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# Compliance

Compliance is an important basis for our corporate action and day-to-day business activities. We apply our ethical standards beyond our own business operations along our entire supply chain.

Applicable law and our own best practice principles are the yardstick that we as a company apply to all our actions and business decisions. This makes us a trustworthy and reliable partner for our employees, customers, business partners and shareholders. Contravening applicable laws can cause serious and long-term damage to the company. We have therefore established a compliance management system to actively safeguard against risk factors such as bribery and corruption, giving or accepting of undue advantage, embezzlement and collusion against the rules of fair competition. In order to ensure that this preventive approach is effective across the entire organization, we prioritize educating our employees.

Responsibility for compliance matters lies with the central Legal, Insurance & GRC (Governance, Risk, Compliance) department, whose head reports directly to the Chief Compliance Officer, our CEO. We do not tolerate any form of corruption, do not permit discrimination and attach great importance to occupational health and safety. We utilize resources responsibly and regard fair competition as an indispensable prerequisite for a free market. In the reporting year, no violations of the law were documented that resulted in or could result in the issuing of fines.

## Our regulations, monitoring and reporting systems

Ongoing development of our compliance strategy, including a regular review of the system's effectiveness, is the responsibility of the compliance officer appointed by the Board of Management. Both are done in close consultation with the Chief Compliance Officer, to whom regular reports are made. In addition, the Supervisory Board is informed once a year about all compliance-related issues, processes and incidents. As a further link in the chain, our Internal Audit department also regularly checks for compliance violations. In the reporting year, no critical concerns were brought to the attention of the Board of Management.

In day-to-day operations, the compliance officer is the first neutral point of contact for our employees and is happy to receive tip-offs, answer questions and offer advice - also of a preventive nature - in the event of possible legal violations. Employees as well as third parties also have the possibility of reporting suspected compliance violations to an externally appointed and therefore independent and impartial ombudsperson - anonymously if they wish. All contact details are available on our website and are also published in the relevant policy guidelines. In the reporting year, the existing complaints procedure was again revised and a corresponding procedural regulation

## Our principle

When exercising their duties, no BLG employee may offer, promise or accept incentives, preferential treatment or other benefits that are intended to influence fair, objective and proper decisions, or that even appear to do so.

was published. This combines the obligations to set up reporting systems under the German Whistleblower Protection Act (Hinweisgeberschutzgesetz - HinSchG) and the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz - LkSG).

Our Board of Management and senior executives have a responsibility to lead by example and are tasked with ensuring that the employees they supervise are informed about and comply with all corresponding rules. In addition, each and every individual at BLG LOGISTICS, regardless of position, is obligated to point out grievances or suspected violations of the law. It is therefore all the more important to make employees aware of the inherent risks of corruption. Furthermore, in practice the dual control principle that is established in all relevant business processes protects both them and the company as a whole.



Our Code of Conduct and compliance policy are key elements of our compliance management system. In addition to our requirements relating to working conditions, environmental and climate protection, the Code of Conduct contains in particular guidelines for legally and ethically irreproachable dealings with business partners, competitors and authorities. It also regulates the arrangement of donations and sponsorships as well as conduct in the event of conflicts of interest. The compliance policy contains essential rules of conduct for the prevention of compliance risks typically encountered in globally operating companies and sets out the associated processes, including the Know Your Customer principle. Like all internal guidelines and policies, both documents apply to all companies in which we have a direct or indirect shareholding of more than 50 percent or in which BLG LOGISTICS is responsible for management, and are binding for all internal and external employees as well as consultants acting for us. In companies that are subject to foreign law, the guidelines in accordance with that law must be implemented. New BLG employees receive the Code of Conduct in their welcome pack; temporary workers are made aware of it during their onboarding. Like the compliance policy, the Code of Conduct is posted on the intranet. The intranet also contains information on our compliance system, the Code of Conduct and relevant contacts. At our international locations, the policies are available in English.

### Raising awareness, education and information

As BLG LOGISTICS, we can only ensure compliance if everyone gets on board. To achieve this, we sensitize our decision-makers and managers, inform them about the relevant topics and keep them up to date on an ongoing basis. Mandatory training courses on compliance, antitrust

and competition law were held in 2023 for the Board of Management, employees on management levels 1-3 and all employees in Purchasing and Sales. The existing target to ensure that at least 90 percent of employees on management levels 1-3 receive corresponding training within a three-year cycle was slightly exceeded in 2023 at 90.8 percent. It was not possible to expand this to cover mandatory annual training on all levels in the reporting year due to a system-based cutover to a new training methodology. As part of the revision of our sustainability targets, a fixed target for compliance was agreed. From 2024, 90 percent of managers on levels 0-3 at our German and foreign locations should have a valid training certificate each year.

We are continuously updating, expanding and broadening our training system in this area and will roll out additional new e-learning refresher courses on the Code of Conduct and the fundamentals of compliance in 2024. Our central Tutorize training platform offers the possibility to complete all modules independently of time and place, with each completed course being documented by the system.

Training for the aforementioned groups will continue to be mandatory on a yearly basis. Managers below the above-mentioned levels will additionally receive appropriate training. We also use various communication channels to inform all other employees about compliance-related issues on a regular and need-to-know basis.

### Assuming responsibility along the supply chain

Compliance also impacts our collaboration with our business partners and is communicated in our upstream and downstream supply chains. In our General Terms and Conditions of Contract and Purchase, we require our suppliers and service providers along the entire supply chain to comply with the applicable regulations as well as with our Supplier Code of Conduct.

➤ [www.blg-logistics.com/agbo](http://www.blg-logistics.com/agbo)





### Information security plays an important role

Information technology permeates all our processes, and our business relies on secure systems that are functional at all times. Our customers, suppliers and employees also trust in this. We are therefore constantly working to embed IT security in our projects, in our day-to-day business and in the mindset of the entire organization. We ensure a consistently high level of security through the application of our information security management system (ISMS), which is based on the international standards ISO 27001 and ISO 27002. The maturity and effectiveness of our measures are regularly reviewed internally and externally. In the reporting year, BLG LOGISTICS was successfully audited for 14 locations according to the automotive industry standard "Trusted Information Security Assessment Exchange - TISAX". Consideration is given to all information assets of BLG, particularly those relating to our IT systems. We also attach great importance to securing our operational technologies and to business continuity management (BCM). Our information security policy provides the framework for all aspects that are relevant in this context. This policy applies to BLG LOGISTICS including all majority shareholdings, as well as to non-controlling interests that utilize our IT systems, and is also binding for contractual partners and suppliers subject to deviating regulations. When working with service providers, we ensure compliance with all relevant certifications such as ISO 20000, ISO 27001 and ISO 22301, and review these regularly.

Due to the increasing threat posed by cyberattacks, we not only constantly review all existing organizational and technical measures to secure our information and IT environment, but also implement new ones on an ongoing

basis to ensure that installed systems always stay leading edge. This safeguards the business continuity of the company and also meets the requirements of our customers. This process is supplemented by a continuous awareness program designed to sensitize and train our employees. In the reporting year, a company-wide "phishing campaign" specifically addressed the threat level regarding email and ransomware.

Overall responsibility for all matters relating to information security lies with the Information Security Officer (ISO) within the Information Security Management department, who reports directly to the head of the central Legal, Insurance & GRC department. The tasks of the ISO include the operation and continuous development of the BLG LOGISTICS information security system, issuing advice on information security issues, in-depth risk analysis, the implementation of awareness-raising and training measures, and emergency preparedness. Our employees can also report to them anonymously in the event of security incidents or suspected breaches. As a matter of principle, our ISO must be involved in all security-relevant processes Group-wide.

### Focus on data protection

The central Legal, Insurance & GRC department is responsible for matters relating to data privacy at BLG LOGISTICS. Our internal guidelines are based in part on the requirements of the GDPR relating to the processing of personal data. Regular and systematic on-site checks serve to verify compliance with coordinated processes, identify possible deviations and potential for optimization, thus ensuring a uniformly high level of data protection implementation across the organization.

In 2023, we were able to conduct 28 checks with the support of officers on site.

An online training course has been developed to raise awareness of data privacy among our employees. All commercial employees receive refresher training every two years. We additionally take advantage of events such as the European Data Protection Day to raise awareness of this important topic in-house. In the event of questions or suspected privacy breaches, our external data protection officer can be contacted at any time and also accepts reports of suspected data privacy violations anonymously. Their contact details are publicly available on our website. Processes are documented using a centrally managed tool that maps interfaces with IT and Information Security. We thus achieve a level of documentation that even in the case of very short-term events or requests from supervisory authorities allows us to respond quickly and reliably.



# Economic Value Creation

We strive for strategic and sustainable growth – while always being mindful of the responsibility that we also bear for the region as a major employer at many locations.

We provide a wide range of services at interfaces between producers, retailers and consumers. This includes production supply and goods distribution or vehicle transport by road, rail and water. As logistics tasks become increasingly complex, the demands on our portfolio and individual services also grow. These ever more rapid changes are driven above all by ongoing globalization coupled with shorter product life cycles, increasing urbanization and digitalization. The logistics industry continues to benefit from rising demand, which is still being driven in particular by the growth of e-commerce models. At the same time, the unrelenting pressure on margins remains a challenge, as does the growing shortage of skilled workers and labor, which in light of the demographic trend is likely to continue in the foreseeable future. Additional factors include the growing dominance of online retailing, ever-higher customer expectations in terms of speed, flexibility and the quality of supply, as well as growing environmental awareness throughout society. The economic environment remained challenging for us in the reporting year and was characterized by great uncertainty. The reasons for this were the ongoing wars in Europe and the Middle East, accompanied by persistently high inflation and an overall decline in transport volumes.

## Financial corporate management

Within the scope of our mission and vision, as well as the sharper definition of our strategic guiding principles, we have designed our management system with maximum clarity and transparency. Revenue, earnings before taxes (EBT) and the EBT margin derived from both of these, as well as earnings before interest and taxes (EBIT) are the key performance indicators. In the future, RoCE will also be included in monthly reporting. Since 2021, the remuneration system for the Board of Management has also included non-financial target indicators: CO<sub>2</sub> emissions, the trainee ratio and the 1,000 employee rate used as a basis for measuring work-related accidents. In the reporting year, these were applied incrementally for the first time also for all non-tariff employees. For more information, see the Fundamental Information about the Combined Group – Combined Group management section of the Financial Report.

Despite the above-mentioned difficult geopolitical and economic conditions, we nevertheless closed the 2023 financial year considerably better than initially projected. This once again underscored the value of our diversified and hence robust corporate structure. In particular, the

situation in the AUTOMOBILE Division improved significantly compared to the previous year, partly due to good capacity utilization in vehicle handling at the domestic terminals and the increased outsourcing of activities by car manufacturers, including to logistics service providers. The CONTRACT Division was in line with expectations, while in the CONTAINER Division the slack economy had a comparatively significant impact, as manifested in lower handling volumes.

Overall, combined Group revenue increased quite significantly year on year by EUR 91.1 million to EUR 1,210.0 million, a plus of around 8.1 percent. Earnings (EBT) in the AUTOMOBILE Division improved substantially overall, while at Group level EBT decreased by EUR 19,627 thousand year on year. This is attributable mainly to the decline in net investment income from the CONTAINER Division. The significant deviation from the previous year is also due to the fact that the previous year's result included a reversal of a write-down of non-current financial assets of (proportionately) EUR 35.4 million, which related to the reversal of an impairment loss on the equity-method carrying amount of EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG. EBIT declined



accordingly year on year by EUR 18,390 thousand to EUR 46,192 thousand. The EBT margin was therefore 3.0 percent in the 2023 financial year (previous year: 5.0 percent). The financial management of BLG LOGISTICS is detailed in depth in our Financial Report 2023. Even though we were able to take advantage of opportunities that arose in the past year and once again held our ground even under difficult conditions, we expect the market environment to remain volatile in the near future. We will counter this by resolutely tackling important topics such as digitalization and artificial intelligence, automation and also sustainability, and are working intensively to constantly improve BLG LOGISTICS' economic position.

### Key performance indicators

		<b>2023</b>	2022	2021
Revenue	EUR million	1,210.0	1,119.0	1,050.4
EBIT	EUR million	46.2	64.6	61.5
EBT	EUR million	36.1	55.7	52.5
EBT margin	in %	3.0	5.0	5.0

### Value added statement

The information on economic value creation and distribution discloses how we generated and deployed the company's assets for our stakeholders. Net value creation is used as the key indicator for the economic value creation of our business operations. It is calculated as the gross operating revenue less expenses, depreciation and amortization (excluding personnel expenses). In the reporting year, it totaled EUR 573.7 million. The largest portion of the value added, at EUR 492.2 million, was used to cover costs for the employees of BLG LOGISTICS. In addition to wages and salaries, these include expenses such as statutory social security and post-employment benefit costs. Personnel costs increased significantly on the previous year, although the number of employees remained relatively constant. This was primarily due to new collective wage agreements and the resulting higher basic remuneration.

In addition to covering personnel expenses, the value added also provides a return to the capital providers. Of this, an amount of EUR 8.8 million was attributable to distributions and dividends to the main shareholder of BLG LOGISTICS, the Free Hanseatic City of Bremen (municipality). In addition, profit distributions were made to the partners of fully-consolidated joint ventures and the shareholders of BLG AG, as well as interest payments for bank loans. Payments to the public purse consisted mainly of taxes and ground rent.

### Value added statement of BLG LOGISTICS 2023

Financial year 2023	EUR million	in %
Revenue	1,210.0	
Other income	85.5	
<b>Gross operating revenue</b>	<b>1,295.5</b>	
Cost of materials	503.2	
Depreciation and amortization expenses, impairment losses	84.6	
Other expenses	134.0	
Total advance payments	721.8	
<b>Value creation</b>	<b>573.7</b>	<b>100</b>
<b>Utilization</b>		
Employees	492.2	86
Public authorities	25.2	4
Lenders	22.9	4
Shareholders	33.4	6
<b>Total</b>	<b>573.7</b>	<b>100</b>





# Customer Satisfaction

**Innovation and process efficiency are the future of logistics.  
In the pursuit of both, customer orientation is and remains our driving force.**

We foster long-standing business relationships with many of our customers and collaborate with them in a spirit of trust on wide-ranging projects. We play to our strengths particularly well when it comes to realizing custom solutions or designing and subsequently operating entire logistics centers. Above and beyond this, we also provide extremely reliable and efficient logistics services 365 days a year. Irrespective of the nature and scope of the contract, it is crucial for us to understand our customers' business and carefully consider their needs in our planning and consulting, while also anticipating any changes within their industry or in the market. One of the ways in which we do this is through supporting the transition to electromobility – a key challenge for many of our customers – by continuously expanding our services and our own expertise in the field. Long-term contracts allow us to act with such foresight and also create scope and the necessary security to invest in sustainable solutions.

With its emphasis on sustainability, our new C3 Bremen logistics center sets an important benchmark in this respect. Since 2023, we have consolidated the production supply to global assembly plants of a leading automotive

manufacturer here. In addition to meeting the customer's needs, the concept places a focus on modern workplaces. With the largest continuous roof-mounted PV system in Germany to date and net carbon-neutral operation, we are setting a new environmental standard for logistics real estate.

### **Quality thanks to effective structures and processes**

We contractually assure our customers of the quality of our services and aim to convince them anew every day that we are the right choice of partner. In doing so, we particularly value long-term collaboration, but are also delighted when new companies choose us. In the reporting year, we were able to further expand our partnership with Siemens Energy and assume responsibility for production logistics for hydrogen systems for our customer's new plant in Berlin. We also took on additional sequencing activities for the Mercedes-Benz plant in Bremen. At three other locations, we leased new space to accompany the growth of existing customers.

Following major restructuring measures in 2022, particularly with the merging of the AUTOMOBILE and

CONTRACT Board of Management functions under the management of our COO Matthias Magnor, we continued to adapt to the requirements of the market and our customers in the reporting year. In addition to the systematic implementation of the CONTRACT roadmap drawn up in 2022, a similar roadmap was developed for the AUTOMOBILE Division in the reporting year. As part of the restructuring, the Cargo Logistics company, which includes our breakbulk business and thus services relating to general and heavy cargo, was assigned to the CONTRACT Division as of January 1, 2023.

It goes without saying that the systematic reduction of loss ratios is another important indicator of the quality of our performance, which is why we are continuously looking for possibilities to achieve this. To this end, the central Quality departments are responsible for establishing, refining and overseeing certification of our quality management systems. They also support the integration and implementation of our environmental, occupational health and safety and energy management systems. Most of our German and foreign locations – including all sites in the AUTOMOBILE Division – are certified according to DIN EN



ISO 9001, and the automotive locations additionally according to VDA 6.2. Our customers also regularly carry out their own audits at our car terminals. In the CONTRACT Division, our services are strongly oriented toward our customers' production processes and in some cases even closely dovetailed with theirs. We identify potential for improvement through regular exchanges at operational and management level. Optimizing value-creating activities is an especially important success factor. To help us continuously streamline individual processes, entire systems and consequently our overall performance, we organize our workflows according to lean management principles and rely on the Six Sigma management system. Lean management was firmly integrated into the corporate culture at all CONTRACT locations in 2017. The five lean principles - identifying value, mapping the value stream, creating flow, establishing a pull system and pursuing perfection - are considered a recipe for continuous improvement. Identifying value defines added value from the customer's perspective. Mapping the value stream focuses processes that generate value, while the flow principle is aimed at eliminating bottlenecks. Orientation toward a pull system only pulls the service that has been ordered by the downstream process. Finally, the pursuit of perfection is a principle that creates sustainable benefits for the entire company through innovative thinking and action. Our production system is agile and constantly evolving. It is not just a set of rules for designing, introducing and maintaining processes, but also embodies a philosophy in that it always aims to reduce waste and increase added value. Continuous maturity level measurements create transparency regarding the degree of lean penetration, allowing recommended actions for site development to be generated. The maturity level results

prove that our approach is already having a positive impact at the CONTRACT sites. We remain committed to continued development and therefore still have a lot in the pipeline, because the pursuit of continuous improvement knows no limits. Our employees play a decisive role in the success of lean management. Their active participation and commitment are of great importance, which is why we encourage them to make suggestions for improvement and actively help to shape their working environment. Managers have the task of supporting them, motivating them and creating the conditions for the successful implementation of the production system.

#### **Shaping the future of logistics**

We are continuously developing new solutions designed to make our customers' logistics processes fit for the future. In the reporting year, the Technology department was fully established in the CONTRACT Division. The department has the goal to increase the level of automation and digitalization at the BLG locations by means of viable technical solutions such as driverless transport vehicles, autonomous driving, robotics or e-mobility. The Digital Services department as part of central IT is responsible for implementing digitalization activities relating to data strategies, artificial intelligence (AI) and digital workflows.

Together with partners from science and industry, we are working on entirely new, highly complex concepts in research and development projects. In the reporting year, we participated in seven cooperation projects with a volume of around EUR 62.85 million. The "Isabella 2.0" project funded by the Federal Ministry for Digital and

Transport (BMDV) was successfully completed. This project aims to integrate the loading and unloading of trucks, railroad cars and ships into an intelligent management approach that had been developed in the earlier "Isabella" project and uses artificial intelligence to continuously optimize the control algorithm. The app-based order management system developed for car shunting activities is now already being implemented at the Hamburg car terminal. The "KITE" project was also concluded in the reporting year. This was concerned with developing a demonstrator in which vehicles, existing transport orders, freight exchange orders and AI-generated forecast orders flow together for the purpose of route optimization. The idea was to help lower emissions by reducing empty runs.

Four projects were continued as planned: "PortSkill 4.0" focused in 2023 on defining future job profiles in the port environment and, building on this, created first training concepts. The "MEXOT" project is an Innovative Port Technologies (IHATEC) research project for holistic ergonomic design of technical workstations and upstream picking activities. For this purpose, passive exoskeletons are being augmented to include measuring sensors and coupled with driverless transport vehicles to enable (semi-)automated materials allocation. The ergonomics data will be used to develop an incentive platform that gives employees direct personal feedback and integrates gamification approaches to increase motivation. In the "Mobility2Grid" project funded by the Federal Ministry of Education and Research, the goal through to 2027 is to develop efficient and networked systems for a climate-neutral city. In this context, BLG LOGISTICS is developing concepts for the complete electrification of a logistics site. Simulation studies are also being used to





validate the concepts in order to ensure that delivery schedules are adhered to and vehicle battery capacities are sufficient. Finally, within the framework of “HyBit,” 18 network partners are addressing the question of how hydrogen hubs can contribute to a sustainable and climate-neutral Europe. We are primarily involved in the “Mobility and Logistics” project cluster, which is concerned with designing analysis and evaluation methods for various possible uses for hydrogen that we will later test under practical conditions.

The RessourcE - Resource Development in Service Work research project was launched in the reporting year. Here, technical solutions and concepts for health-promoting work design and diversity-oriented skills and qualification development in unskilled jobs are being tested and examined with regard to their generalizability. Within the scope of the project, BLG is testing innovative ergonomic solutions in practice. Studies accompanying the tests examine the implications of the introduction of assistance technologies with regard to process-related and human-centered factors. Based on the findings, software tools are also being developed to aid the systematic selection of assistance technologies and sensory-enhanced assistance technologies.