gas-powered vehicles are in use. Furthermore, some 70 parcels a day are delivered by bicycle, replacing one van. The bikes are not only highly efficient and green, but have also met the challenge of urban logistics thanks to their outstanding flexibility. Following on from Milan, Vicenza and Bergamo, the depot in Bolzano unveiled its first delivery bike with pedal assist in autumn 2014. 20 delivery bikes were also used in Turin in the run-up to Christmas. As the pilot phase was such a success, six bikes are now being used permanently for deliveries in the city centre. A city centre depot was opened in Milan in April 2015. This depot is a base for electric vehicles and bikes that serve the entire urban area.

Bicycles are also used to make deliveries in the centre of the Spanish city of Malaga, and there is also a delivery bike in the Belgian town of Deinze. An electric vehicle is currently in use in Amsterdam.

In order to encourage transport partners to switch to green vehicles with improved Euro emissions standards, GLS Poland has developed an incentive system that kicks in when a transport partner purchases a vehicle that is less than five years old. GLS Italy organises an annual event for transport partners and a manufacturer of transport vehicles. This raises awareness of the topic of environmental protection amongst transport partners, who can pick up tips on eco-friendly driving and test out new innovations.

But this is not the only way that we raise awareness amongst our transport partners. GLS Denmark, for example, launched a ThinkGreen project at its Odense depot in summer 2014. The project involves providing transport partners with statistics on fuel consumption, speed limits and time spent in neutral, thus illustrating potential improvements in driving style. What’s more, some Danish transport partners have capped the maximum speed of their vehicles. GLS Belgium and GLS Ireland have produced a flyer on the topic of green driving. In Belgium, there are posters drawing transport partners’ attention to providers of eco driving training, and the topic of environmental protection is discussed at the annual evaluations with transport partners.
Despite our efforts to minimise emissions, it is not possible to transport goods without generating any emissions whatsoever. Nevertheless, we offer our customers the option of climate-neutral shipping. Launched in 2011, the ThinkGreen Service from GLS Germany makes it possible to balance out CO2 emissions. As soon as a customer opts for this service, the CO2 emissions are offset by investments in climate protection projects. The surcharge on the parcel price stands at five cents for domestic deliveries and ten cents for European deliveries, with this amount going towards certified projects run by our compensation provider PrimaKlima -weltweit- e. V. We are currently using the proceeds of ThinkGreen Service to help preserve and expand forest areas in Malaysia. New saplings are planted in overexploited forests to restore them to their natural condition. At the same time, the forests are protected from further overexploitation in order to safeguard the habitats of numerous species of ape, such as the critically endangered orangutan, in the medium and long term. The local population benefit too – in more ways than one: on the one hand, the project provides many people with secure employment. On the other, the natural diversity of the region is preserved, which means that more visitors can discover the region as part of the growing trend of eco-tourism. This creates even more jobs. From the 2015/16 financial year onwards, we will also be supporting a similar project in Bolivia. For us, it is important that both projects not only benefit the environment, but that they also deliver added social value for the local population.

The average CO2 emissions per parcel are recalculated every year on the basis of the annual Eco Footprint. CO2 per parcel is calculated in accordance with CEN EN 16258. Therefore, our customers can join us in making a contribution towards climate-neutral shipping and strengthen their image as environmentally aware companies or private individuals. Every parcel sent with the ThinkGreen Service receives the following label: “ThinkGreen: carbon-neutral shipping.” If a customer sends 1,000 or more parcels a year with the service, they receive a certificate showing the annual emissions offset.

In the 2014/15 financial year, more than six million domestic and international parcels were sent with the ThinkGreen Service – more than ten times as many as in the 2013/14 financial year. This means that CO2 emissions of 5,065 t were offset in 2014/15. Since the project was launched in November 2011, an area of forest measuring 2,896,240 m² has been protected (including restorative planting), thus taking 5,903 tonnes of CO2 out of the atmosphere.

GLS Czech Republic began offering the ThinkGreen Service in April 2013. Working in conjunction with project partner Sdružení Krajina, 250 trees have been planted as a result.

Low-emission company travel

Alongside the emissions caused by parcel delivery, emissions are also caused by business trips. Our aim is to continuously modernise the fleet, thus improving the emissions classes of the vehicles (see page 31). Different approaches are being taken by different national subsidiaries. At GLS France, for example, company vehicles are only leased for two or three years, enabling the latest models to be used at all times. Furthermore, only vehicles with CO2 emissions of below 139 g CO2 per km are allowed, with larger four-wheel-drive vehicles and SUVs banned completely. GLS Czech Republic also replaces its company vehicles every three years, with GLS Italy doing so every three to four years. GLS Slovakia only uses company vehicles that meet Euro 5 or Euro 6 standards. Other national subsidiaries, such as GLS Slovenia and GLS Hungary, plan routes for customer visits in order to keep the distance travelled to a minimum. There are also incentives to encourage employees to drive in a more eco-friendly manner. GLS Croatia, for example, holds an annual competition open to all sales representatives. Based on the number of kilometres driven and the amount of fuel consumed, the company works out which employee has the lowest consumption. The winner receives a bonus or a gift at the end of the year.

WE ARE DELIGHTED that GLS gives its customers an opportunity to send parcels in a CO2-neutral manner. We would like to thank all GLS customers who have chosen this option, thereby actively contributing to climate protection and climate justice.

Dr Henriette Lachenit, Chief Executive of PrimaKlima -weltweit- e. V.
ThinkGreen initiatives

ThinkGreen initiatives include other measures connected with the topics of climate and environmental protection. Some of the measures are based on the practical experiences of our employees. Thanks to their suggestions and specific ideas for improvement, we have already managed to chalk up some impressive successes.

Implementing green ideas

GLS Ireland has been taking part in the government’s cycle-to-work programme for many years, thus enabling its employees to buy bikes tax-free. And the idea has paid off, with several employees now cycling to work.

As the result of an employee suggestion, staff at GLS Croatia now make notes on the back of printouts. In fact, there are no longer plans to buy new notebooks.

Raising environmental awareness

It is important that we continue to raise awareness of environmental protection amongst our employees and transport partners. With this in mind, some national subsidiaries already offer special training courses, which we plan to build on in future. Following on from a kick-off meeting, GLS Ireland held a T-shirt competition that saw senior management designing T-shirts on the topic of ThinkGreen. These T-shirts are now on display at the national subsidiary’s head office in Dublin.

GLS attache a great deal of importance to sustainable construction, making intelligent use of existing resources and planning new buildings in a far-sighted manner. Whether we are building new depots or expanding existing ones, we factor in environmental criteria in order to reduce energy and water consumption and minimise waste in the long term. Our green depots, for example, are fitted with solar installations, rainwater harvesting systems and heat pumps. What’s more, the majority of our building materials are recyclable. We use cutting-edge technologies and take into account the individual characteristics of each region. When choosing sites, we look for optimum transport links and consider environmental criteria.

In 2008, we opened our first German green depot in Vaihingen an der Enz – and five more have followed since. The most recent green depot, in Weilheim an der Teck, went into operation in October 2014 after a renovation of the site. In total, GLS has 27 green depots in Germany, Austria, Belgium, France, the Czech Republic, Poland and the Netherlands. We will be systematically pursuing our concept of green depots and plan to feature the measures more strongly in both our internal and external communication.

In order to save energy in the future, we will be raising employee awareness and fitting our sites with motion sensors, thereby ensuring that lights are only on when necessary. On the back of a successful pilot phase, the light sources of all German depots will be replaced by LED technology by the end of the 2015/16 financial year, a measure that will cost around €1.3 million. The potential energy savings come in at 3.4 GWh of luminous flux a year, which corresponds to a reduction in CO₂ emissions of 1,870,000 kg. As at the end of the 2014/15 financial year, nine depots and the system headquarters in Neuenstein had switched completely to the LED technology.

With its SUSTAINABILITY STRATEGY, GLS is showing a willingness to effect environmental change. TimTanne® supports this quest with every tree we send.

Ingmar Brandes, Managing Director, www.timtanne.de
Alongside its environmental commitment, GLS is aware of its social responsibility, not only towards employees and transport partners, but also towards society at large and future generations. All activities related to fair and understanding dealings with these groups are pooled under the term “ThinkSocial”. This means that we factor social concerns into our corporate decision-making and never lose sight of our environment. We therefore take social responsibility for the following groups:

- Our employees
- Our transport partners and their delivery drivers
- Charitable organisations, the disadvantaged and needy

We aim to be an attractive employer. After all, motivated and satisfied employees are the cornerstone of any company. Their productivity, efficiency and knowledge form the foundation of structured and successful processes and the sustainable success of our business activities. The GLS Group currently employs more than 14,000 people. The qualifications of each individual are what matter, irrespective of origin, culture, religion, age or sexual identity for us, the decisive factors are the diversity, health and professional development of our workforce. We believe strongly in treating each other with respect and take into account the cultural differences that prevail in each country. It is necessary to both challenge and nurture each and every employee if they are to remain loyal to us in the long term. After all, this is the only way we can meet the future needs of the CEP sector. It is essential that we both offer ongoing qualifications for our new talent and support our long-serving staff with training opportunities.

We not only show our respect and appreciation for our employees, but we are also committed to a close working relationship with our transport partners, underpinned by a spirit of trust. The primary objectives here are continuous communication and a strong partnership. Initiatives designed to further these aims include depot dialogues with transport partners in Germany (see the interview with Gero Liebig, Head of the Region West at GLS Germany, on page 49). A partner programme for transport partners is in place, as is a Code of Conduct. Together, these form the basis of a lasting and successful partnership.

We also want to give something back to society, which is why we support numerous projects that are about offering or subsidising parcel services. Thanks to our national subsidiaries all over Europe and our employees’ ideas about how to help on the ground, we support an extremely diverse range of projects.
Employees

As at the end of the 2014/15 financial year, GLS employed more than 14,000 people. Just under 40 per cent of our employees work on the commercial side of the business, such as in various administrative areas. The other 60 per cent of our staff work on the operational side, such as in the halls of our depots.*

It is of great importance to us that our employees are healthy, qualified and benefit from social security. Our employees are a key pillar of our success. With their specialist knowledge, motivation and ability to process orders, they help increase customer satisfaction on a daily basis. Our aim is to continue being a reliable and responsible employer whilst offering an optimum working environment.

Our employees are also at the heart of our sustainability efforts: not only do they put the measures into practice every single day, they can also contribute with their knowledge and experience towards further improvements.

With a view to including our employees’ opinions more closely in corporate decision-making, some of our national subsidiaries carry out staff surveys. France and Denmark conduct annual surveys, whereas our Dutch national subsidiary holds one every two years. Finland carried out a survey in 2013, Poland and Hungary in 2014. Employee surveys are planned in Spain and Germany in 2015 and 2016. The surveys look at issues such as overall employee satisfaction, feelings about the working environment, and questions on professional development and perks.

Professional development

The competitiveness and innovative strength of a company is hugely dependent on the qualifications of its employees. Therefore, employee training and professional development are key components of our corporate strategy.

Recruiting new talent

On account of the challenges posed by demographic change, GLS is focused on hiring qualified employees and ensuring their lasting loyalty to the company.

GLS Germany is leading the way in the field of talent development and has been active in vocational education for several years. By training young people, the subsidiary offers them personalised development opportunities and ensures that a steady stream of qualified entry-level personnel join the company. Depending on their qualifications and personal interests, the school-leavers can choose from a broad range of training schemes or a dual study course.

GLS Germany trains especially large numbers of CEP specialists, haulage and logistics services specialists and specialists in IT system integration. The national subsidiary also offers a dual study course, which is available in either Logistics Management or Business Informatics. This enables students to complement the theory they learn at university with practical experience at GLS. If they wish, they can even work abroad at one of the GLS national subsidiaries.

So that trainees and students across the company are subject to the same conditions and processes, the GLS Academy has drawn up new supervision guidelines. Alongside regular standardised feedback and development interviews, the guidelines also stipulate internal training seminars and attendance at conventions, depending on the trainee scheme in question. Thanks to the new guidelines, structures are harmonised and high-quality training ensured.

As good trainees are becoming ever harder to find in certain regions, the depots also attend local trainee fairs. By outlining the attractive opportunities available at GLS and explaining why the company is such an excellent employer, they hope to attract qualified employees.

Promoting and supporting staff

Another aim of GLS is to foster the strengths and talents of each individual employee. We therefore strive to continuously support our employees with tailor-made training courses and development programmes, thus helping them grow personally and professionally.

GLS has been offering a High Potential Programme for the past six years. Here, talented young employees who have been with GLS for at least two years are prepared for management positions all over Europe. The participants have been trained in many different areas and undergone various training modules as well as international sales, operations and IT projects.

* This figure does not include delivery drivers, as they are employed by the transport partners commissioned by us.
Moreover, the national subsidiaries regularly offer a wealth of in-house training sessions, seminars and talks covering all areas of our work.

We welcome new employees at all our national subsidiaries with numerous induction programmes. The “onboarding” process in Germany includes a tour of the central hub in Neuenstein. Here, the participants not only gain a glimpse of “the heart of GLS”, but also get to know colleagues from different departments and sites who are being trained alongside them. In France, all new employees are given an induction plan specially tailored to their role within the company. This also involves meetings with key people to ensure that the new staff understand the key issues and are well prepared for their new duties. At GLS Denmark, an onboarding event is held every quarter, with all departmental heads welcoming their new commercial employees and presenting their departments. New staff also attend a workshop on teamwork and different approaches to communication, decision-making and problem-solving, thus promoting better understanding between colleagues.

A business management programme is one of the professional development options at GLS Germany. In April 2014, the first ten students successfully graduated from the part-time, two-year GLS business management course. The programme prepares the young executives for leadership roles, such as depot manager, operations manager and transport manager. Successful graduates can go on to complete a bachelor’s degree and have their credits recognised by universities.

GLS Italy offers training courses for depot staff and franchises that are tailored to the requirements of each individual position. The courses are divided into the following three categories: technical, professional and soft skills. In the 2014/15 financial year, more than 800 people attended the courses, with the focus on the technical category. In addition to various courses, GLS Poland also uses an e-learning platform to train its staff. Online tutorials are also offered in order to facilitate learning, regardless of time and place. Webinars are also used to train executives in Denmark. The webinars are held five times a year, with each session starting with an introduction that links the content of that webinar to current developments or challenges at GLS Denmark.

We also hold regular staff appraisals to support the development of our employees. At GLS France, for instance, each employee has a review meeting with their line manager to discuss, amongst other things, any wish to change positions and potential professional development opportunities. GLS Denmark also invites employees who have been with the company more than a year to a development appraisal with their line manager.

The personal education and development of our employees is also close to our heart. GLS Denmark, for example, enabled one employee (a mother of three children) to get an insight into a wholly different role and culture. With the permission of GLS, she was able to spend two months volunteering at Kithulampitya Children’s Home in Sri Lanka, thus fulfilling a long-held personal dream. At the head office of GLS Poland, there is a library stocked with books on logistics, sales, management and personality development. These books can be ordered and are delivered to the various sites free of charge. Furthermore, the intranet contains information on employees whose children or...
other family members need help, such as due to illness. As one per cent of an employee's tax bill is deducted for good causes in Poland, GLS staff in the country have the opportunity to donate this amount to the people profiled on the intranet. GLS Netherlands offers Dutch courses for employees who are not native speakers.

A wide range of initiatives are carried out to promote employee cohesion. GLS Belgium, for example, holds a GLS Day, which gives employees a chance to get to know each other away from work. All employees and their families are invited to the event, which is always held on a weekend, with GLS organising the activities and catering. GLS Ireland also organises a large-scale Family Day every two years, with various activities including group play and competitions, children's face-painting and music.

Health and safety

We take the health of our employees extremely seriously. That is why we ensure a safe working environment and promote health awareness. With a company sport programme in Germany, we try to encourage our employees to lead a healthier and more active lifestyle. Currently, we offer two free sports courses, as well as a "Lose weight with Figurscout" course. An employee survey on the possibility of enlarging the range of courses showed that there is a great deal of interest in additional options. As a result, we are examining the possibility of expanding the sport programme. Moreover, the company organises flu vaccinations for its staff.

There is a structured health and safety system, with a raft of activities, at all national subsidiaries. These activities have helped us lower the number of work-related days of absence to 4,802, compared with 5,334 in the 2013/14 financial year. By virtue of various campaigns, coupled with increased awareness amongst our workforce, it has been possible to reduce both accident severity and the number of days of absence.

At GLS Belgium, for example, various approaches are being taken to improve occupational safety. The employees have formed a Prevention and Protection Committee, which comprises staff from both the commercial and operational side of the business. The Committee meets once a month and visits each depot twice a year. Furthermore, all employees receive a medical check-up. Depending on their role, this takes place once a year, once every three years or once every five years. All sites have a defibrillator that can be operated without any specialist training. There is a structured health and safety system, with a raft of activities, at all national subsidiaries. These activities have helped us lower the number of work-related days of absence to 4,802, compared with 5,334 in the 2013/14 financial year. By virtue of various campaigns, coupled with increased awareness amongst our workforce, it has been possible to reduce both accident severity and the number of days of absence.

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In Poland, an initiative for buying plants has been launched in order to improve the workplace environment. The departmental and depot heads were provided with information on suitable plants and their suppliers. They then proceeded to buy the plants locally, with the invoices settled centrally. At the suggestion of GLS Hungary employees, a host of improvements were implemented. For example, the national subsidiary bought larger monitors, set up an intranet and organised various social events for team-building purposes.

Transport partners

Our transport partners and their delivery drivers work hard every day for GLS, its customers and recipients. By delivering high-quality services, they play a key role all over Europe. They complete the so-called last mile on behalf of GLS (see page 18), either collecting parcels or making sure they get safely to their intended recipients. Furthermore, they transport parcels long distances.

Division of labour is a concept that spans many sectors, making it possible to reduce complexity within companies and allowing them to react more nimbly. Our transport partners are experts in the field of parcel collection and delivery. They know their market and have excellent local knowledge.

All transport partners working on behalf of GLS are committed to lawful employment contracts, subject to social insurance contributions, with their delivery drivers. Compliance with all statutory requirements is a key component of these contractual agreements. GLS always supports the regular audits carried out by official bodies. In the event of allegations of breach of contract, GLS makes contact with the transport partner concerned and attempts to resolve the issue.

Günter Beutel, transport partner for GLS from 1989 to 2013, ParcelShop partner since 2002

Why have you been a transport partner for GLS for so long?

Because I still enjoy it. I like dealing with customers and meeting the challenges of the job: punctuality, reliability, and showing a friendly face to customers. That’s the most important thing.

What memories do you have from your time with GLS?

Quite a few things spring to mind. The job is about much more than just delivering parcels. First and foremost, it’s about customer contact. So many customers have become friends over the years. I’ve built up so much trust as a result. Trust takes a long time to build up, but it can be shattered in five minutes.

If you could sum up what GLS means to you in one sentence, what would you say?

For me, GLS is my guarantee of a secure livelihood and has made up a third of my life. I hope things stay that way for a while. I can’t imagine doing anything else. I will stay loyal to GLS in that regard too.

* Due to a change in data collection methods, we are making a comparison to the 2013/14 financial year here, instead of to 2012/13.
GLS Germany partner programme

Process Optimisation

Scores of process optimisations have already been put into practice, both at GLS Germany and many other national subsidiaries. First and foremost, they serve to bring about lasting improvements in delivery drivers’ working hours and routes. Here are a few examples:

- The launch of a new generation of scanners makes it possible to save time in day-to-day route planning, as the scanners are easier to use and enable automatic data transfer.
- FlexDelivery reduces the number of unsuccessful delivery attempts, as parcel recipients can select the delivery option that’s right for them (e.g. time, alternative address, etc.) prior to or during the delivery process (see page 24).
- Optimisation of the areas assigned to transport partners, coupled with the opening of additional depots, has reduced the journey time on some routes.

Driver training

The auditing and certification company DEKRA has developed a training programme together with GLS that has been open to all drivers since April 2014. Once drivers complete the programme, they earn the qualification of “Certified delivery driver”.

The training programme comprises three phases:

1. Use of a film to raise awareness and promote acceptance amongst the target group. The film offers a realistic portrayal of the role of a delivery driver and the challenges they face every day.
2. Face-to-face training that looks at the areas of load securing, driver safety and cost-effective driving, as well as communicating with the customer at the point of delivery.
3. In-depth study of the information during a 60-minute, Web-based training session.

Partner Code of Conduct

By engaging in dialogue with its transport partners, GLS has set out the principles underpinning working relations with them and enshrined these in a Code of Conduct. The Code not only requires that partner companies act in accordance with applicable laws and regulations, but that they also reject discrimination, bribery and corruption. This Code of Conduct is an integral part of the agreements in place between GLS and transport partners. The Code is based on partnership, fairness and responsibility. It contains a commitment to service quality and to the principles governing both sides’ dealings with each other.

Communication

GLS attaches great importance to in-depth communication with transport partners as a way of strengthening partnerships. To this end, one-on-one discussions are held as part of the depot dialogues and other joint events.

Other national subsidiaries seek out close dialogue with transport partners and their delivery drivers. GLS France, for example, fosters partnerships by means of its “Partner” programme, which was launched in 2012. As part of the programme, a competition is held once a quarter to determine the top performer and the best innovation. Twice a year, all transport partners and delivery drivers are invited to a meeting at their local depots to discuss current issues. GLS Poland also runs a national competition to find the best delivery driver, as well as competitions at depot level.

In addition to training delivered by transport partners, some GLS subsidiaries offer their own courses that are open to delivery drivers. At GLS Netherlands, for example, meetings are held for drivers at which they receive a handbook. This handbook contains key information about GLS, such as details of its products and information about its customers. At GLS Austria, there are training courses for new delivery drivers and a diploma for those who successfully complete them. In order to strengthen partnerships, many national subsidiaries also organise regular events such as driver breakfasts and depot parties.

Gero Liebig, Region Manager West, GLS Germany

How often are the depot dialogues held? What topics are discussed?

As regular communication is so important to us, we invite all the transport partners in our region to dialogues at their local depot twice a year. Here, we report on the latest developments at GLS and ask the transport partners to present their feedback. The topics up for discussion are many and varied. At the moment, for example, we are looking at potential optimisations that would come from using a sophisticated vehicle fleet, the implementation of load securing techniques and the organisation of guidance on hazardous materials.

For some time now, GLS has been offering certification for delivery drivers in conjunction with DEKRA. What is the aim of the initiative?

This two-day training course for delivery drivers covers both soft skills, such as customer focus and service, and hard skills such as cost-effective driving. In the Region West, these weekend training courses are held six times a year and are complemented by a Web-based training tool from DEKRA.

What are your plans for the future?

First and foremost, we plan to further improve day-to-day communication with our transport partners.
ParcelShop partners

GLS has ParcelShops in many countries. These are managed by self-employed partners alongside their main line of business. ParcelShops are found in locations such as petrol stations, kiosks and corner shops. Recipients can collect their parcels at one of our ParcelShops (ShopDeliveryService) if it hasn’t been possible to deliver to their home address or if ParcelShop delivery has been selected by the recipient or as a FlexDeliveryService option. Therefore, we are able to offer our recipients an additional delivery option. In addition to parcel collection, ParcelShops can be used to send parcels and submit returns. In total, the GLS Group has more than 14,000 ParcelShops.

By working with GLS, our ParcelShop partners benefit not only from an additional income stream but also from increased footfall on their premises and an additional service that they can offer their customers. GLS provides partners with the technical equipment necessary to set up a ParcelShop and also supplies basic advertising materials. New ParcelShop partners also receive training.

We work closely with our ParcelShop partners to achieve maximum satisfaction on all sides. For example, they can always contact our ParcelShop service or speak to the agents on our ParcelShop hotline. In recognition of the work of our ParcelShop partners, several subsidiaries provide presents for anniversaries or small gifts for Christmas.

In order to enhance processes, all ParcelShops in Germany, for instance, were fitted with new parcel processing technology, including a smartphone and a label printer, free of charge in 2014. We communicate with our partners by email or post on a regular basis. We also run promotional campaigns to raise awareness. In Germany, for example, various initiatives were launched in connection with films sponsored by GLS.

Society

GLS helps people and society with a raft of activities in the countries in which it operates. This diverse commitment ranges from volunteering days and support for fund-raising campaigns through to the free shipping of parcels and sponsorship for sporting and cultural events.

Corporate volunteering

Volunteering days: employees getting involved
Since 2014, many GLS Germany sites have had a volunteering day, giving employees a chance to support social projects. All projects are suggested by local employees. If necessary and feasible, GLS gives the employees the day off and provides them with logistical support. To date, we have supported the volunteering days in 2014 and 2015 with a total amount of €120,000. The initiative enables us to give something back to the communities in which we have been well integrated for many years and strengthen local ties.

As at the end of March 2015, many suggestions have been taken up:
Tree trunk pick-up-sticks for woodland children
The aim of one particular woodland nursery school is to enable children to play outside in all weathers with natural toys. Employees of the Schafheimp depot used their volunteering day to build a climbing frame and a giant set of pick-up-sticks for the Spessartfüchse nursery in Sulzbach. Great fun was had by all, children and volunteers alike.

A home for endangered creatures
The NABU animal sanctuary in Leiferde is home to many birds and reptiles, both indigenous and exotic. When their volunteering day came around, employees at the Braunschweig depot lent a helping hand at the sanctuary. They helped build a home for turtles, dug up ponds and got the paths ready to be paved.

Working hard for woodland
Employees at the Feuchtwangen depot spent their volunteering day reforesting a patch of mixed woodland near Weinberg. Each member of staff planted 75 saplings that morning, thus doing a great job for the Bavarian state forest.

Rico Back, CEO GLS Group

Precisely because our COMMITMENT IS REGIONALLY ANCHORED, we are releasing forces Europe-wide.

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Helping others to help others

Employees at the Barleben depot helped their local nursery school by building a play area on their volunteering day. A short time later, the school once again requested our assistance. They had made gift parcels for children affected by the flooding in Bosnia-Herzegovina. GLS delivered these parcels free of charge.

Pitching in for food banks

Food banks all over Germany seek to distribute food, not destroy it. They collect “surplus” food that is still in perfect condition from shops and restaurants before handing it out to people in need. Employees of the Geretsried-Gelting depot used their volunteering day to support the cause. They spent the day sorting and handing out food at the Geretsrieder-Wolfratshauser Tafel e.V. food bank. What’s more, GLS made a donation of €1,700 to the food bank.

Social projects:

Strong local roots

GLS uses its country-specific structures to support selected initiatives in each nation. GLS national subsidiaries support numerous charitable projects by organising both regional and nationwide initiatives. These include free parcel shipping for aid organisations and the sponsorship of foundations for people with developmental or physical disabilities. At a local level, the depots provide financial support to many nursery schools, hospitals, hospices and other charitable institutions.

A selection of projects from the various national subsidiaries:

The German Bone Marrow Donor Center, Germany

In autumn 2014, GLS supported the “Carlos und DU” (Carlos and YOU) project in the fight against blood cancer.

The Austrian Childhood Cancer Organisation, Austria

In December 2014, GLS Austria helped this charity for young cancer patients, thus enabling children and adolescents to access psychological treatment that helps them recover from the strain imposed by chemotherapy, operations and radiotherapy.

getVolley!, Spain

GLS Spain sponsors getVolley!, a not-for-profit organisation that teaches beach volleyball to children and adults on various beaches in and around Barcelona. Volunteers organise events and tournaments, thus raising the social and health awareness of participants.

Pool Golf Trophy by GLS, Italy

In Italy, GLS organises an annual golf tournament called Pool Golf Trophy by GLS. Over the past few years, the money raised has been used to buy wheelchairs for members of a wheelchair basketball team. In 2013/14, two wheelchairs were purchased. One wheelchair was bought in 2014/15 and a further wheelchair is planned for 2015/16.

School chess day, Denmark

In January 2015, GLS Denmark donated chess sets to schools that took part in the chess day. Amongst other things, chess helps young people improve their maths skills.

Animal protection deliveries, Poland

GLS Poland helps one of its customers, Zooplus. Once a month, Zooplus donates animal food to a selected animal sanctuary – and GLS helps out by shipping the food free of charge.

“Daruj hračku” fund-raising campaign, Czech Republic

GLS Czech Republic has a long tradition of helping the Christmas fund-raising campaign “Daruj hračku” (“Donate a Toy”) as a logistics partner, delivering the donated toys pro bono. In 2014, the campaign was named the best charitable project in the Czech Republic.

Donation to a fire station, Slovenia

Following severe flooding in the country in 2014, GLS Slovenia donated three dehumidifiers to a fire station.

Monetary donation to the Protection Fund for the Archipelago Sea, Finland

GLS Finland donates to the Foundation at Christmas.

Support for WeGirls, Poland

On behalf of the WeGirls project, GLS Poland transports hair that has been collected in salons free of charge. WeGirls then uses this hair to make realistic wigs for child cancer patients. GLS also provides the packaging material needed to send the hair.

In what ways does GLS Denmark help society?

We launch regular corporate responsibility initiatives that are focused on helping people. For example, we “adopted” a school class in reception year and supported them until they reached year nine. Some of the pupils come from families of different ethnic origins. We want to show the children what a workplace is, how it works and what prospects are opened up by a good education.

Why is there a focus on education?

Education helps shape the future of personnel in tomorrow’s workplaces. I firmly believe that investment in vocational skills will safeguard sustainable growth in Denmark.

What other initiatives does GLS Denmark support in this area?

In conjunction with our transport partners, depots, local job centres and other official bodies, we also support various other vocational initiatives, such as employability tests, flexible employment models and internships.
GLS sponsors:

**European Film Awards**
Ever since 2012, GLS has been transporting the prizes to the European Film Academy gala in its capacity as official logistics partner. Following the awards ceremony, we deliver the engraved prizes to winners all over Europe.

**LET’S CEE Film Festival, Austria**
GLS Austria has been the exclusive transport partner of this film festival ever since 2012. GLS transports the reels to the locations and delivers the engraved awards.

**German Film Academy**
GLS Germany acts as the logistics partner to the German Film Award.

**Sponsorship of the Belgian national football team**
GLS Belgium sponsors its country’s national team, known as the “Red Devils”, and combines this commitment with social support, as employees, partners and disadvantaged people receive free match tickets.

**German Journalism Award**
GLS Germany sponsors the Deutscher Journalistenpreis (German Journalism Award). The Award honours outstanding print and online articles on economic and financial issues. With their sponsorship, GLS and eight other sponsors underline the importance of dedicated and expert journalism in terms of increasing understanding of structures and developments in the arenas of business and finance. GLS puts up €6,000 of prize money in the “Transport and Logistics” category, with the money shared between the prize winner and five nominees. Furthermore, €1,750 is donated to charitable organisations chosen by the prize winner and the nominees.

**Junior football in Poland**
Since 2012, GLS Poland has been sponsoring sportswear for various junior football teams in the south of the country.

**Sponsorships in Finland**
GLS Finland sponsors police dogs, customs dogs and a children’s sports club.

**Urbanian Run, Germany**
GLS Germany is one of the main sponsors, and the logistics partner, of the Urbanian Run. The national subsidiary transports event equipment and obstacles. The event is also used for the purpose of employee motivation. All participating employees, as well as participating transport partners and their delivery drivers, receive a free starter pack.

Cheap delivery for “Work for Change”, Belgium
GLS Belgium supports the organisation “Work for Change” with cheap deliveries of information brochures for schools. This organisation connects pupils with companies for one day, with their salaries given to a good cause.

**Barnardo’s, Ireland**
GLS Ireland has been supporting Barnardo’s, the country’s leading children’s charity, for many years. During the festive season, parcels for children in need can be donated at GLS ParcelShops. GLS then delivers these parcels to Barnardo’s sites, where they are distributed to the children themselves.

**Donation to Bouchons d’amour, France**
In Toulouse, where GLS France has its head office, employees collect the caps of plastic bottles for the charity Bouchons d’amour. The screw caps are then sold to recycling companies in order to raise money for good causes, such as to buy sporting equipment for disabled people.

**Sponsorship of the National Rehabilitation Centre, Slovakia**
GLS Slovakia supports the National Rehabilitation Centre in Kováčová. The Centre offers treatment for people who have become dependent on a wheelchair for one reason or another. The funding has already made it possible to organise a sports day, which was even attended by the Prime Minister of Slovakia.

**Support for Dejme Detem Šanci o.p.s. (DDS), Czech Republic**
Dejme Detem Šanci o.p.s. (DDS) is a non-for-profit organisation that offers comprehensive support to young people living in children’s homes, particularly as they come towards the end of their time there and start living an independent life. DDS currently has partnerships with 31 children’s homes in all 14 provinces of the Czech Republic. With its ongoing project work, DDS helps more than 250 children. GLS is involved in a project entitled “Help me get my life off to a good start” and supports a 20-year-old student as he completes his Transport Management degree. GLS is paying his fees for the 2015/16 semester.

**Sponsorship of La Mongolfiera, Italy**
GLS Italy paid for a desk calendar for the charity La Mongolfiera. The organisation helps children with disabilities or those facing challenging circumstances and promotes the integration of people from migrant families.

**Support for Ajuda de Beço, Portugal**
GLS Portugal supported a campaign on behalf of the Ajuda de Beço children’s home by collecting donated items free of charge from all branches of Banco Popular.

**Support for a summer camp run by an athletics school, Spain**
The school promotes sporting activities for children and adolescents, with a focus on team spirit and fair play. GLS Spain supports the summer camp, the Alicante Marathon and various other local competitions.

**Speed pacer, Germany**
GLS Germany donated two radar speed signs in its home town of Neuenstein in March 2014 to remind motorists of the speed limits. If drivers exceed the speed limit of 50 km/h, the sign issues a warning with the words “SLOW DOWN”. **GLS ParcelShops. GLS then delivers these parcels to Bar-**
Our plans

We will continue to pursue our sustainability path in the 2015/16 and 2016/17 financial years.

In particular, a wealth of measures are planned in the area of ThinkGreen. In November 2015, the air conditioning and lighting systems in Denmark will be replaced, leading to electricity savings and an improvement in the working environment. At GLS Spain, the suggestions mechanism will be strengthened, enabling more recommendations about how things can be improved. GLS Poland aims to make its company vehicles even more eco-friendly, and work is under way to enhance route planning by integrating various systems. In France, electronic processes will be used more extensively in a bid to save paper.

We also aim to press ahead with our existing measures in ThinkSocial. Internally, the professionalisation of occupational safety efforts will play a central role. At GLS Germany, for instance, a review of occupational safety will be carried out by the end of 2015/16. GLS France is also optimising its occupational safety efforts, with measures including a risk assessment at all sites and the implementation of corrective measures. Following an analysis of occupational accidents, special safety training is being given at ten sites with high accident rates. We want to continue supporting and fostering our staff in other ways too. With this in mind, new employee surveys are planned at some national subsidiaries.

As regards our social responsibility, we want to continue and enhance our current commitment in the same vein. Take GLS Germany, for example, where we will proceed with the volunteering day until the end of 2015. Once this is complete, we will examine the possibility of making the measure permanent and/or transferring it to other national subsidiaries. Other than that, we will continue to focus our efforts on free transport and fund-raising campaigns. Working relationships with our transport partners will also remain vital in this area.

The third Sustainability Report will be published in late 2017 and will report on these and other measures, as well as on our successes and challenges.
### Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>AEO certification</strong></td>
<td>“Authorised Economic Operator” is a status given to companies that have been inspected within the EU and found to meet certain criteria, such as outstanding levels of reliability and trustworthiness.</td>
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<tr>
<td><strong>Business to business (B2B)</strong></td>
<td>Parcel shipment from one company to another.</td>
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<tr>
<td><strong>Business to customer (B2C)</strong></td>
<td>Parcel shipment from a company to a private individual.</td>
</tr>
<tr>
<td><strong>CEN EN 16258</strong></td>
<td>European standard for the calculation of greenhouse gas emissions of transport service providers.</td>
</tr>
<tr>
<td><strong>CEP sector</strong></td>
<td>Courier, express and parcel services sector.</td>
</tr>
<tr>
<td><strong>CH</strong></td>
<td>Central hub.</td>
</tr>
<tr>
<td><strong>CO₂equivalents</strong></td>
<td>The CO₂ equivalent is a unit that indicates the extent to which a particular substance contributes to the greenhouse effect. In other words, the greenhouse potential of various gases is quoted in relation to the impact of carbon dioxide (CO₂).</td>
</tr>
<tr>
<td><strong>CO₂ (carbon dioxide)</strong></td>
<td>A gas that occurs when substances containing carbon, such as plants, are burned or decompose. Furthermore, it is a product of human and animal respiration. CO₂ is a greenhouse gas that remains in the atmosphere for about 100 years. Scientists believe that the increase in CO₂ concentration witnessed in the past 100 years is partly attributable to the use of fossil fuels (coal, oil, gas) by humans. 3.15 tonnes of CO₂ are released for every tonne of fuel.</td>
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<tr>
<td><strong>Compliance</strong></td>
<td>Compliance describes all measures taken to ensure that the company, its governing bodies and employees act lawfully in respect of all statutory regulations and prohibitions.</td>
</tr>
<tr>
<td><strong>Corporate responsibility (CR)</strong></td>
<td>Corporate responsibility sums up the extent to which a company takes responsibility for the effects its operations have on employees, customers, society and the environment.</td>
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<tr>
<td><strong>Data protection audit</strong></td>
<td>Internal inspection to ascertain whether all data protection regulations and guidelines are being met.</td>
</tr>
<tr>
<td><strong>Depot</strong></td>
<td>Branches from which parcels are delivered directly to the recipient and/or are collected directly from the sender.</td>
</tr>
<tr>
<td><strong>GHG Protocol</strong></td>
<td>The Greenhouse Gas Protocol is an internationally accepted standard for quantifying greenhouse gas emissions.</td>
</tr>
<tr>
<td><strong>Greenhouse gases</strong></td>
<td>Gaseous substances that contribute to the greenhouse effect and whose origin is both natural and man-made (anthropological). The main natural greenhouse gases are steam (H₂O), carbon dioxide (CO₂) and methane (CH₄). The main anthropological greenhouse gases are carbon dioxide caused by burning fossil fuels and methane from agriculture and factory farming. Other man-made greenhouse gases are nitrous oxide (N₂O), chlorofluorocarbons (CFCs), sulphur hexafluoride (SF₆) and organochlorides.</td>
</tr>
<tr>
<td><strong>Hub</strong></td>
<td>At the hubs, parcel flows from multiple depots are consolidated, sorted by route and reloaded.</td>
</tr>
<tr>
<td><strong>Hub-and-spoke system</strong></td>
<td>Transport networks that comprise a central hub and various routes connecting it to spokes arranged in a star formation. At GLS, this network also includes regional hubs.</td>
</tr>
<tr>
<td><strong>IPL depot – incoming goods depot</strong></td>
<td>This is where inbound parcel logistics takes place.</td>
</tr>
<tr>
<td><strong>ISO 14001</strong></td>
<td>International standard for documenting environmental management systems.</td>
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<tr>
<td><strong>ISO 14064-1</strong></td>
<td>International standard that sets out the principles for measuring, monitoring and reporting on greenhouse gas emissions and reductions at company level.</td>
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<tr>
<td><strong>ISO 9001</strong></td>
<td>International standard for documenting quality management systems.</td>
</tr>
<tr>
<td><strong>OPL depot – dispatch depot</strong></td>
<td>This is where outgoing parcel logistics takes place.</td>
</tr>
<tr>
<td><strong>PrimaKLIMA -weltweit- e. V.</strong></td>
<td>A charitable organisation that seeks to reduce CO₂ emissions and to offset unavoidable CO₂ emissions by planting trees.</td>
</tr>
<tr>
<td><strong>Radiative forcing</strong></td>
<td>A measure of the influence a factor has in altering the balance of incoming and outgoing energy in the Earth's atmosphere, and therefore its influence on climate change. It is measured in watts per square metre.</td>
</tr>
<tr>
<td><strong>RH</strong></td>
<td>Regional hub.</td>
</tr>
<tr>
<td><strong>Stakeholder</strong></td>
<td>Individuals or groups who formulate requirements of a company and who pursue these requirements themselves or through their representatives. Stakeholders include: shareholders, employees, customers and suppliers.</td>
</tr>
<tr>
<td><strong>Sustainable development</strong></td>
<td>In the words of the World Commission on Environment and Development (Brundtland Commission) published in 1987, sustainable development is “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. For companies, this means not only focusing on economic factors, but also living up to their social and environmental responsibilities. It is about striking a balance between all three aspects: economic, social and environmental.</td>
</tr>
<tr>
<td><strong>Well-to-wheel</strong></td>
<td>Sum total of all CO₂ emissions in energy and vehicle processes.</td>
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