

ThinkGLS.
ThinkResponsible.

3rd Sustainability Report

2016/2017

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GLS



Interview with the CEO

Questions for: Rico Back
Chief Executive Officer
General Logistics Systems B.V., Amsterdam

Mr Back, sustainability is becoming ever more important. Upheavals at global and European level are presenting people and politicians with new challenges. Companies are expected to act responsibly and help ensure stability and continuity in these turbulent times. To what extent are the sustainability measures at GLS influenced by global trends?

GLS sees itself as an integral part of society. By reliably transporting parcels, we aim to play our part in promoting continuity and growth. We believe in tackling and overcoming challenges together, especially when times are difficult. For us, this involves establishing corporate responsibility as a foundation for all our commercial activities and reporting openly about our progress. The core element of our commitment is, without a doubt, low-emission parcel transport. The Paris climate summit and the increasing number of natural disasters demonstrate the urgency of the problem. Given our core business, we bear a particular responsibility – and it's one that we aim to live up to in our day-to-day operations.

There are all kinds of levers and possibilities in the area of sustainability. How does GLS prioritise sustainability issues?

What matters to us is that our activities are linked to our core business. Whilst a parcel company benefits the economy and society, emissions are unavoidable, which is why the minimisation of ecological impacts is at the heart of our efforts. We are achieving this by gradually switching to green vehicles and by means of efficient route planning. We also want to reduce the environmental impacts at our sites, for example by digitalising processes, saving water, electricity and heating energy and by using green power.

We also ensure that there is a direct link to our core business when it comes to social issues, regularly providing charities with free transport services, for example. In order to gain an even better understanding of the wishes of our stakeholder groups, we also performed a Group-wide materiality analysis for the first time in the 2016/17 financial year. By asking our stakeholders a comprehensive set of questions, we were able to identify the issues that matter most to them and thus focus our efforts even more effectively.

When you look back on the past two years, which events have been especially important?

Our entry into the US market, which we achieved by acquiring GSO in California, is one milestone of the last two years. As a result, we have significantly expanded our geographical area of activity. Whilst this offers many opportunities, it also harbours challenges, especially in terms of sustainability. We have to harmonise our activities in the US market with those in Europe, such as by incorporating our American sites into the life-cycle assessment, although local conditions do have to be taken into account. The business model in the United States is a little different to the one in Europe, making it necessary to modify the methods used to collect and evaluate data.

In the 2014/15 financial year, GLS set concrete targets for sustainable business as part of its strategy. How much progress has been made?

The primary goal of our Corporate Responsibility strategy was to put our sustainability activities on a more professional footing. We also wanted to boost the profile and credibility of our commitment. I believe that we have successfully achieved these aims and that this is partly due to our activities in terms of further developing the life-cycle assessment on the basis of improved data collection and evaluation, but also to reporting in line with GRI standards. Furthermore, switching to the new version of the ISO 14001:2015 environmental management standard has made a big difference.

GLS at a glance

Key figures	2014/2015*	2015/2016	2016/2017
Business figures			
Turnover (in euro billions)	2.00	2.16	2.52
EBIT (in euro millions)	147	160	196
EBIT margin (in %)	7.4	7.4	7.8
Operating figures			
Customers	> 220,000	> 250,000	> 270,000
Parcel volume (in millions)	391	431	508
Long-distance vehicles	approx. 2,000	approx. 2,000	approx. 3,700
Delivery vehicles	approx. 16,000	approx. 18,000	approx. 23,000
Transshipment points**	40	41	> 70
Depots	approx. 700	> 700	> 1,000
Sustainability figures			
GLS companies certified in accordance with ISO 14001	20	20	20
CO_2e emissions in t	542,707	550,022	621,171
Employees	approx. 14,000	approx. 14,000	approx. 17,000
Workplace accidents (per 100 employees)	4.7	4.2	4.0

* Figures adjusted to reflect the sale of DPD Systemlogistik GmbH & Co. KG on 31 March 2015
** central and regional transshipment points

About this Report

With the third 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 2015/16 and 2016/17 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: ThinkFuture, 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.

In June 2016, GLS Spain acquired the express parcel company ASM Transporte Urgente (ASM). In October 2016, the GLS Group took over the American next-day parcel company Golden State Overnight Delivery Service Inc. (GSO). Furthermore, new emissions factors have been used compared to the 2014/15 Sustainability Report. Reporting on emissions and resource consumption for the 2015/16 and 2016/17 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 01/04/2015 to 31/03/2017.

Additional information online

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

Calculation principles

Environmental management system
The environmental data for this Report was collated by GLS in an internal life-cycle assessment based on an ISO-certified environmental management system.

Emissions
Emissions are quoted as carbon dioxide equivalents. Alongside CO_2, 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 life-cycle assessment 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. Due to rounding, it may not be possible, for example, to add percentages up so 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
nkGreen

ThinkFuture: green delivery concepts

Changes in climatic conditions and dwindling natural resources are two of the greatest global challenges for today's society and future generations. It is also important for companies to consider these issues in their day-to-day operations in order to grow efficiently whilst paying due regard to targets set, government requirements and rising costs. The areas of logistics and transport are becoming ever more important as a result of globalisation, as a rapid and uninterrupted flow of goods has become essential for the economy and society as a whole.

According to the Fraunhofer Institute for Material Flow and Logistics (Fraunhofer IML), the logistics sector accounts for well over five per cent of global CO_2 emissions.[1] This not only places a special responsibility on the industry, but also makes it a key starting point in terms of potential savings and improvements. In light of rising awareness of these issues, the way in which logistics is done will change dramatically and develop further in the future. The implementation of sustainable concepts is a key factor when it comes to meeting the wants and needs of various stakeholders whilst still safeguarding competitiveness.

When companies commit to more efficient use of energy and resources, it not only benefits the environment, but also plays a crucial role in terms of economic viability. Rising energy prices are one of the main obstacles to fully harnessing the economic potential of the logistics sector. By adopting various optimisation strategies, it is possible to reduce the consumption of resources and cut emissions, thereby cushioning the effect of rising energy prices. This results in both economic and ecological benefits.

The GLS Group uses innovative strategies, structures and processes in order to operate sustainably. The term "green delivery logistics" describes sustainable and environmentally friendly logistics concepts that mitigate environmental impacts of delivery by means of alternative delivery methods and eco-friendly power train technologies, thus safeguarding the future viability of the company. Sustainability in logistics is therefore also a programme for boosting resource efficiency. GLS implements a vast array of measures in this area: from alternative power train technologies (see page 61) and the efficient organisation of parcel flows through to innovative solutions in urban logistics, there are numerous approaches to achieving continual improvement. In the field of transport management, modernisation of the transport fleet and the use of alternative power train technologies are two aspects that take centre stage when it comes to reducing emissions from the delivery routes served. However, the efficient planning of delivery areas is another key starting point in terms of saving resources. By modifying the delivery areas, it is possible to streamline route and planning processes within them. As far as urban logistics is concerned, the focus is on improving the flow of goods in built-up areas, taking into account the need to ease the burden on the existing infrastructure and avoid noise, emissions and air pollution. One effective combination in this area involves micro depots and cargo bikes, the aim being to cut emissions and ensure efficient delivery.



[1] Fraunhofer IML (2011): *Klimaschutz liefern. Logistikprozesse klimafreundlich gestalten* ("Delivering climate protection. Making logistics processes eco-friendly")

ThinkGLS | About us



»The strategy of the GLS Group is to expand the existing business in the core markets and to grow via acquisitions and partnerships.«

Rico Back, CEO GLS B.V.

About us

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 41 European countries and 7 US states[1]. In the 2016/17 financial year, we employed some 17,000 people and had approx. 26,000 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 over 70 distribution centres and more than 1,000 depots, with more than 270,000 customers 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.

2.5
billion euros in revenue

508
m parcels

more than
270,000
customers

GLS

Figures from the 2016/2017 financial year

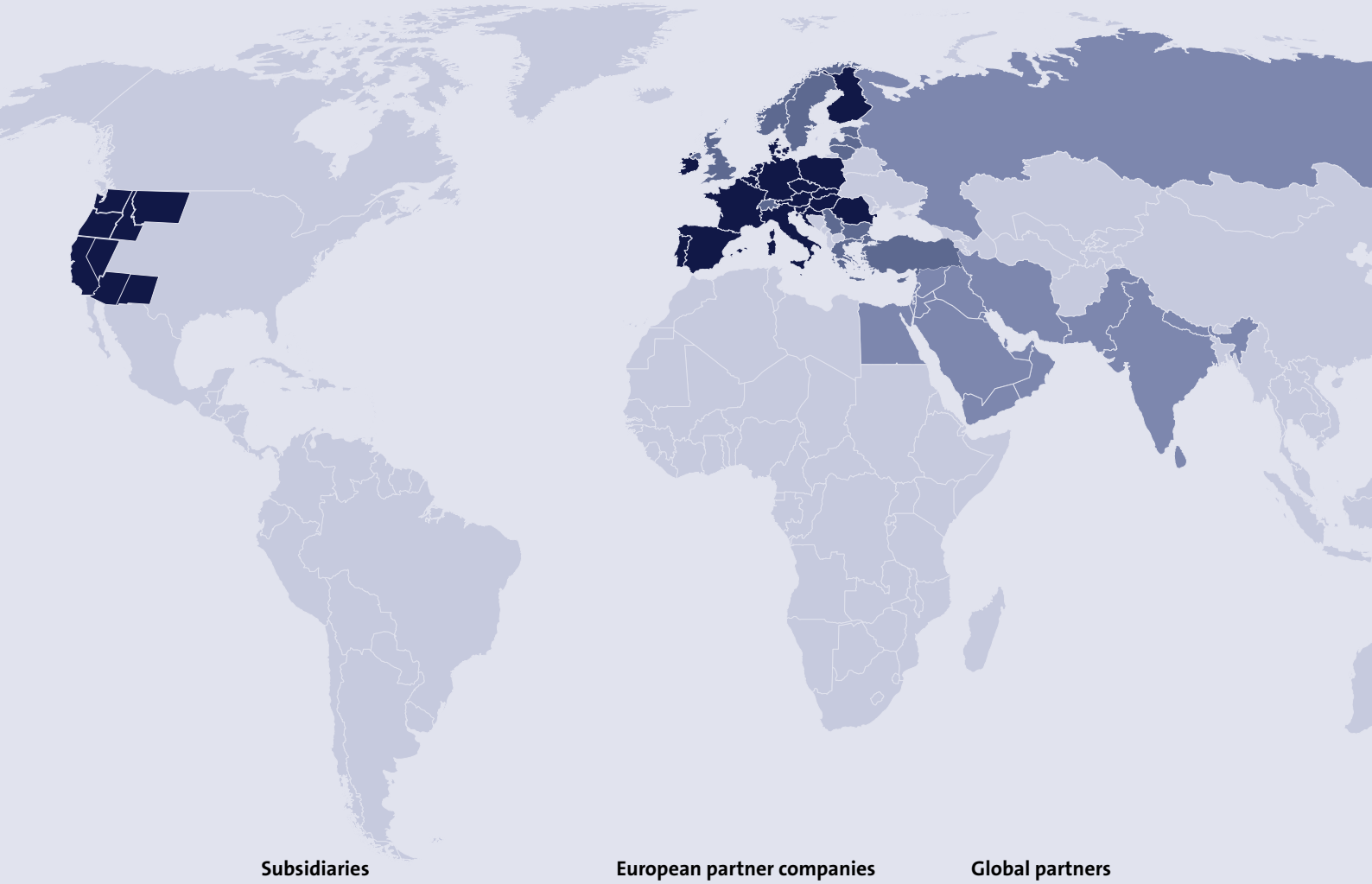
more than
17,000
employees

over **1,000**
depots

approx.
26,000
vehicles

over **70**
distribution centres

[1] Incl. Postal Express, which was acquired in April 2017



Subsidiaries
GLS Austria
GLS Belgium[1]
GLS Croatia
GLS Czech Republic
GLS Denmark
GLS Finland
GLS France[2]
GLS Germany
GLS Hungary
GLS Ireland
GLS Italy[3]
GLS Netherlands
GLS Poland
GLS Portugal
GLS Romania
GLS Slovakia
GLS Slovenia
GLS Spain[4] (incl. ASM)
DER KURIER (Germany)
Golden State Overnight (USA)
Postal Express (USA) (since April 2017)

European partner companies
A2B Express (Serbia, Bosnia Herzegovina, Montenegro, Macedonia, Kosovo)
ACS – Air Courier Service (Greece and Cyprus)
Global Parcels Ltd. (Malta)
Interlogistica Ltd. (Bulgaria)
MNG Kargo (Turkey and Cyprus)
Parcelforce Worldwide (United Kingdom)
Posten Norge (Norway)
Posti (Baltic States, Finland)
Schenker (Sweden)
Post CH (Switzerland and Liechtenstein)

Global partners
Gati Ltd. (India)

Legend:
1 – including Luxembourg
2 – including Monaco
3 – including the Vatican City and San Marino
4 – including Andorra



Our customers and recipients

The core focus of GLS is business-to-business (B2B) shipping. This term describes the shipping of goods between business senders and business recipients, e.g. the shipping of tools and spare parts from a manufacturer to a construction company. Alongside traditional B2B shipping, business-to-consumer (B2C) shipping has also grown in importance in recent years. This is when business senders dispatch parcels to private recipients, such as when a private individual orders products from an online retailer. One thing that B2B and B2C shipping have in common is that goods are sent by companies and not by private individuals. These two shipping types are different from consumer-to-business (C2B) and consumer-to-consumer (C2C) shipping. Here, the parcel is sent by a private individual, either to a company (such as when returning items ordered online) or to another private individual (such as when sending gifts to friends or family).

Our customers are the parcel senders, i.e. companies or, in some cases, private individuals. We also have to consider the needs of the parcel recipients. Requirements are becoming more challenging, especially in B2C and C2C shipping, as it is harder to deliver to private individuals than it is to companies. For a detailed description of how we respond to the differing needs of our various customer and recipient groups, please refer to the chapter entitled ThinkQuality (see page 40).

The GLS Group strategy

With Group companies and partner organisations, the GLS Group covers 41 European countries and 7 US states[2]. Therefore, our slogan is "Think Global. Act Local". We support and promote our national subsidiaries by making sure that we adapt to reflect the specific needs and characteristics of local markets and customers and by pursuing country-specific strategies. As some trends are the same across Europe, however, a shared IT infrastructure not only enables us to provide high-quality services in our domestic market, but also across borders.

Cross-border solutions and improvements to the "last mile"

Growth in cross-border online shopping is outpacing that of its domestic equivalent[3]. One of our key objectives is therefore to further develop our products and services in such a way that our B2B and B2C customers can enjoy a seamless cross-border delivery and collection experience. In order to achieve this objective, we are expanding existing solutions such as the ***FlexDeliveryService***, the ***ShopDeliveryService*** and the

[2] Incl. Postal Express, which was acquired in April 2017

[3] PostEurop (2015): Modernising VAT for cross-border e-commerce, Position Paper, EC Public Consultation



ShopReturnService. We are also offering our customers new solutions in our domestic markets. In April 2016, for example, GLS Germany launched the GLS ***SameDay*** express service, which enables delivery within a fixed delivery window on the same evening.

Further growth

Whilst our primary focus is on organic growth, we also expand our network and/or enlarge our domestic market share by means of acquisitions, wherever it makes sense to do so. In 2016, GLS acquired the Spanish express parcel company ASM in order to strengthen its network and services in the Spanish domestic market. With this takeover, GLS is offering its customers a comprehensive national and international service. October 2016 saw the acquisition of Golden State Overnight (GSO), a leading provider of regional delivery services in the United States. GSO operates primarily in California and also delivers to Arizona, Nevada and New Mexico. In April 2017, GLS acquired Postal Express Inc., a CEP provider which operates in the US states Washington, Idaho and Oregon. These takeovers are in line with the strategy of careful and focused geographical expansion. Whatever we do, our overarching goal is to promote future growth on the basis of quality, technological advancement, efficiency and sustainability.

IT strategy

GLS attaches considerable importance to state-of-the-art information technology as a means of boosting customer satisfaction and operational efficiency. Consequently, the strategy pursued by GLS IT is designed to facilitate the development of in-house innovations, identify new developments on the market and harness them for the benefit of GLS. In this way, the technological foundation of GLS is being modernised step by step and primed to meet future challenges. We are continuing to work hard on being perceived as a driver of technology – with optimum IT solutions – in the parcel market.

With IT2016, GLS successfully concluded a multi-year IT investment programme at the end of 2016. As part of the programme, the central IT infrastructure was modernised and secured, new end user systems (Windows 10) were introduced, the application landscape was stabilised and many internal processes (e.g. project methodology, testing) were put on an even more professional footing – to mention just some of the measures taken.

Furthermore, IT investments continue to underpin the successful transport and delivery of parcels. Every day, approximately 100 million data sets are generated by the transport of some two million GLS parcels. Thanks to comprehensive IT solutions at every stage of the parcel process, we achieve maximum transparency in terms of parcel status, in relation to both national and cross-border shipments.

Modernisation of the core systems landscape

Ongoing modernisation work on the core system eliminates historical dependencies and limitations and affords greater flexibility for the implementation of new solutions. GLS will use this newly acquired flexibility to launch innovative products and services. Various technical innovations have already been implemented in this way across the entire parcel process. Our new customer system for producing GLS parcel labels is already being piloted amongst the first customers and is scheduled to replace various legacy systems in the future.

Optimising the last mile

Further measures to optimise delivery on the "last mile" have already been put into place. The routing logic has already been enhanced, for example, to assign parcels to different delivery routes in a more effective way than was possible with the previous postcode-based system. Using the new and improved GLS App, recipients can track the current position of a delivery vehicle and the expected delivery window of their parcel, as this data is also updated continuously and gradually refined. Recipients not only benefit from greater convenience as a result, but can also help ensure successful delivery and thus play their part in avoiding unnecessary parcel journeys. With the very same objective in mind, GLS also launched its ***FlexDeliveryService*** (see page 44) back in 2012. This service allows parcel recipients to choose from a range of delivery options, such as delivery to a GLS ParcelShop. Since May 2017, ***FlexDeliveryService*** has been available for national deliveries in 14 GLS countries, as well as for international deliveries in 12 countries. National and international real-time data transfer is a fundamental prerequisite for the ***FlexDeliveryService***. If the recipient is often not

at home, they can arrange to have their parcels delivered to their very own parcelbox outside their front door. GLS has developed the technology necessary and launched it as part of ParcelLock GmbH, a joint venture set up with a group of other parcel companies. By virtue of all these optimisations, GLS is able to maintain the accustomed quality standard of its deliveries, even as parcel volumes rise. It has also been possible to eliminate unnecessary delivery journeys, and thus reduce CO_2 emissions, as a result.

GLS has also initiated a project to replace the current handheld scanners used for parcel delivery with state-of-the-art alternatives that are extremely robust and based on the technology of modern-day smartphones. On the basis of the technology, new services and usage scenarios – such as real-time route planning/communication and mobile payment – become possible. The old scanners will be replaced gradually over the next few years, starting with GLS Italy and GLS Europe East.

Internal efficiency

IT support processes have been professionalised and automated in order to boost internal efficiency. Using a self-service portal, employees are now able to submit service enquiries directly and find out about their current status. The technical support system for purchasing processes is also being streamlined by means of a new enterprise resource planning system with electronic workflow.

Protecting IT systems against potential cyberattacks is becoming an ever more important issue at GLS. As a multinational parcel company, we are represented within the high-tech value chains of many companies, making us a prominent target for hackers. At the same time, legal requirements are being tightened up in terms of professional structures for IT security and compliance. GLS has responded to this trend and further strengthened its commitment by appointing a Chief Information Security Officer (CISO) responsible for the entire GLS Group in spring 2016. Furthermore, various IT security improvements that were initiated as part of the IT2016 investment programme have been expanded and reinforced.

We are continuing to expand our pool of in-house IT specialists in a targeted manner so that GLS can benefit from critical expertise on a permanent basis. Alongside the German IT sites in Neuenstein and Eschborn, an IT development centre was set up for this purpose in Portugal in 2016. This centre will offer GLS IT the necessary opportunities for personnel expansion as the market for IT specialists becomes ever tighter.

Our transport partners

Our transport partners and their delivery drivers play a crucial role in our day-to-day operations. They are experts in parcel delivery and collection, which is why they handle the “last mile” on our behalf and transport parcels between the hubs of the GLS Group (see page 30). They are in contact with our customers and recipients on a daily basis and are our face to the outside world. They are committed to the GLS Group on a daily basis in order to provide high quality services, so that customers and recipients are cared for in the best possible way.

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 know their market and local conditions and are therefore experts when it comes to delivering and collecting parcels.



ThinkResponsible | Responsibility



The GLS Group rises to the challenging circumstances and is aware of its entrepreneurial responsibility.

Responsibility

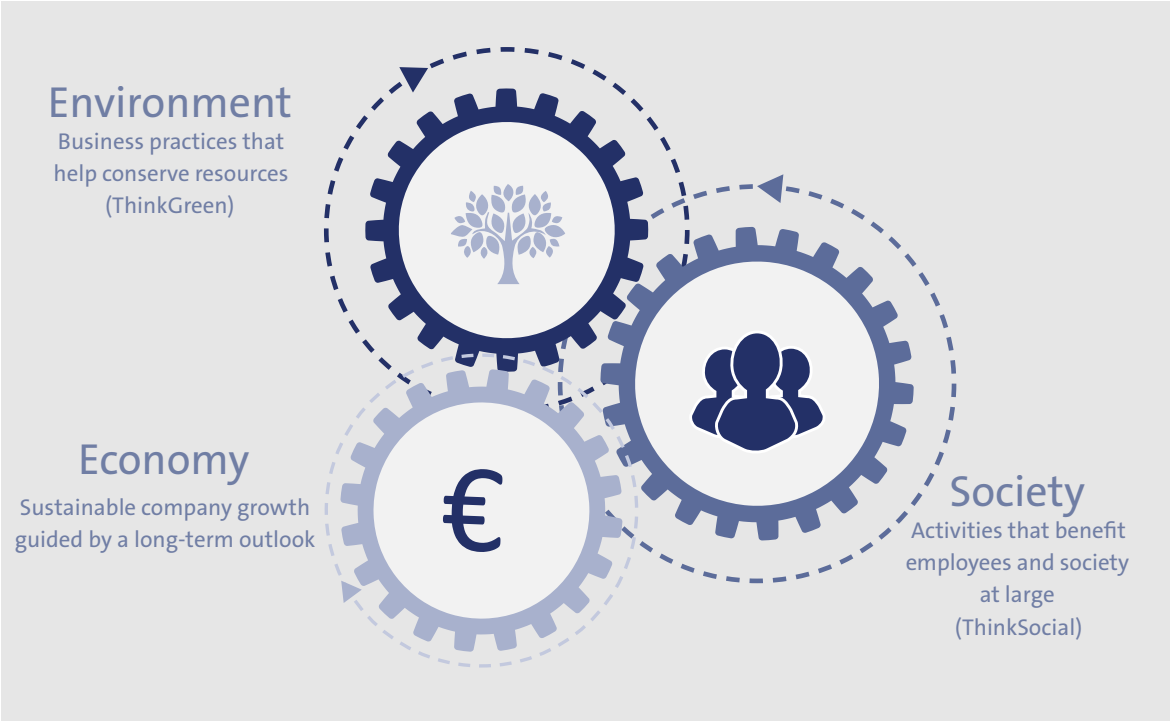
The courier, express and parcel services (CEP) segment – of which GLS is a part – continues to grow. The European parcel market was worth more than € 61 billion in 2016. The rise of 4.9 per cent on the previous year is chiefly due to growth in online retail, which has stood at 14 per cent per annum since 2011.[1] Further sustained growth is anticipated for the future, with the number of parcels sent forecast to rise by 28 per cent by 2020 in Germany alone.[2] The industry therefore makes a decisive contribution to the mobility and reliable availability of goods, which is the backbone of our economy. Fast, secure 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. Delivery volumes to private households (B2C shipments) are also increasing as a result of the growth in online retail. B2B shipping at the GLS Group is complemented by a premium B2C service in order to reflect the growing importance of the private recipient segment for B2B customers.

Alongside these positive developments, the industry is also facing challenges: in addition to increasing 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. The growing importance of certification, such as in the field of environmental management (ISO 14001), also harbours challenges. Despite exhibiting different needs, all GLS national subsidiaries have to meet common standards. These requirements necessitate ongoing monitoring and adjustment of internal processes and delivery procedures.

The GLS Group keeps pace with changing conditions and is conscious of its corporate responsibility. The aim of all activities is to achieve sustainable commercial success whilst paying due regard to environmental impacts. The GLS Group is also committed to its employees and to society.

Corporate responsibility strategically enshrined

The GLS mission is to be the "quality leader in Europe". That's why we are working systematically to meet the needs and wishes of our customers with top-quality solutions. In doing so, we take our environmental impacts into consideration and set great store by an honest spirit of partnership in our dealings with employees and transport contractors (see page 36, 70). Acting sustainably means shouldering responsibility. At the GLS Group, all corporate responsibility activities are pooled and coordinated under the heading "ThinkResponsible".



[1] Apex Insight (2017): European Parcels: Market Insight Report 2017

[2] BIEK (2017): *Innovationen auf der letzten Meile* ("Innovations on the last mile")

"ThinkResponsible" makes it clear that sustainability begins in the planning phase and that it is a hallmark of all business activities. Successful corporate governance considers both long- and short-term social, environmental and economic impacts of business activities. Sustainability is not only the benchmark for the company and its employees, but is also necessary for the future development and success of the company.

The Group-wide corporate responsibility strategy (CR strategy) forms the basis for transparent and realistic planning of our sustainability goals. We aim to actively assume environmental and social responsibility in order to generate company growth that is sustainable, resource-saving and fair.

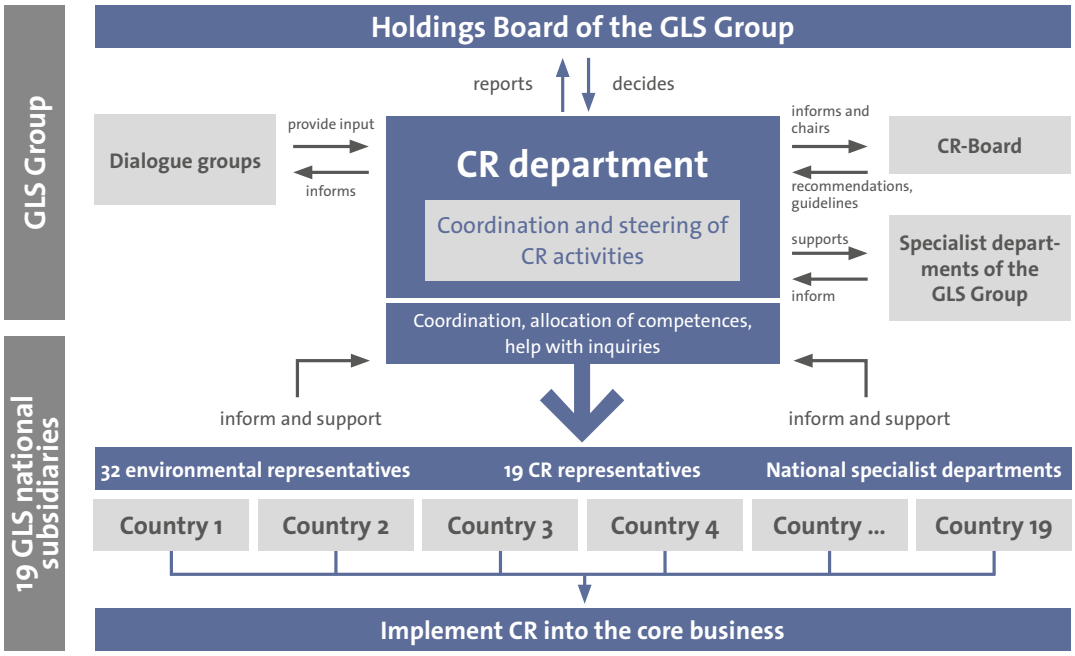
Our corporate responsibility strategy

The role and responsibilities of logistics companies are becoming ever more complex on account of changes within and outside the industry. We see social and environmental requirements, as well as the heightened demands of our customers, as an opportunity to further develop our core business and generate competitive advantages on the market.

In order to proactively meet these requirements, the GLS Group strategically enshrines sustainability and puts it into practice across the board. As a CEP provider, we have a special responsibility in terms of environmental protection. As an employer, we attach particular importance to the welfare and development of our employees and are also committed to the transport providers who operate on our behalf and their delivery drivers.

We regard sustainability as the cornerstone of our own economic activities; after all, a sustainability commitment is not a self-contained project. Instead, it is an ongoing strategic process that is carried out in close consultation with all internal and external stakeholders. We also view our sustainability commitment as a lasting investment in the future viability of the company, the environment and society. In order to achieve this, we are working in a proactive and targeted manner to place our CR strategy on a more professional footing and implement it.

Integration of the CR department



Our sustainability vision: ThinkResponsible is a key pillar of activities at the GLS Group. This vision will be brought to life with various measures enshrined in our strategy and will communicate various messages:

- The GLS Group acts in accordance with its core values: reliability, security, transparency, flexibility and sustainability.
- The GLS Group is the quality leader in Europe.
- The GLS Group is an attractive employer.
- The GLS Group is committed to its transport partners and their delivery drivers.
- The GLS Group takes responsibility for society and the environment.
- The GLS Group helps its customers to act in an environmentally friendly way and to communicate this fact.

Since February 2014, the Corporate Responsibility department has acted as the central point of contact within the GLS Group for all topics connected to the sustainability commitment. It coordinates all activities across the Group and sets the course for our current and future commitment by means of the sustainability strategy. Thanks to the direct involvement of the CEO, implementation of the strategy is supported at the very highest level and its relevance for the entire company illustrated.

The main aim of the strategy is to place CR activities on a professional footing and to build on the commitment. With this in mind, the specific tasks of previous financial years included work to enhance the life-cycle assessment and sustainability reporting. The introduction of an accounting software programme in 2015 has since enabled a more effective life-cycle assessment. For example, each country receives an individual analysis of emissions generated. Data collection methods have also been improved in order to simplify data gathering across locations and further enhance the quality of the data collected. The same applies to sustainability reporting, which is why the 2014/2015 Report was already more extensive and detailed than the first Report. In this Report, we once again go a step further in terms of the professionalisation of our activities. We are reporting in line with GRI4 for the first time and – in consultation with our stakeholders – have identified for the first time the areas of action that we and our stakeholders regard as essential for the company (see page 24). We have done so on the basis of an extensive materiality analysis conducted in accordance with GRI reporting guidelines.



In order to enshrine CR processes even more firmly, CR representatives have been appointed at all national subsidiaries to act as a point of contact for CR departments. The local points of contact produce reports on the individual activities of their national subsidiary and submit these reports to the country's Corporate Responsibility department on a half-yearly basis. This ensures that all relevant information is collated centrally and that this information can be used for communication purposes or as best practice. We are also seeking to intensify communication between national subsidiaries. As there are many areas of common ground between CR and other departments, a CR Board has been set up to enable the relevant departments to share information. This brings together the areas of common ground and facilitates closer cooperation. Alongside the regular attendees (such as those from the Corporate Responsibility, Quality Management and Purchasing departments), it is envisaged that representatives of national subsidiaries will also attend meetings under the chairmanship of the Corporate Responsibility department in order to tackle issues together, present current problems, make decisions and report on examples of best practice. The outcomes of the meetings are brought to the attention of the CEO by the Corporate Responsibility department and pursued further following a positive decision.

A further aspect is the involvement of our employees. It is planned to keep them even more closely informed of activities associated with ThinkResponsible and to involve them even more closely with the planning and implementation of such activities, the aim being to build on the social and environmental commitment and harness the existing potential across all countries.



Dr Anne Wiese
Manager Corporate Responsibility GLS Group

Dr Wiese, more and more companies are publishing sustainability reports, in some cases because they are legally obliged to do so. How do you view current developments in terms of the reporting obligation?

I see these developments as fundamentally positive, as they further strengthen the area of corporate responsibility. Uniform standards also help to compare the activities of different companies. We therefore use the established GRI standard when reporting our activities.

You voluntarily report in line with the GRI standard and conducted a materiality analysis for the first time in the previous financial year. Why is the topic of sustainability so important for the GLS Group?

Here at the GLS Group, we strive to continuously improve our efforts in the area of sustainability. By carrying out the materiality analysis and reporting in line with recognised standards, we aim to communicate our commitment to sustainable operations to the outside world and place this commitment on a more professional footing. We are also noticing that the topic is becoming increasingly important, especially amongst our customers – i.e. amongst commercial consignors. This is reflected, for example, in invitations to tender and in requests for individual emissions breakdowns. At the end of 2016, we also obtained EcoVadis certification at the request of a customer.

Alongside customer enquiries, we are also being contacted more frequently by local authorities who want to work with us to find solutions for reducing harmful emissions in their areas, such as through the use of micro depots or delivery by bike. Our employees and transport partners also expect us to act responsibly, of course. We wish to meet all these requirements by strengthening our commitment. We have also witnessed a tightening up of legal requirements in recent years, which has made it necessary to take our commitment further.

How do you help individual countries implement the CR strategy?

The strategy outlines the framework within which we wish to develop our commitment. Countries can plan their activities within this framework and thus take local circumstances into consideration. Whenever they have ideas and questions, the central point of contact is the CR department.



Stakeholder dialogue

The GLS Group has a variety of different stakeholder groups who are significantly affected by our corporate activities. These stakeholders (whom we also refer to as “dialogue groups”) also have different demands and interests in respect of the company. These groups include our corporate customers and private recipients, our employees, the transport contractors engaged by us and their delivery drivers, as well as lawmakers, politicians and society at large.

As all stakeholders, with their specific needs, have a direct or indirect influence on our business operations and consequently on our aims and success, it is important to maintain continuous dialogue with these groups.

The dialogue with relevant stakeholders is a key component of a continual improvement process, particularly in terms of our sustainability efforts. We not only regard a structured and strategically oriented stakeholder dialogue as a key source of information, but also as an opportunity to actively involve those associated with the company in our planning. The acceptance and trust of our stakeholders is a crucial requirement for the sustainable corporate success of the GLS Group. This results from a dialogue that is based on the principles of transparent communication and mutual respect between partners.

We communicate in a variety of ways with our most important dialogue groups on an ongoing basis (see page 22-23).



Stakeholder activities

Stakeholder group	Corporate customers	Private recipients/private customers
Who are they?	• Commercial senders from a range of industries	• Our customers' customers • Recipient contacts are increasing due to online retail • Private customers are infrequent or small-scale senders
What are their expectations?	• High quality • Flexibility • Excellent support and service • Quick and reliable delivery • Seamless collection • Appropriate prices • Low damage rate	• Quick and flexible delivery • Real-time shipment tracking • Speedy recipient service in the event of problems • Ability to select the parcel company • Ability to select the time/place of delivery during the order process • Reasonable shipping costs • Ability to rearrange the delivery time/place after the order process has been completed • Straightforward returns handling • User-friendly site for generating labels • Low prices • ParcelShops with convenient opening hours and good geographical density
How do we communicate?	• Key Account and Sales departments • Customer support • Website • The YourGLS business customer portal (see page 43) • INSIGHT Europe (customer magazine)	• Delivery drivers • Customer service line • Social media: Facebook (DE, AT, RO, SI, FI, PL, CZ, IE), Twitter (DE, AT, NL) and other networks • Website • Press relations • Cooperation with consumer portals in Germany
What has already been achieved?	• Updating the quality and management systems to comply with the ISO 9001:2015 and ISO 14001:2015 standards • Introduction of new services, such as in DE (GLS ***SameDay*** and ***PharmaService***) • Launch of a returns portal to simplify returns handling • GDP certification (DE, FR) • Customer workshops and surveys • Europe-wide upgrade of the scanning terminals for incoming shipments at our depots and hubs • Continued improvement of the website (e.g. introduction of a slider)	• Launch of a mobile parcel label • Roll-out of the ***FlexDeliveryService*** to other countries • Expansion of the ParcelShop network • Launch of a provider-neutral parcel locker box in Germany in September 2016 (ParcelLock GmbH) • Introduction of parcel lockers (Europe East) • Launch of the GLS-ONE private customer portal in Germany and Denmark • Fully revamped GLS App for senders and recipients • Launch of ***ShopReturnService*** in France • Carrying out of recipient surveys
What is planned for 2017/18?	• Expansion of the European network by enlarging existing depots and building new ones • Cross-border integration of the ***FlexDeliveryService*** • Launch of GLS Customer-Solution (parcel handling portal for major customers) • Website update: separate navigation options for recipients and business customers • GDP certification (IE, DK) • Recertification ISO 9001 and ISO 14001 • Improved claims handling "Give claims a face" with pilot projects in Germany, Poland and France	• Cross-border integration of the ***FlexDeliveryService*** • Launch of GLS-ONE in other countries • Introduction of international returns services with the ***ShopReturnService*** • Expansion of activities in social networks • Renewal of the GLS App

Employees	Transport partners	ParcelShop partners	Society	Parent company
• More than 17,000 employees	• They handle the collection and delivery of parcels, and transport between depots	• The people who run our ParcelShops • There are more than 17,000 ParcelShops	• The communities in which our depots and hubs are located • The society in which we operate	• Royal Mail
• A secure and attractive job with long-term perspectives • Training and professional development • Additional benefits like kindergarden subvention and company pension schemes • Familiar team, solidarity within colleagues and generational diversity • Transparency and communication	• Fair working conditions and pay • Transparency and communication	• Quick and simple processing of parcels • Easy to contact us when questions or problems arise	• No adverse impacts caused by GLS business activities • Local commitment • Transparency	• Increased shareholder value
• Employee magazine in DE • Information on the intranet or noticeboard • Newsletter • Employee events	• Regular meetings with transport partners • Driver breakfasts, etc. at the depots • Launch of the RoadRunner Web app (DE)	• Regular contact via staff responsible for ParcelShops • Emails and letters with current topics and information • ParcelShop newsletter	• Website • Information in the media	• Via the CEO of the GLS Group • Cooperation between specialist departments on selected topics • Regular communication by means of reporting
• Diverse professional development opportunities • Newsletter for all employees of the GLS Group (GLS Direct) • Employee surveys at numerous national subsidiaries • Employee events at numerous national subsidiaries • Launch of an IT service portal to improve the handling of service requests (DE) • Launch of a Group-wide compliance programme and the holding of training courses • Expansion of activities on Facebook and Kununu (AT)	• Roll-out of a process to select business partners • Processes improved to minimise working hours • Digital tools which help planning the delivery tour when needed • Concentration of the depot network increased to shorten delivery routes	• ParcelShops in DE, AT, BE, LU and DK fitted with a state-of-the-art IT system for parcel handling • Awareness campaign in Germany • Launch of a ParcelShop app (DE, NL) to make life easier for ParcelShop partners; environmental burden reduced by digital signature technology • Austria and Belgium celebrating the 10th anniversary of ParcelShops	• Roll-out of the volunteering day to other national subsidiaries and continuation of social activities • Free deliveries for aid organisations • Fund-raising campaigns • Sport sponsorship • Expansion of the alternative-drive fleet in the form of e-bikes and electric vans in various countries	• GLS activities included in the Royal Mail Sustainability Report and Annual Report • Life-cycle assessment prepared in consultation with Royal Mail
• Revised Code of Business Standards • Launch of a new careers site (DE) • Expansion of activities on Xing and Kununu (DE) • Employee surveys • Introduction of the IT service portal to other GLS subsidiaries (AT, DK, FR, PL)	• Optimisation of the handheld scanner • Further network expansion • Introduction of further digital tools	• Further increase the profile of ParcelShops • 20th anniversary in DE • Network expansion in various countries • Optimisation of the ParcelShop App	• Further strengthening of local commitment • Further expansion of electric fleet	• Continuation of current activities

Materiality analysis

As part of efforts to professionalise the CR strategy of the GLS Group, we carried out a systematic materiality analysis in accordance with GRI reporting principles for the first time in 2016. This means that we identified key areas of action in the field of sustainability in conjunction with our internal and external stakeholders as part of a detailed, multi-stage process.

This process centred on two questions:
- What are the key opportunities and challenges in terms of the GLS Group and its future strategic development?
- On what issues do our stakeholders expect transparent information and endeavours?

All relevant stakeholders in all GLS countries were surveyed using an online questionnaire. This questionnaire covered 24 relevant topics that had previously been identified and selected by decision-makers at the GLS Group. Stakeholders were asked to rate the sustainability issues in terms of their relevance for the GLS Group. Respondents included employees, customers, recipients, transport partners, delivery drivers and ParcelShop partners – with some 2,900 questionnaires completed. External stakeholders accounted for 65 per cent of respondents, meaning they were represented more than internal stakeholders, who made up 35 per cent of total respondents. Our customers accounted for 41 per cent of all respondents. In a process that ran alongside the stakeholder survey, the areas of action were also analysed from the standpoint of the company. Following completion of the online survey and the company's analysis, the results were assessed and the 19 key areas of action were prioritised and summarised in a two-dimensional materiality matrix (see page 25).

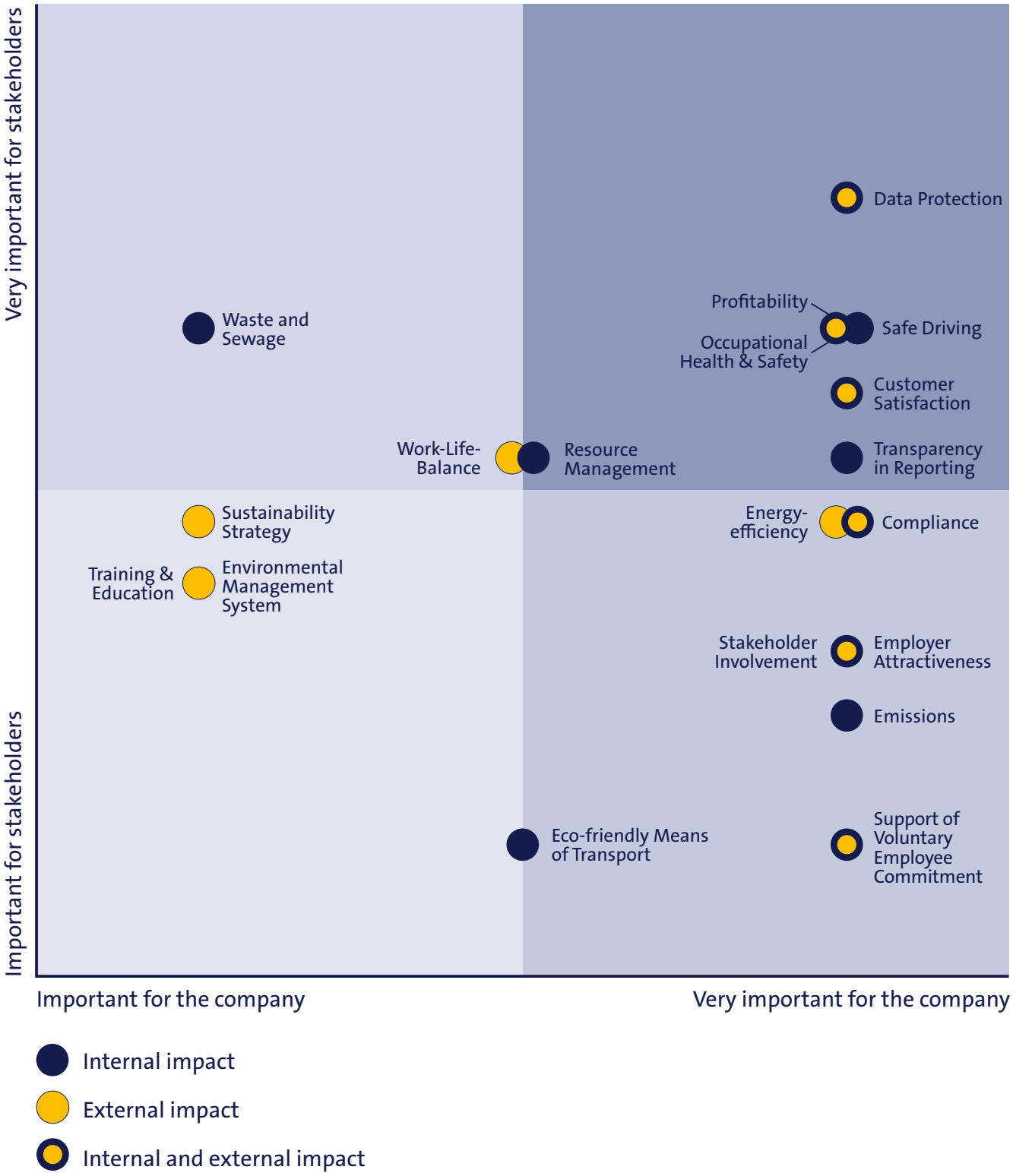
The materiality matrix

The materiality matrix will guide the future strategic direction of the GLS Group's sustainability commitment. The clear prioritisation of areas of action enables the GLS Group to live up to its role and responsibility within society and to further enshrine sustainability awareness in its corporate strategy. Furthermore, the materiality matrix plays a decisive role in terms of legally compliant reporting – which has been mandatory for larger companies within the EU from 2017 onwards – and in terms of selecting the content of the Sustainability Report.

The 19 areas of action identified as being important have been assigned to one of four quadrants depending on their relevance. The upper right-hand quadrant contains the areas of action that are very important to both the GLS Group and our stakeholders. The colour code used for the items also shows whether good/poor performance in the area of action concerned has an impact on our external and/or internal stakeholders. Correspondingly, data protection is of the utmost importance for both the GLS Group and our stakeholders. The performance level in this area of action influences the welfare of both external and internal stakeholders.

The GLS Group plans to give the areas of action identified as very important an even greater role in business processes in the future. Therefore, one area of focus in the years ahead will be on further improving data protection at all national subsidiaries. We will also continue to pay due regard to the issues of occupational safety and safe driving, such as within the numerous activities in the field of occupational health and safety (see page 77) and our road safety campaign (see page 39).

The materiality matrix of the GLS Group





Integrity and compliance

Strict compliance with all applicable laws is of paramount importance when it comes to the trust of our customers and other stakeholders. 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.

Compliance programme and compliance organisation

As an international parcel company, the GLS Group is committed to fair competition, integrity and responsible business practices. In order to live up to its exacting demands in the key compliance-related areas of competition law, anti-corruption and the observance of sanctions – and to prevent harm to the company, as well as its employees and executives – the GLS Group established a Group-wide compliance programme in the 2015/16 financial year. At the end of the FY 2016/17, 6,278 employees participated in compliance traininings.

A central Corporate Compliance Team handles the development, organisation and monitoring of all compliance-related areas. Its other tasks include a comprehensive, Group-wide risk assessment, devising new policies and updating existing ones and organising staff training programmes.

Responsibility for local adaptation, implementation and application lies with the national subsidiaries. The first port of call in this regard is the local Compliance Manager named by the organisation concerned. This person can also be consulted on compliance-related issues by all employees of the national organisation using a dedicated compliance telephone number and email address.

Policies and training programmes

The GLS compliance policies set out the binding ground rules to ensure that 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. Our standards of behaviour are set out in the Group-wide policies on tackling corruption, on competition law and on trade/financial sanctions, which apply to all employees, and are documented in supplementary guidelines and procedures.

Thanks to accompanying online tutorials, all office staff will be familiarised with the content relevant to them. Specialist, face-to-face training is also held for focus groups such as sales staff.

Ombudsman system and dealing with allegations of misconduct

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.

The GLS Group takes allegations of misconduct on the part of employees and representatives extremely seriously. All relevant information will be investigated further. If an allegation proves to be true, appropriate disciplinary measures will be taken that may even result in the contract of employment or business relations with the person concerned being terminated. If procedural weaknesses are identified in the course of an investigation, these will be remedied.

GLS Group Code of Business Standards

The Code of Business Standards is the cornerstone of all commercial activities of the GLS Group. It also illustrates the commitment of the GLS Group towards its stakeholder groups – i.e. employees, customers, business partners and the general public. In conjunction with the Guidelines of the GLS Group, the Code of Business Standards sets out the behavioural rules that apply to all employees of the GLS Group. These cover areas such as health and safety, data protection, quality, the selection of business partners and environmental standards. The codex was revised in the 2016/17 financial year and approved by the GLS Group Holdings Board in June 2017. The groupwide rollout is planned for the beginning of 2018.

The GLS Group is committed to the very highest standards in terms of its business practices. Any GLS employee who is involved in the selection of business partners – and who therefore acts on behalf of the GLS Group – is responsible for ensuring that business partners are selected in accordance with an appropriate selection procedure. As part of the procedure for selecting business partners – which is applied at all GLS national subsidiaries – all standard contracts with transport partners contain a specific clause stating that the transport partner has to comply with all valid local legislation. These standard contracts are used for all new agreements and renewals and are set to apply to all existing agreements by 2018.

UK Modern Slavery Act

The GLS Group is part of the Royal Mail Group. Royal Mail plc is committed to preventing all forms of modern slavery and forced labour within the company and its supply chain. For more information on the 2016/17 Royal Mail statement on the Modern Slavery Act, please refer to https://gls-group.eu/EU/en/compliance

GLS Germany has stipulated the principles underpinning relations with transport partners in a Partner 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 (see page 37).

Memberships of associations

GLS Belgium
Koninklijke Federatie van Belgische Transporteurs & Logistieke Dienstverleners (FEBETRA); Vereniging voor Inkoop en Bedrijfslogistiek (VIB)

GLS Czech Republic
Asociace pro elektronickou komerci (APEK)

GLS Denmark
Dansk Transport og Logistik (DTL); Dansk Erhverv

GLS France
Syndicat national des industriels de boîtes aux lettres et colis (SIBCO)

GLS Germany
Bundesverband Paket & Express Logistik (BIEK)

GLS Italy
Federazione Italiana Trasportatori (FEDIT)

GLS Poland
Forum Przewoźników Ekspresowych (FPE)



Elisabeth König
Corporate Compliance Manager

The materiality analysis conducted by the GLS Group has confirmed that GLS stakeholders regard compliance as very important. How is this reflected?

It has become apparent to us that customers and other external business partners are attaching ever greater importance to the reliability of our compliance programme. That's why we have revised our Code of Business Standards. This Code is not only aimed at GLS employees, but can also be accessed by customers and business partners in their capacity as our key stakeholders. The new Code of Business Standards will be made available to all GLS companies during the course of the 2017/18 financial year. Thanks to the measures we have taken, we are well positioned to remain a reliable partner for our stakeholders in the future.

In your view, how important is the compliance training that is being carried out across the Group?

We are pleased to see that the training materials have been well received amongst the staff at sites where training has already been carried out. It is particularly positive that employees are using the training as an opportunity to address compliance-related topics and to ask questions that would perhaps otherwise have remained unanswered. We will continue in our efforts to make the training programme both efficient and resource-saving and, of course, remain on hand to assist all GLS employees, both within and outside specific training programmes.

The last mile – innovative and environmentally viable solutions in urban logistics

Although traffic volumes have risen sharply in many urban areas, the amount of road space is limited. One reason for this is continuing urbanisation and the resulting densification of cities. According to a sustainability study carried out by the *Bundesverband Paket und Express Logistik* BIEK (German association for parcel and express logistics), three quarters of Germans currently live in conurbations – a figure that is still rising.[3]

This trend not only gives rise to an increase in private journeys, but also to an increase in business journeys. According to the study, the consequences are efficiency losses, falling average speeds and adverse impacts on the environment. Alongside the rise in online shopping – and the resulting delivery and availability expectations of private recipients – another challenge lies in ensuring speedy delivery to retailers. In order to remain competitive, they have to be able to make goods available at short notice.

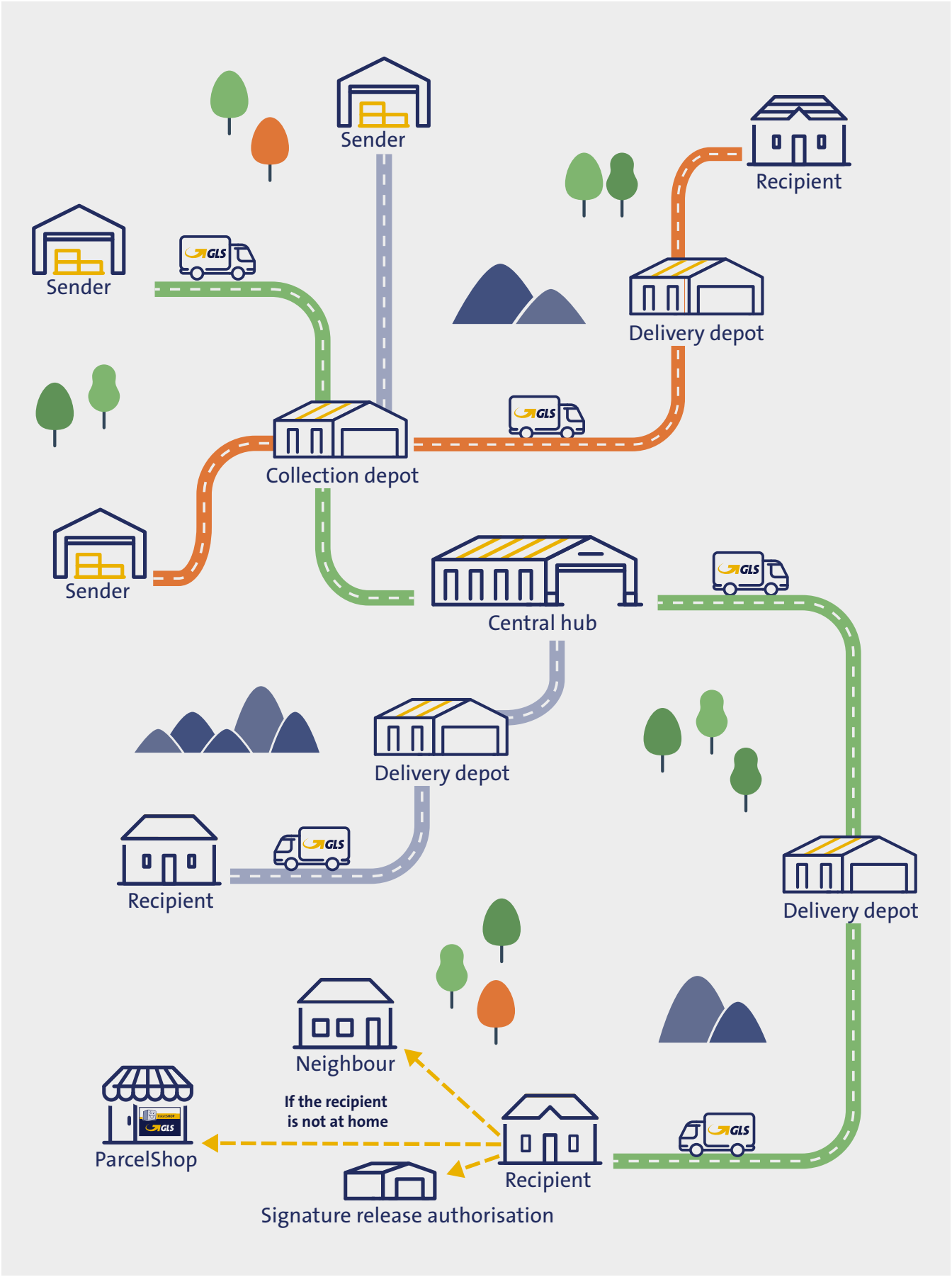
As a consequence of these developments, efficient city centre delivery is becoming ever more problematic for CEP companies, especially as environmental zones, traffic access restrictions and roadworks are growing ever more common in urban areas. Another key issue is the search for a parking space in the delivery area. Although double parking is a widespread and tolerated habit in many areas according to the study, it is yet another impediment to the flow of traffic. Furthermore, demand for speedy, timely and punctual delivery in urban areas clashes with the lack of affordable storage space. The upshot is that huge quantities of parcels have to be transported over ever greater distances into city centres. In turn, this lengthens supply chains and makes it harder to predict delivery times – and environmental problems such as air pollution caused by particulate emissions, not to mention CO_2 emissions and noise pollution, also worsen.[4]

If these challenges are to be tackled sustainably and successfully, effective and efficient urban logistics solutions need to be developed. As a logistics provider, the GLS Group bears a special responsibility in this regard and is working on innovative solutions. The "last mile" – i.e. the journey undergone by the parcel from the depot to the place of delivery – is a critical success factor in terms of the economic viability of GLS and the satisfaction levels of senders and recipients. The aim of innovative and intelligent urban logistics is to reduce the number of journeys made within cities and to make these journeys using green power train technologies. Alongside the expansion of its comprehensive ParcelShop network, GLS focuses in this regard on aspects such as the creation of micro depots and the increased use of cargo bikes with pedal assist (e-bikes) in urban areas.



[3] BIEK (2017): *Innovationen auf der letzten Meile* ("Innovations on the last mile")
[4] European Commission (2011): Roadmap to a Single European Transport Area – Towards a competitive and resource efficient transport system

The journey of a parcel



Micro depots

Micro depots are a promising approach when it comes to meeting the sustainability goals of all stakeholders on the last mile. The usage of central micro depots makes it possible to deliver parcels with cargo bikes or on foot (with transport aids) and therefore offers a sustainable way of easing urban congestion – quickly, quietly and without harmful emissions. A micro depot could be a container, a parked commercial vehicle or a suitable property. Placing depots in city centre areas shortens delivery routes and offsets the logistical disadvantages caused by the limited speed, load capacity and loading area of the cargo bikes[5].

Micro depot pilot project in Nuremberg

A pilot project in the area of intelligent urban logistics was launched in April 2016 in Nuremberg. Under the scientific guidance of the Nuremberg Institute of Technology, GLS Germany is examining the use of micro depots and cargo bikes. The project is also supported by the Bavarian State Government, the Chamber of Commerce and Industry and the City of Nuremberg – and another parcel company is also taking part. The project is split into two separate field trials, one of which is in the city centre and one of which is in a residential area. Parcels are deposited in containers, vehicles and properties before being transported to their destination by means of emissions-free alternatives such as cargo bikes and hand trucks. The aim is to ease the pressure within busy delivery areas and – by reducing the number of journeys within the city and deploying cargo bikes/hand trucks – to alleviate environmental impacts. The practical testing phase began in March 2017.



ParcelShop with micro depot in Düsseldorf

A new ParcelShop opened in the centre of Düsseldorf in 2016. This is the first ParcelShop that not only sends and receives parcels, but that also serves as a micro depot. In other words, parcels for business customers and private recipients are stored here and delivered straight from the ParcelShop using electric vehicles. Therefore, this ParcelShop plays a vital role in ensuring eco-friendly delivery in the city centre.

Green delivery also available in Konstanz

In Konstanz, a trailer (which is delivered every morning by a GLS van) has been serving as a micro depot since August 2016. Parcels are collected from the trailer and delivered by cargo bike.

New depot in Hungary

GLS Hungary operates a micro depot in the centre of Budapest. In order to avoid emissions and save energy, parcels are distributed from the depot using cargo bikes, tricycles and an electric van. GLS cooperates with bicycle courier service Hajtás Pajtás in terms of parcel delivery.

[5] BIEK (2017): *Innovationen auf der letzten Meile* ("Innovations on the last mile")

Increased use of e-bikes

As delivery vehicles often face restricted access to towns and city centres, delivery by cargo bike offers various benefits. Cargo bikes can navigate narrow alleyways and passages and are generally more agile in everyday urban traffic. They are also easier to park and are more effective in terms of reaching private recipients and business entrances. Cargo bikes with electric pedal assist can easily transport up to 200 kilograms per delivery journey. They are economically viable and environmentally friendly, as they do not require any fuel and thus lower CO_2 emissions.

Compared to traditional delivery vehicles, they are also regarded as a safer and more agreeable option from the point of view of other road users, such as pedestrians and motorists. One drawback is that e-bikes have a limited range and – unlike traditional delivery vehicles – are therefore only suitable for deliveries from a micro depot to the recipient. Therefore, the GLS Group is increasing the use of cargo bikes in urban areas in countries such as Austria, Italy, Germany, Hungary, Belgium and Spain. The aim is to foster alternative engines and reduce the number of diesel-powered vehicles.

Parcels delivered by bike in Graz

GLS Austria has been using cargo bikes to make deliveries in the centre of Graz since early 2016. With these bikes, it is possible to make up to 70 stops a day, provided that the battery can be charged several times in the vicinity of the city centre, which is also where the parcels are handed over by a delivery vehicle in the morning. As it has had such a positive experience, GLS Austria wishes to extend its use of cargo bikes, thus pressing ahead with efforts to ensure low-emission parcel delivery.





Reinforcements in Italy

In 2015, the GLS depot in Turin doubled its fleet of cargo bikes. Having purchased the first bikes in March of that year, the depot doubled the size of its fleet in October 2015 in order to keep pace with rising parcel volumes. This delivery method is a win-win situation. GLS Italy is satisfied, as greater delivery flexibility in urban areas enables a first-time delivery rate of 96 per cent. Customers are also satisfied with the speedy and eco-friendly delivery of their parcels. A micro depot is also scheduled to open in 2017 in the Sicilian city of Syracuse. From here, the city centre will be served using cargo bikes. E-bikes are also being used more frequently in Germany, particularly in conjunction with micro depots.

Green delivery in Konstanz and other German cities

Following a successful test phase, a cargo bike has been riding around the streets of Konstanz from Mondays to Fridays ever since August 2016. Due to the impressive efficiency, delivery quality and customer feedback witnessed in Konstanz, GLS is introducing further e-bikes in various German cities. The roll-out started in Nuremberg, Dortmund and Düsseldorf, with further cities following suit during the course of the year. Until the end of FY 2017/18, 14 delivery bikes will be in use.



A variety of green delivery methods

The GLS Group is always on the lookout for ways to make parcel delivery more environmentally friendly and is also open to unorthodox approaches. In the centre of Milan (where the aforementioned modes of transport are also in use), one female delivery driver gets around using rollerblades, delivering up to 60 parcels a day.





ParcelShops

The idea of launching ParcelShops came in 1997 following the closure of the first Deutsche Post branches. As a result, German Parcel (as GLS was known at the time) opened the first ParcelShop, making it one of the first parcel companies with a sales outlet of this kind in Germany. A few years later, it became apparent that ParcelShops were also suitable for handling deliveries of B2C parcels. This marked the start of systematic network expansion in Germany – and subsequently in Europe – in order to be able to offer customers a comprehensive network of outlets and improve delivery in the last mile. The GLS Group now has more than 17,000 ParcelShops in 13 different European countries. Of these countries, Germany, France, Denmark and Poland boast the densest network of outlets.

GLS attaches considerable importance to consumer-friendly opening hours and convenient locations. For example, 79 per cent of ParcelShops in Germany are open on Saturdays, with 11 per cent open on Sundays. In Belgium, 85 per cent of ParcelShops are open on Saturdays, with 5 per cent open on Sundays. Long opening hours are particularly useful for working people: roughly a quarter of ParcelShops in Belgium (35 per cent in Germany) open before 8 a.m., whereas parcels can be collected or sent after 6 p.m. in one third of ParcelShops (36 per cent in Germany).

Innovations

A lot has changed since the first ParcelShop opened its doors – with numerous innovations making the sending and receiving of parcels much more reliable and convenient.

Thanks to ParcelShop IT (see page 78), handling processes have been simplified in ParcelShops in certain countries, meaning that the ParcelShop staff merely have to scan the parcels whenever they are submitted or collected. The sender receives a printed receipt, whereas the recipient signs on a smartphone. All data is transferred to the GLS IT system using mobile technology. Here, both the recipient and the sender are able to track the parcel.

In Germany, an update was released for the ParcelShop App in July 2016. As a result, the app was harmonised with other company applications – i.e. the GLS-ONE online portal and the GLS App – thus expanding the portfolio of services for recipients, senders and ParcelShop partners alike. In addition, delivery drivers no longer sign a paper receipt when handing over parcels, but instead provide a digital signature on the ParcelShop's smartphone – just like recipients do when collecting their parcels in a ParcelShop. This cuts out some 5,000 paper receipts a day and helps protect the environment.

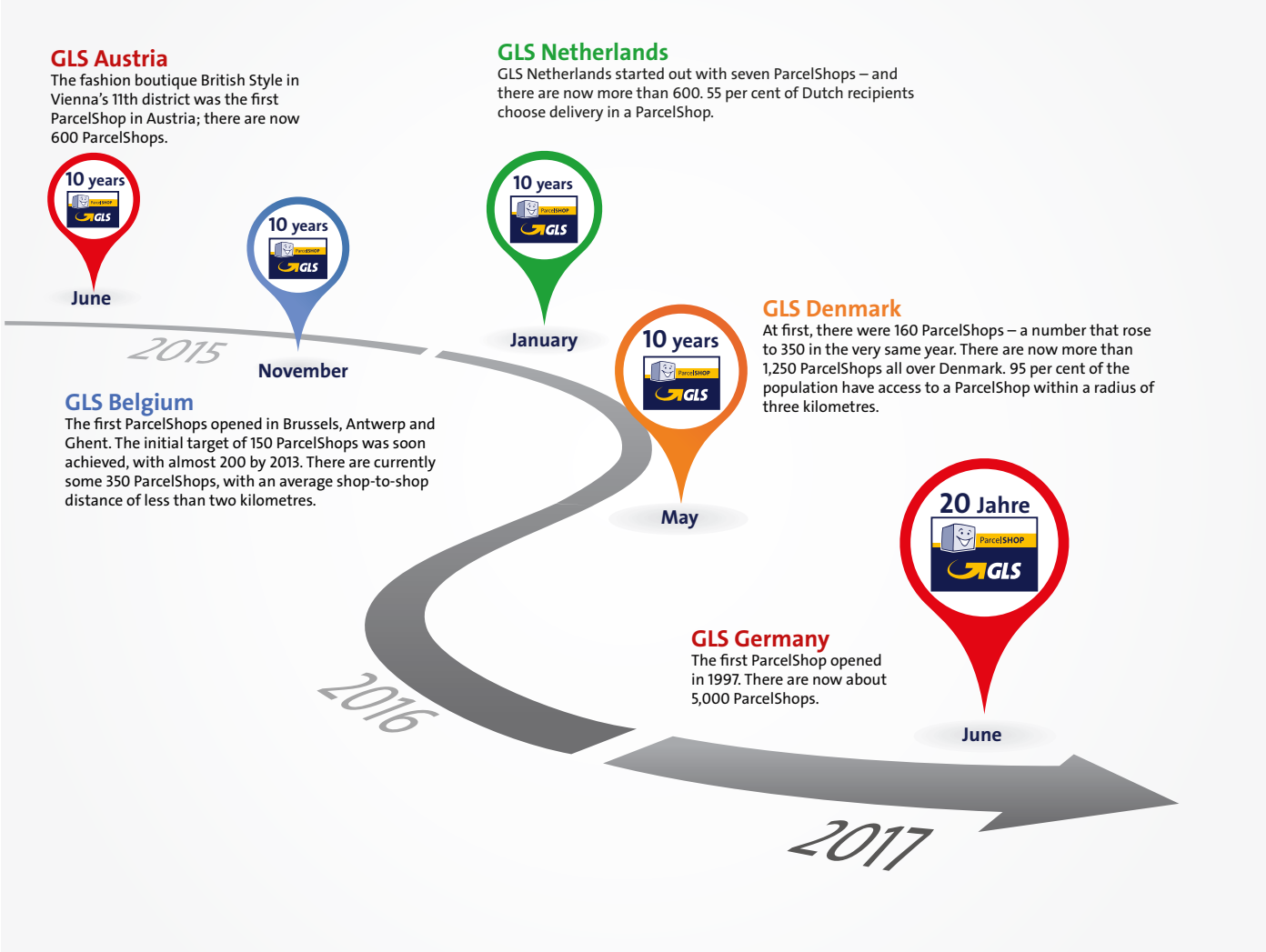
ShopDeliveryService

The GLS Group has expanded its international service for parcel recipients, as the existing ***ShopDeliveryService*** has been available for cross-border shipments since January 2015. Online shops can now offer customers abroad the option of selecting a ParcelShop as the delivery address. With its cross-border service, the GLS Group has connected five countries – Belgium, Germany, Denmark, Austria and Poland – and, consequently, around 8,000 ParcelShops. It is also planned to further roll out the service in the future. If a parcel recipient wishes to return the goods received, all they have to do is hand in their parcel at a GLS ParcelShop of their choice. It will then be transported back to the sender. This ***ShopReturnService*** is currently available on a cross-border basis in Belgium, Denmark, Germany, Ireland, Luxembourg, Austria and Poland.

In November 2016, GLS Germany further raised the profile of ParcelShops in the country by means of a three-month campaign featuring five "characters" and the slogan: "you can reach anyone with us". The campaign not only appealed to the public at large and illustrated the benefits of ParcelShops for occasional senders, but also strengthened the ParcelShop network and supported German ParcelShop partners.

In future, ParcelShops will play an ever greater role when it comes to eco-friendly city centre deliveries. In a pilot project, GLS Germany opened a ParcelShop in Düsseldorf at the end of 2016 which also serves as a micro depot that facilitates parcel deliveries with electric vehicles (see page 32 for more information).

ParcelShop anniversaries



Partnerships with transport partners and delivery drivers

All transport contractors 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 contacts the transport partner concerned and attempts to resolve the issue.

Lasting and transparent partnerships with our transport partners, based on a spirit of trust, are extremely important to us. We strive to maintain lasting relations with them, as they play a key part in helping us meet our quality requirements. GLS continuously improved the processes in the last years. GLS Germany, for example, has been successfully working with more than a third of its transport partners for more than ten years.

Communication

To ensure that both sides are always kept well informed, we seek ongoing communication and dialogue with our transport contractors. 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 national subsidiaries also offer their own courses that are open to delivery drivers.

At GLS Austria, there is a driver retention programme that all new drivers complete in a set implementation sequence. The drivers are taught a mixture of theory and practice in a driver training presentation, with two levels available depending on the drivers' knowledge (basic/advanced). In a monthly competition, drivers are rated using various performance criteria such as delivery quality. The best driver each month receives a voucher and a sweatshirt with the words "Driver of the month".

With the initiative "business quality and social responsibility", GLS Denmark – working in conjunction with the Danish Transport and Logistics Association (DTL) – has managed to develop a certification programme for all transport and courier firms. The aim of the initiative is to boost transparency and reliability levels and create a better working environment within the industry. All GLS transport partners are now DTL-certified, and the certification will be a core component of business practice in the future.



In November 2016, GLS Poland provided all delivery drivers with mobile phones on which the "Courier's Assistant" app was installed. This app facilitates communication between the depot and driver, as well as between the courier and recipient. It also boasts many other features that simplify day-to-day work routines. For example, it offers access to delivery lists and complete recipient details, gives drivers the option of calling recipients directly or sending them a message and can be used to navigate to a specific address.

What's more, the app shows the entire delivery process, which means that drivers can see how many parcels they still have to deliver at any given time.

Depot dialogues

In order to strengthen partnerships, many national subsidiaries also organise regular events such as driver breakfasts and depot parties. Depot dialogues are another key aspect of communication. Here, transport contractors and GLS depot managers discuss the specifics of their partnership. As a result, all necessary information about current issues is passed on – and any problems/questions are cleared up in open discussion forums.

Depot dialogues aim to
- Optimise processes
- Identify problems experienced by transport contractors and delivery drivers at an early stage and look for potential solutions
- Collect proposals for improvement
- Share feedback and enable joint evaluation of what has already been achieved.

GLS Germany partner programme

In Germany, we have developed a partner programme.

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 Germany 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.

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 drivers' working hours. Here are a few examples.

- Opening of new depots and hubs to reduce journey times.
- Optimised and digitalised planning of the areas assigned to transport partners, to ease the tour and planning processes in these areas for the transport partners.
- Introduction of a new generation of scanners which can be operated easier and more comfortable.
- Provision of additional sorting capacities and hiring of new employees to secure working times.
- Improvement of the scanners through a better user interface and multilingualism.



Communication

GLS Germany attaches great importance to in-depth communication with transport partners as a way of strengthening partnerships. In addition to depot dialogues and other joint events, GLS Germany has also been publishing the print magazine "RoadRunner" for transport partners and their delivery drivers since 1997. As the publication's target readership spends most of its time in vehicles and on the road, RoadRunner went online in June 2016. Thanks to a RoadRunner Web app – which is also compatible with mobile devices – we are able to keep our transport contractors and delivery drivers informed whilst they are on the road and provide them with important, interesting and amusing stories. As the app has been deliberately designed as a Web app, readers themselves can choose when and where they want to read RoadRunner.



The Bitschnau family: parcel pros from rural Austria

Christoph Bitschnau hails from the Austrian state of Vorarlberg and is passionate about his role as a transport partner. With his family and team, he handles the last mile and direct routes into Switzerland on behalf of the Rankweil depot. He is almost part of the furniture at GLS Austria, as the partnership started no less than 25 years ago when a small ad in the local newspaper persuaded him to set up his own business. Having started out as a one-man band, the 57-year-old now runs a company with almost 30 employees. His children have also joined the family business; his son Daniel is now a partner in the company, whereas his daughter Conny works as a delivery driver.

Christoph Bitschnau sees his employees as his firm's potential, which is why he supports them and even helps them on a personal level where necessary. For example, he helps them find somewhere to live and pays for German language courses if required. This makes it easier for delivery drivers to integrate and lets them focus on deliveries and collections. "At the end of the day, it also benefits customers and recipients," explains Bitschnau.



Road safety campaign



Delivery drivers are on the road every day on our behalf, whatever the weather and whatever the traffic situation. That's why careful driving is imperative. After all, the safety of drivers and other road users comes first as far as we are concerned. The materiality analysis carried out in 2016 also confirmed that this is an important issue for our stakeholders (see page 24).

In order to do justice to the relevance of this topic, we initiated a Group-wide road safety campaign in 2016. This campaign aims to address the principal causes of avoidable accidents, whether emotional factors such as stress or distraction, incorrect driving and other factors such as weather conditions or drink-driving. With its visual and emotional strength, it also seeks to encourage delivery drivers to reflect on their own driving, thus raising awareness of the issue amongst each and every one of them.

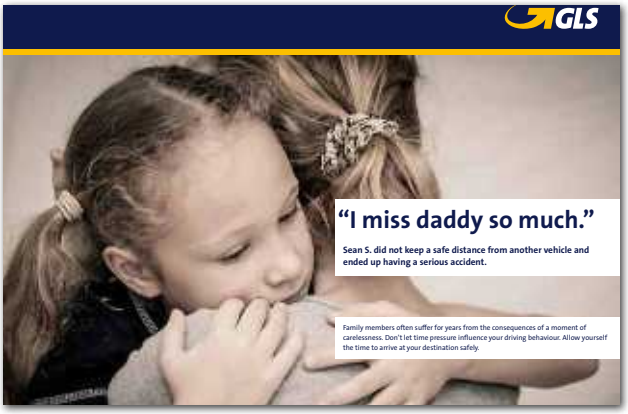
The campaign comprises three core elements:

1. A poster outlines ten rules for safe driving. These posters are hanging in all depots.

2. The poster campaign uses strong visual elements to show drivers how their (poor) driving can impact themselves and others. The images on the posters, coupled with the statements of those affected, are designed to strike an emotional chord. Additional information on the topic can be found within a box. What's more, the reader is addressed directly and asked to drive carefully so that these kinds of situations never happen in the first place.

3. Stickers that can be affixed to the delivery drivers' windscreens and that can be read from inside the vehicle. The aim here is to remind drivers on a daily basis that road safety is the absolute top priority.

The campaign will remain in place in order to ensure that awareness of the topic takes root in the long term.





Road safety campaign Czech Republic



Road safety campaign Portugal

ThinkQuality | Quality leadership



„Convincing, explaining, doing things together – this costs time in the beginning, but leads to a quality management system that is lived daily.“ *Mario Kampa, Corporate Quality Assurance Manager*

Quality leadership

Our quality commitment is firmly enshrined at the GLS Group. Reliability, punctuality, transparency and performance standards are at the heart of our day-to-day endeavours. We also work to improve our quality on an ongoing basis in order to respond to the needs of our customers as effectively as possible. Our quality standards do not just relate to our transport services. In fact, the highest requirements also apply in respect of all internal processes and systems at the company. Bearing in mind heightened demands as regards precision and the measurement of quality, not to mention increasing complexity in all areas of the company, our quality management system has operated on a standardised basis for several years, which enables us to safeguard, monitor and improve quality at all sites.

In order to press ahead with the continuous development of existing systems, the GLS Group was one of the first European parcel companies to obtain revised ISO certification for its quality and environmental management systems (following the revision of the standards in 2015). With the exception of GLS Italy, all companies were certified in accordance with the revised ISO 9001:2015 standard in 2016/17. GLS Italy is certified in accordance with the ISO 9001:2008 standard and is seeking certification in line with the revised standard. In many countries, the quality management system has already been ISO-certified for more than ten years.

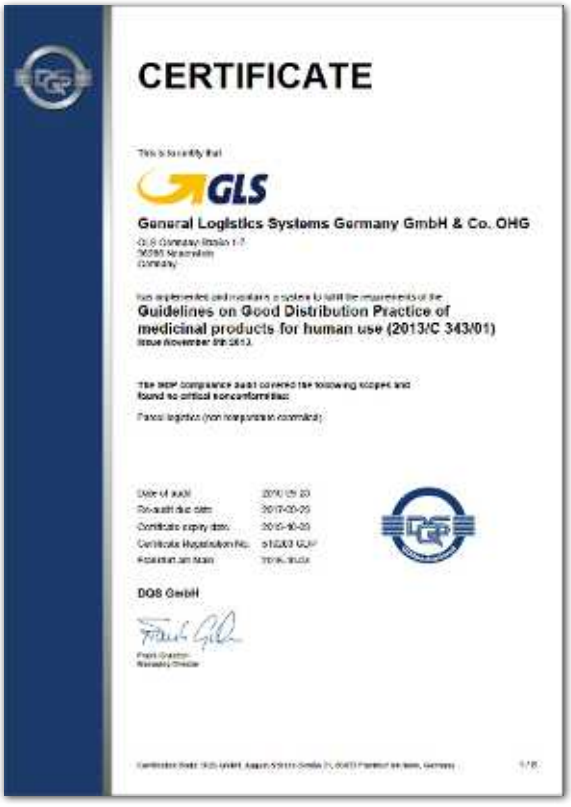
Quality assurance at the GLS Group comprises precisely defined work processes, quality guidelines with inspection routines and regular audits. Quality indicators are recorded on an ongoing basis. This enables us to guarantee seamless internal processes and unwavering service quality. The 2015/16 financial year also saw an enhancement in the integrated management system and Group-wide quality reporting, with the reports now more user-friendly and meaningful as a result.

The Quality department at GLS Denmark, for example, can track the delivery status of all parcels in real time using special tools. This means that they can respond to any problems immediately and provide appropriate support, often enabling delivery to still be made on the same day. The primary goal is to safeguard and continuously improve process quality as a team. That's why all departments can submit proposals and help shape new solutions.

A further milestone in the field of quality assurance is first-time certification in accordance with GDP (Good Distribution Practice). GLS France has been meeting GDP guidelines since February 2016. First-time certification was obtained by all GLS Germany sites in autumn 2016. This means that the process quality of the entire system meets the stringent requirements of the European guidelines on the transport of medicinal products for human use (2013/C 343/01) and satisfies the criteria for safe, hygienic and undamaged delivery. We can also deliver temperature-sensitive, passively temperature-controlled products with the appropriate packaging in accordance with GDP.

Certifications and ISO norms contribute to a common standard.

Furthermore, GLS Germany received official confirmation that it has successfully implemented a hygiene concept in accordance with HACCP (Hazard Analysis and Critical Control Points). HACCP is a system for avoiding food-related hazards. It includes a risk assessment, a determination of Critical Control Points (CCPs) at which hazards may occur and a system for monitoring these CCPs.


CERTIFICATE

GLS

General Logistics Systems Germany GmbH & Co. OHG

Guidelines on Good Distribution Practice of medicinal products for human use (2013/C 343/01)

DQS GmbH

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, the GLS Group 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, the GLS Group 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. The GLS Group 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, the GLS Group 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



The GLS Group 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 corporate customers: services that senders can rely on

The GLS Group focuses on its core business, namely deliveries between B2B 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. These characteristics are what our customers value about us; in Germany, 30 per cent of them have been loyal to us for ten years – and some customers have even been sending parcels with us for 20 years.

To make sure things stay this way, 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 its YourGLS online dispatch system, for example, the GLS Group offers 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. YourGLS is available in ten different countries. Depending 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. Interfaces allow online shops to link up to the systems of the GLS Group in a low-cost manner. In turn, this makes it possible to print parcel labels (even without GLS software) or to incorporate a ParcelShop search function within the online shop itself. YourGLS was updated in Germany in 2017. Modifications have been made to improve user-friendliness and functionality in areas such as the search function and complaints management. What's more, the design has been given a revamp.





Communication is everything

And should any problems arise, our corporate customers in Germany can contact National Customer Service (NCS) at any time. We processed a total of 280,000 enquiries in the 2016/17 financial year. Following a sharp rise, the number of incoming emails fell for the first time in the 2016/17 financial year. This is because customers no longer communicate collection requests by email, but instead enter the requests themselves using the Web portal. We received 199,000 emails in the 2016/17 financial year. We are also increasingly communicating with our customer groups via social media (see page 46).

Furthermore, we canvas 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 the GLS Group 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.

GLS Germany carried out customer surveys in 2016 and 2017. The 2016 sender survey – which sought to canvas the attitude and opinion of customers and non-customers regarding parcel shipping – indicated that seamless collection and delivery is the most important factor when selecting a parcel company. A low damage rate and fast turnaround times were also relatively important to respondents. A similar survey was carried out in 2017. Alongside their opinions on parcel delivery, delivery drivers, customer service and shipment tracking, respondents were also asked to rate complaints management and sales.

At the request of our major customers, we obtained EcoVadis certification for our activities for the first time in the 2016/17 financial year, achieving bronze status. It is planned to renew the certification annually.

A broad customer base makes us independent of any specific sector, with no single customer making up more than two 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 us for ten years. As of the end of April 2017, there were more than 180 trees in the garden.

Private recipients and private customers

As things stand, around 30 per cent of all parcels across the Group are delivered to private recipients. Flexible systems are therefore essential if we are to guarantee an outstanding shipping and delivery service. We are pressing 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.

As people's shopping habits change, so do their requirements and expectations of shopping-related logistical processes. In order to gain an even greater understanding of the wants and needs of our recipients, GLS Austria commissioned a study in this area at the start of 2017. This study indicates rapid developments in the field of e-commerce. Most Austrians make at least one online purchase per month, with the number of "frequent shoppers" doubling year-on-year to 40 per cent. The number of online retail sales have risen by more than 13 per cent year-on-year across Europe. More and more people are also shopping on their smartphones; more than half of individuals aged between 18 to 39 and more than half of frequent shoppers already make purchases on their smartphones. People expect the shipping and returns process to be just as convenient as the process of shopping online. According to the study, 75 per cent of the Austrians surveyed would also like to see more environmental awareness in terms of parcel shipping. Parcel recipients also expect customer service and speedy responses via social media. A study carried out in Germany in 2015 also reveals what matters to online shoppers: alongside detailed price information from the parcel company involved, it was important for the majority of respondents to be able to determine the time and place of delivery, both during and after the order process.[1] The GLS Group is responding to these insights by expanding services and implementing numerous other improvements.

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, provided that the sender has given us their 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. The GLS Group 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, for instance, be made on a different day or to a different address, such as a GLS ParcelShop. Since 2014, recipients in some areas of Germany have been

[1] Dr. Grieger & Cie. (2015): market research

able to arrange delivery on Saturdays or in the evening. This increases the first-time delivery rate and thus boosts recipient satisfaction.

As of the end of the 2016/17 financial year, 14 countries already offer the ***FlexDeliveryService***. May 2017 saw the cross-border integration of 12 countries. Therefore, Benelux, Germany, Austria, Poland and the GLS Europe East region – which includes Hungary, Slovakia, Slovenia, the Czech Republic, Croatia and Romania – are now linked in all directions. Further countries will be integrated in the 2017/18 financial year, the aim being to offer a Europe-wide ***FlexDeliveryService***. By expanding its ***FlexDeliveryService***, the GLS Group is responding to the growth in cross-border online retail and rising demand for international services.

Since 2016, we have also been offering same-day delivery for parcels ordered during daytime hours thanks to the ***SameDay*** service from GLS Germany. The service is available in ten conurbations across the country. The ***ShopReturnService*** makes it easier to return parcels, as recipients can simply and conveniently hand in their returns at a ParcelShop. This service is now available in ten GLS countries. With these services, the GLS Group is responding to the wishes and expectations of customers in terms of convenience.

Thanks to state-of-the-art IT solutions, such as the GLS App, flexibility is also maintained on the move. The App, which is aimed at senders and recipients alike, was given an extensive update in 2017 whilst simultaneously going live in eight different countries. The GLS App enables users 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. Another update allows senders to pay for their parcel label within the App itself and order collection of the parcel by the GLS Group. The GLS Group has integrated the ***ShopDeliveryService*** across the borders of five countries: Austria, Belgium, Denmark, Germany and Poland.

Furthermore, the current network of more than 17,000 ParcelShops is expanded and improved on an ongoing basis (see page 34). New IT systems, for example, have been implemented in Germany, Austria, Belgium, Luxembourg and Denmark. The new processes are faster, more convenient and more secure than the paper-based ones they replace, thus enabling additional resource savings.

Private recipients and senders can also rely on customer support. In Germany, Delivery Customer Service (DCS) handles recipient enquiries such as parcel/product information, delivery option amendments, complaints, goodwill requests and the following up of complaints. The increase in calls to 1,005,000 in the 2016/17 financial year is due to rising parcel volumes. Email enquiries rose by 24 per cent from 127,000 in the 2015/16 financial year to 158,000 in the 2016/17 financial year. This may be partly due to the increased acceptance of the ***FlexDeliveryService***, which gives rise to an increase in email enquiries, as customers can change their delivery preference up to three times. Customers also have the option of submitting their enquiries via new social media-based communication channels.

In Denmark, the B2C parcel volume in 2015/16 rose by 55 per cent compared to the previous year. As a consequence, the number of email enquiries climbed by 225 per cent. In order to be able to manage this demand in future, the E-track customer service system has been introduced. This programme makes it easier for customers to get in touch via the website. The Customer Support team in Italy receives approx. 1,300 emails and 2,250 phone calls a day. 35 per cent of these calls are handled by an interactive voice response (IVR) system, with the remaining 65 per cent dealt with by employees.

In 2015, GLS Poland carried out a customer satisfaction survey for its customer service line, with callers asked about their previous experiences with the service line.[2] The average rating between April 2016 and February 2017 was extremely positive. The results of the survey were used to evaluate the call centre and served as a basis for an improved service.

In a pilot project, GLS Poland also launched a Net Promoter Score® survey.[3] Following acceptance of their parcel, recipients receive an email inviting them to take part in a satis-



[2] In Poland, no declaration of consent is required from the employee or recipient to carry out a callback or an evaluation.

[3] The Net Promoter Score® (NPS) is a tool used by companies to measure customer satisfaction. This Score may be very low (-100 = all customers are detractors) or, ideally, very high (100 = all customers are promoters). Generally speaking, score above zero is seen as positive and a score above 50 as good.

faction survey. The survey comprises four to six questions, depending on how the parcel was delivered. As a result, GLS can respond to criticism on an ongoing basis and initiate improvement measures. The initial results of the survey are positive: 78 per cent of recipients were promoters, 13 per cent neutral and 11 per cent detractors.

Private senders – straightforward services for small volumes

Alongside services for commercial senders, we wish to make it as straightforward as possible for private individuals to send parcels. Our convenient online solution in this area is called GLS-ONE and has been available to our private customers in Germany since 2015. It will also be rolled out to other GLS national subsidiaries, such as GLS Belgium, GLS Austria and GLS Denmark. GLS-ONE also allows users to manage parcel dispatch online or on a mobile device – and directly order parcel collection. Further additional features, such as address management and advanced shipment tracking, also simplify the sending process.

GLS Czech Republic has launched a C2X online portal for occasional senders. The portal is called eBalik and has similar features to GLS-ONE.

Our ParcelShops are another key port of call for private senders. Here, it is possible to hand in parcels that have been prepared using GLS-ONE and carry out the entire sending process (see page 34 on the topic of ParcelShops).

Social media presence

The GLS Group has further expanded its social media presence since the publication of the second Sustainability Report in 2015. As of the end of November 2017, GLS is active on social media in eleven countries. The aim is to present the company and communicate with customers, employees and transport partners, with Facebook and LinkedIn the most frequently used communication channels.





In Germany, some 600 enquiries a day are handled by the Community Service team, with 95 per cent of these enquiries coming from recipients. A little over 20 per cent of the enquiries relate to complaints. While 12.7 per cent of users clearly signify their dissatisfaction during the initial enquiry, the tone changes during the conversation for about one third of the complaints. This shows us that our customers and recipients feel that they are being taken seriously. What's more, the general response to communication measures has improved significantly since 2015. This is reflected in the direct positive effect generated by communicating with dialogue groups via social media.

Communication via social media also provides important information about the current needs of our customers, recipients, employees and transport partners. One concrete example is the fact that the ***FlexDeliveryService*** was given a revamp in Germany on the basis of recipient enquiries. The anticipated delivery window is now not communicated until the parcel has arrived in the depot, thus avoiding the common perception that initial information on expected delivery constitutes a binding statement.

As part of the company's membership of the Social Media Excellence Initiative – an alliance of leading companies that use social media – the social media activities of GLS Germany were assessed by an independent organisation. GLS Germany was recognised as having an industry-leading social media presence in the areas of strategic concept and its implementation, interaction with dialogue groups and the monitoring of measures. This justifies the path taken in 2015 and motivates us – and the Community Service team, in particular – to continue improving our social media presence in order to boost customer satisfaction and quality levels. GLS Germany, for example, also started communicating with applicants and employees via XING and Kununu in the 2017/18 financial year. As a result, these two employer/employee platforms honoured us with the

Open Company Award. We are also responding increasingly to comments in the Google Play Store and on Google Business.

GLS Austria is also stepping up its efforts on social media. It has been operating Facebook and Twitter channels since March 2015, adding XING and Kununu in February 2016. The channels feature 40-60 posts a day, 95 per cent of which are from consumers.

The benefits of active social media communication are manifold:
- Increased awareness
- Enhanced image
- Improved consumer service
- Positioning as an attractive employer

In November 2015, GLS Austria was nominated in the "Digital Communication" category of the Austrian National PR Awards for its current Facebook communication work.

As social media investments pay all kinds of dividends, it is planned to further expand the company's presence and tap into new channels. In concrete terms, this means that a social media presence will be established in Ireland and Hungary in the 2017/18 financial year.





Anne Putz
Head of Communication & Marketing



Christian Klöpfel
Company Data Protection Officer at GLS Germany and GLS IT Services

Communication with business customers and private recipients is becoming increasingly digitalised. In your view, what are the pros and cons?

AP: Increasing digitalisation helps us to communicate quickly with our stakeholders, especially our customers and recipients. We can respond to customer enquiries speedily and precisely, provide relevant information and obtain valuable feedback on our services and communication. This kind of personalised communication would have been unthinkable pre digitalisation. Our customer support can also be accessed digitally via Facebook and Twitter, meaning that we are not only able to solve problems with parcel delivery, but also communicate with our stakeholders on an equal footing. At the same time, digitalisation and the information associated with it allow us to offer improved services. Take, for instance, the more precise delivery window as part of ***FlexDeliveryService***. In turn, this results in a more positive environmental impact, as unsuccessful delivery attempts are avoided.

Customers expect ever more transparency in terms of the parcel's journey. What are you doing to meet these expectations?

AP: Alongside transparency, customers also expect convenience and high delivery quality. This is why we offer our customers a range of options that accord all three factors top priority.

CK: It is precisely this challenge that we face every single day as a service provider. After all, data protection has to be safeguarded at all times whenever a parcel is shipped. Here at GLS, we only ever collect the data that we need to provide our services. This ensures that we do not encroach any more than is necessary on the right of our stakeholders to determine how their data is used.

On the one hand, people want shipping to become ever more transparent and, on the other, demand data protection. Is this a contradiction in terms?

CK: No, provided that data protection is upheld by means of suitable technical and organisational measures and provided that all parties involved act responsibly. Recipients also need to act responsibly. This means, for instance, not posting sensitive data such as parcel numbers publicly on Facebook.

AP: This is where the opportunities of digitalisation once again come into play. Social media gives us new ways of making our stakeholders more aware of the need for them to handle their data responsibly. We see this as part of responsible communication.



Data security and protection

Every day, more than 100 million data sets follow the roughly two million parcels transported by GLS, every step of the way. Data protection has top priority for the entire GLS Group, as also indicated by our materiality analysis (see page 24). The focus of many topics and measures in this area still lies on GLS Germany, as German data protection law is at the stricter end of the international spectrum. With the enactment of new EU data protection legislation (General Data Protection Regulation 2016/679 [EU]), this issue is also growing in importance in other countries. In order to keep pace with these developments, an overarching body of data protection managers has been set up in the form of the Compliance & Directives team. The role of these data protection experts will include the ongoing strategic development of data protection at the GLS Group, as well as devising and conducting training programmes on data protection legislation. A local data protection office will also be set up at all GLS national subsidiaries. These offices will act as the point of contact in the country concerned and will be responsible for implementing Group-wide data protection processes.

The flow of information is just as important as the flow of parcels when it comes to maintaining seamless processes. By furthering technological advancement, we can provide our customers with ever more accurate and up-to-date information, thus continuously enhancing the flexibility and precision of parcel delivery. In turn, this increases the amount of data that needs to be safeguarded, as this service cannot be delivered without collecting information and passing it on.

Sensitive handling of information is a fundamental prerequisite for a spirit of trust vis-à-vis all business partners and employees, both in terms of parcel delivery and general day-to-day operations. Alongside the protection of customer data, the safeguarding of its own company and employee data is paramount to the GLS Group. Precautions are updated on an ongoing basis to reflect technological developments and to ensure the best possible data protection at any given time.

In the 2016/17 financial year, there were many data protection-related enquiries in Germany. A large number of these were internal enquiries from employees and project teams who wished to ensure that the products and services they had developed complied with all data protection guidelines. As a result, it was possible to involve company data protection officers more closely in new projects and initiatives. External enquiries came from official agencies, as well as senders and recipients. Enquiries were frequently submitted by recipients who wished to find out more about the legal basis for recording their ID card numbers in ParcelShops. Senders also often got in touch with us in

order to conclude an agreement in respect of the processing of contract data. This is, however, not necessary, as GLS Germany is itself responsible for parcel delivery from a data protection standpoint. We did not record any breaches of data protection legislation in Germany in the 2016/17 financial year.

The areas of "cloud computing" and "software as a service" took centre stage in terms of the development of IT solutions. Here too, data protection officers are becoming ever more closely involved in order to ensure that contracts with cloud service providers set out binding data protection requirements. The service providers then implement the necessary organisational protective measures, meaning that secure and legally compliant data processing can be ensured – even in the cloud.



In July 2016, the German data protection authority, BfDI, carried out a random information and inspection visit at the GLS Germany headquarters in Neuenstein. The focus of the visit was to verify that the IT procedures used in connection with parcel services comply with data protection guidelines. In its post-visit report, BfDI praised the transparency of GLS Germany in all data protection matters.

At the end of June 2016, a new series of online tutorials on the topic of "information security and data protection" was introduced in Germany. The tutorials are compulsory for all commercial staff at GLS Germany and its subsidiaries. Once GLS Germany started the ball rolling, all other GLS national subsidiaries followed suit, one after the other. In mid April 2017, GLS Denmark became the last national subsidiary to start the online tutorials. The e-learning platform used allows employees to learn independently and to familiarise themselves with the guidelines using the examples and exercises provided. This not only boosts learning effectiveness, but also increases general awareness of the topic. Further measures to strengthen awareness of data security are planned for the coming financial year.

In the second quarter of 2016/17, the TAPA FSR Level (C) security management system was introduced across the Group. TAPA FSR (Facility Security Requirements) is a set of international security standards that gives our customers an understanding of our technical, organisational and personnel security. Complete implementation is scheduled for the end of the 2019/20 financial year. The aim behind the introduction of the standards is to harmonise security measures and achieve greater transparency in respect of security at the company. Compliance with the requirements is verified by means of annual security audits.

Prizes and awards

GLS Austria

Whether seamless delivery, shipping quality, shipping times or the fast and friendly service offered in ParcelShops, GLS Austria was the overall winner in a parcel test carried out by ÖGVS (a consumer research organisation) in 2015. In the "shipping quality" category, GLS Austria even stood head and shoulders above its rivals.

What's more, GLS Austria finished in the top three in the "Digital Communication" category of the "Austrian National PR Awards".

GLS Denmark

In 2016, GLS Denmark was named as one of the top five employers in the "More than 500 employees" category by Great Place to Work®. This rating is the result of excellent survey scores in the area of employee satisfaction.

The 2016 Plimsoll analysis rated GLS Denmark as "STRONG". This analysis allows readers to quickly gain a comprehensive picture of the performance of the 40 largest companies in the Nordic postal and courier services industry, with the rating based on performance over the previous four-year period. "STRONG" is the best of the five possible categories.

GLS Poland

Following on from its success in 2014, GLS Poland once again finished first in the "Leading Logistics Company in E-Commerce" category at the annual Logistics Service Provider of the Year Awards in 2015. GLS Poland also received the "Logistics Company of the Year" Bronze Award in 2015 and 2016. This Award is based on customer satisfaction surveys carried out by Eurologistics and Data Group Consulting. In 2017, GLS Poland was honoured with the special "Logistics Leader" Award.

In the period from 2013 to 2016, GLS Poland was awarded its fifth consecutive certificate as a "customer-friendly company" by the independent Management Observatory Foundation.

GLS Germany

In 2015, GLS Germany was shortlisted in the "Strategy of the Year" category of the Digital Communication Awards organised by the Quadriga University of Applied Sciences.

DtGV (a German market research company) scrutinised parcel companies as part of an independent test. In 2016, GLS Germany was rated "very good" in the "shipping duration" category.



GLS Germany was shortlisted for the "Deutscher Preis für Wirtschaftskommunikation" ("German Business Communication Award") in 2016 for its digital communication strategy, the Sustainability Report of the GLS Group and the volunteering day.

The Austrian Transport Association (Verkehrsclub Österreich) has awarded the pilot project for city logistics in Nuremberg with the mobility prize (Mobilitätspreis) 2017.

In the parcel service study carried out by Bundesverband Onlinehandel e. V. (German Online Retail Association) in 2016, GLS performed impressively on the last mile. According to the study, GLS is the second-best parcel company in Germany in terms of both first-time delivery success and overall recipient satisfaction.

Yourfirm named GLS Germany as the "Best SME Employer" in 2017. From January 2016 to February 2017, the company analysed the access and browsing habits of job-seekers and selected the best employers from more than 10,000 companies.

GLS Romania

In 2015, GLS Romania was named as an excellent company in the SME category by the Bucharest Chamber of Commerce and Industry in conjunction with Coface Romania.

ThinkGreen | Environmental protection



Targeted measures protect resources and the environment.



Environmental protection

All over Europe, the GLS Group dispatches and transports thousands of parcels and shipments every single day. The necessary logistical and transport processes have a significant influence on natural resources and climate change. Given the environmental impacts of our business operations, the area of climate and environmental protection is a key issue for us. GLS takes responsibility in this area and – on the basis of targeted measures – strives to safeguard resources and the environment whilst enshrining sustainable actions within day-to-day operations. We think and act in an environmentally friendly manner in all areas of the company – from efficient transport planning and the sustainable design of our depots through to our employees all over Europe and in the United States. A central challenge is to reduce the CO_2 emissions that are generated as a result of our operations.

This is why we launched our **ThinkGreen** environmental initiative. Ever since the 2008/09 financial year, all our efforts to achieve green parcel shipping have been pooled and coordinated under the banner of this initiative. It is our mission to proactively foster Group-wide measures and to push forward with communication between countries and the development of new activities in order to achieve the targets we have set ourselves:

- Responsible handling of resources
- Reduction in emissions
- Optimisation of waste disposal

The targets are broken down at the level of our locations so that progress can be monitored and potential weaknesses identified. They also serve as motivation for our sites and the GLS Group as a whole in terms of continuously improving our performance. The positive developments we have witnessed over the past few years clearly show us that we are on the right track. Efficient use of energy and resources is a crucial factor in terms of future economic viability. Thanks to the ongoing optimisation of our environmental management system and proactive environmental protection activities, we are not only able to minimise our ecological impacts, but also improve our financial performance in the process.

Improving our life-cycle assessment – which we use to collate the consumption and fleet data of all in-house depots and the head offices of all national subsidiaries, as well as the fleet data of sub-depots, on the basis of ISO 14064-1 – is a pivotal aspect. Thanks to the accounting software that we have been using since 2015, it is now possible to analyse the data collected in a more professional and customised way. By virtue of modi-



fications to Group-wide data collection methods for 2016, it has been possible to simplify data gathering, both for individual sites and the CR department. Potential burning issues in the field of sustainability are indicated to those responsible on the basis of individual life-cycle assessments for all national subsidiaries. The evaluation also helps individual countries define their annual goals for our environmental management system, with these goals collected and monitored by Corporate Responsibility.

As a result, the life-cycle assessment now provides an even more effective basis for identifying and implementing potential savings in energy, paper and power consumption (see page 55). We can only continue to reduce our impact on the environment – and therefore tackle environmental challenges head-on – by using all necessary resources as efficiently as possible.
As of the end of the 2016/17 financial year, we employed 32 environmental officers who support our national subsidiaries and ensure that our Group-wide environmental protection measures are implemented and followed. They also help us to generate the life-cycle assessment, where it is their role to pass on questions to depots for the purpose of collecting data and producing the assessment. They also ensure responses are received in a timely fashion and review the data received. In order to drive forward information sharing and communication in respect of individual activities and issues in the area of climate and environmental responsibility, the environmental officers are also responsible for ensuring that the ThinkGreen environmental initiative plays an ongoing role within individual countries.

What's more, all GLS national subsidiaries (with the exception of Italy) are certified in accordance with the new versions of ISO 9001:2015 (quality management) and ISO 14001:2015 (environmental management). GLS Italy is already certified in accordance with ISO 14001:2004 and is seeking certification in line with 14001:2015. We also look beyond the borders of our own company to ensure that our transport partners and service providers also possess environmental certification.



Emissions and resource management

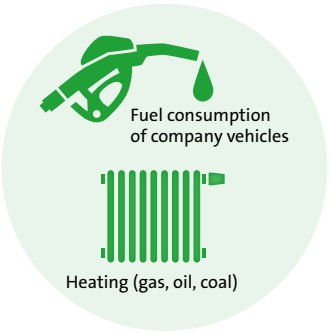
As a transport and logistics service provider, we are faced with the challenge of reducing the negative impacts of our core business against the backdrop of an ever-increasing number of transport services.

In order to tackle this challenge head-on, we endeavour to identify opportunities and implement measures – especially in the areas of transport (see page 58) and transport planning (see page 60) – that reduce resource consumption and the resulting emissions.

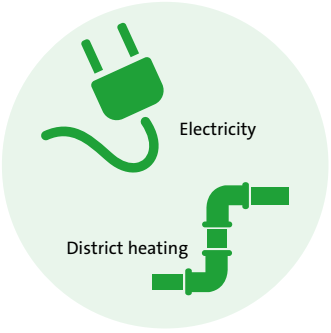
It is essential to accurately measure and categorise the environmental impacts caused so that potential improvements are revealed in the aforementioned areas. Therefore, resource consumption levels and the resulting emissions are recorded in the annual life-cycle assessment. Water and paper consumption have also been included in these calculations since the 2015/16 financial year.

By quoting so-called carbon dioxide equivalents (CO_2e), the GLS Group is factoring in not only CO_2, 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).

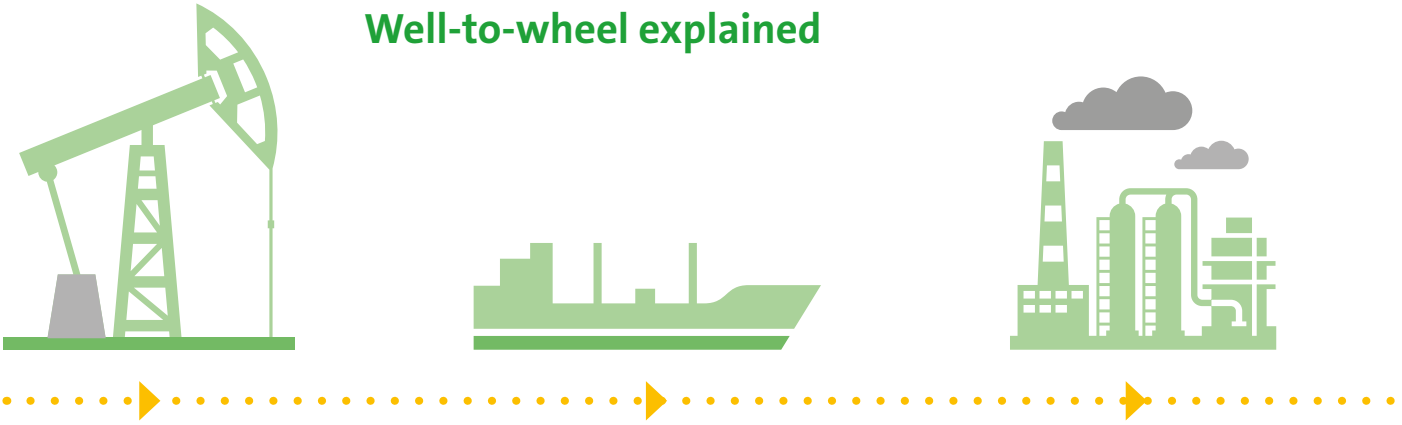


Scope 3:
Other indirect emissions attributable to third parties, such as emissions arising from the transport services provided by our contractors (scheduled services, delivery and collections) or from flights used for business travel.





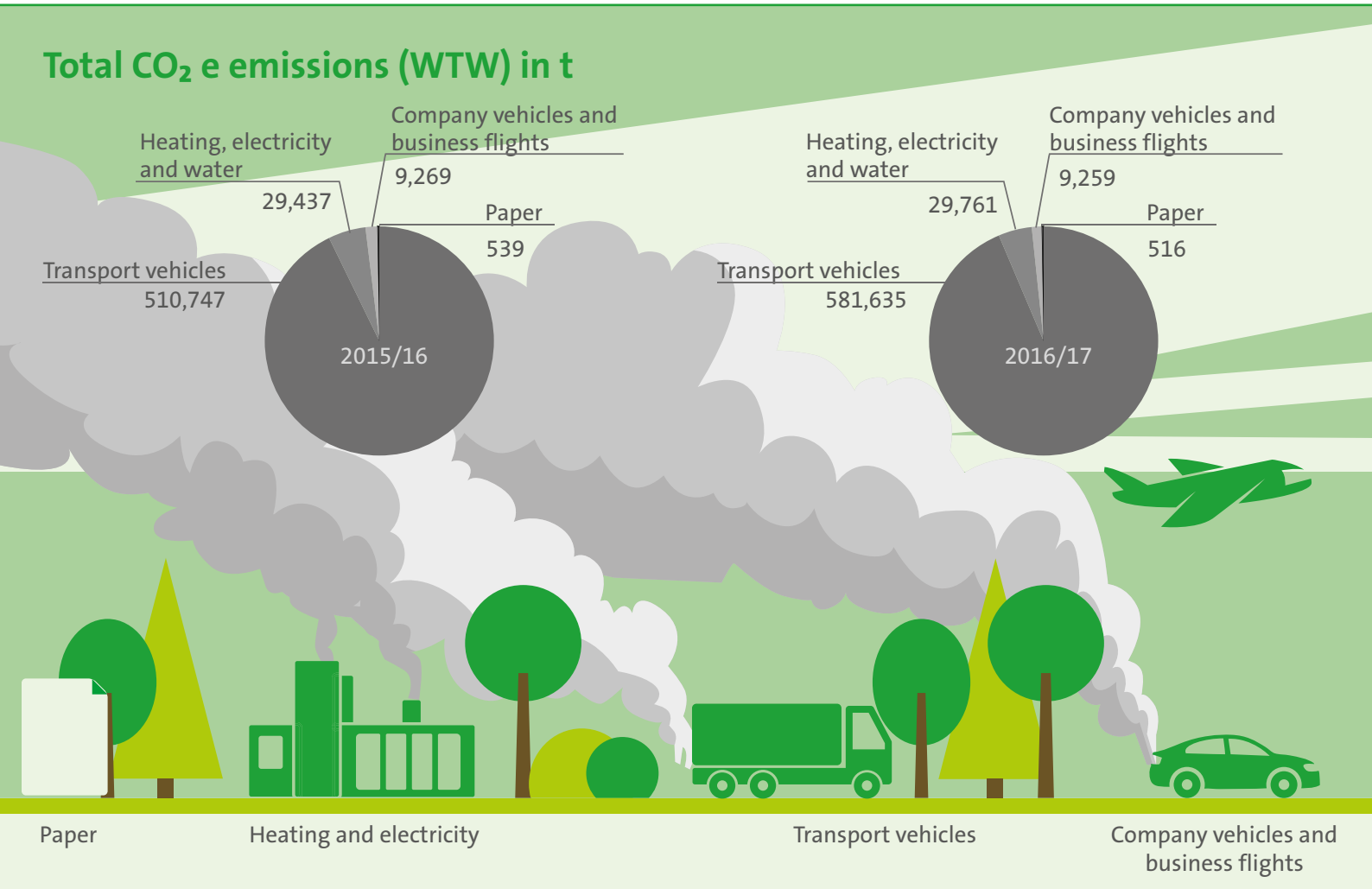
Well-to-wheel explained

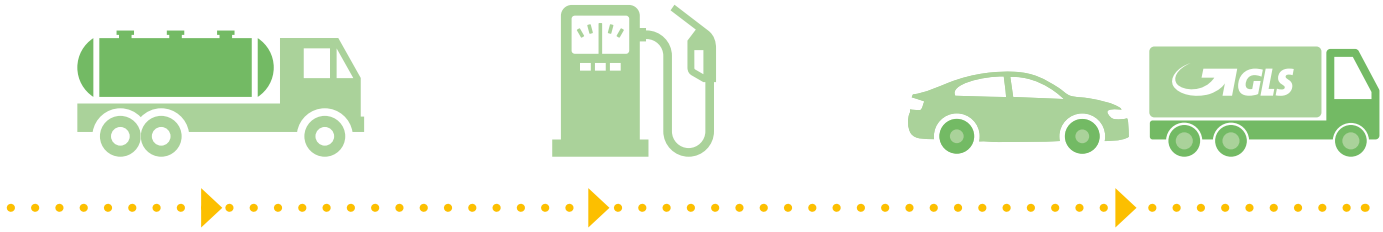


Both conventional and alternative drive technologies are evaluated using a well-to-wheel analysis, which looks at the fuel cycle in its entirety. In other words, it includes the entire energy cycle, from the point at which the energy is generated or sourced through to its transportation and use in road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

Compared with the 2014/15 financial year, total emissions rose from 542,707 t CO_2e to 621,171 t CO_2e in the 2016/17 financial year. This is due to the continuous growth of the GLS Group: 23 new depots have opened since 2014/15. According to the figures recorded in the life-cycle assessment, the vehicle fleet has increased by 3,098 vehicles to a total of 18,862 vehicles. The parcel volume rose to 508 million parcels in 2016/17, meaning that more delivery and collection journeys were needed in both national and international operations. The total distance of transport and collection journeys amounted to 1,034,211,265 km in 2016/17, which represents an increase of 11 per cent compared to 2014/15.

Total CO_2 e emissions (WTW) in t





Emissions in the area of delivery and collection, as well as in our contractors' scheduled services, increased by 15.1 per cent in the 2016/17 financial year, compared to 2014/15. Emissions generated by company vehicles and flights fell by 4.9 per cent compared to the 2014/15 financial year.

Emissions in the areas of heating (chiefly gas- and oil-fired heating) and electricity rose by 8.5 per cent compared to 2014/15. In the 2015/16 financial year, there was an adjustment to the emissions factors relevant to Royal Mail, meaning that only the emissions factors in the database of the UK government department DEFRA (Department for Environment, Food and Rural Affairs) are used.

The non-weighted average for electricity is now 491.9 g CO_2e per kWh instead of 448.7 g CO_2e per kWh (2014/15) or 437.8 g CO_2e per kWh (2015/16). Country-specific figures were used for the calculations in individual countries.

Changes in resource consumption

Heating energy in kWh

2015/16
34,775,921

2016/17
34,856,718

+0.2%

Water in m³

2015/16
114,708

2016/17
105,881

-8.3%



Electricity in kwh

2015/16
47,867,026

2016/17
49,282,905

+2.9%

Share of recycled paper

2015/16
3.1%

2016/17
7.3%

Transport

Transport vehicles

Transporting parcels from A to B is the core process underpinning our services. To this end, some 23,000 delivery vehicles and some 3,700 long-distance vehicles are on the road every single day.[1] We continuously strive to reduce the resulting emissions by modernising our fleet.

Of the vans used, more than 250 run on natural gas, with a further 33 running on LPG. The fleet also boasts more than 180 electric vans – a figure that stood at just three in 2014/15. Furthermore, the number of green transport vehicles is increasing all the time. Whereas 84 per cent of our vans and lorries met or exceeded the Euro 4 emissions standard in 2014/15, this figure now stands at 91.7 per cent for the 2016/17 financial year, with 62.7 per cent of our vehicles already meeting the Euro 5 standard or above. Some countries are particularly advanced in this area. For example, almost 80 per cent of transport vehicles at GLS Czech Republic, GLS Netherlands, GLS Denmark and GLS Austria meet the Euro 5 standard or above. GLS Czech Republic also only uses lorries that meet the Euro 5 or 6 standards. GLS Belgium provides transport partners with financial incentives to purchase Euro 6 vehicles.

Company vehicles

Alongside the emissions caused by parcel delivery, emissions are also caused by trips made on company business, such as when sales representatives visit customers on-site. As part of our life-cycle assessment, we regularly review our company vehicles with a view to making the fleet more environmentally friendly. The GLS Group had a fleet of 1,207 company vehicles in the 2016/17 financial year, including 26 LPG-powered vehicles, one electric car and seven hybrid vehicles. 99.9 per cent of company vehicles currently meet the Euro 4 standard, with 97.9 per cent satisfying Euro 5. These figures are a good example of our systematic efforts to reduce emissions. GLS Poland is making good progress in this area. Here, the green vehicle fleet has now been upgraded to 26 LPG vehicles. GLS Netherlands deploys seven hybrid vehicles (HEVs).



Our aim is to continuously modernise the fleet, thus improving the emissions classes of our vehicles. Different approaches are being taken by different national subsidiaries. At GLS France, for example, company vehicles are leased for two or three years, enabling the latest models to be used at all times. Furthermore, only vehicles with CO_2 emissions of below 120 g CO_2 per km are allowed, with larger four-wheel-drive vehicles banned completely. GLS Czech Republic also replaces its company vehicles every three years, whereas GLS Poland has reduced the usage period of its cars from five years to four. New company vehicles at GLS Spain and GLS Czech Republic have to meet the requirements of the Euro 6 standard.

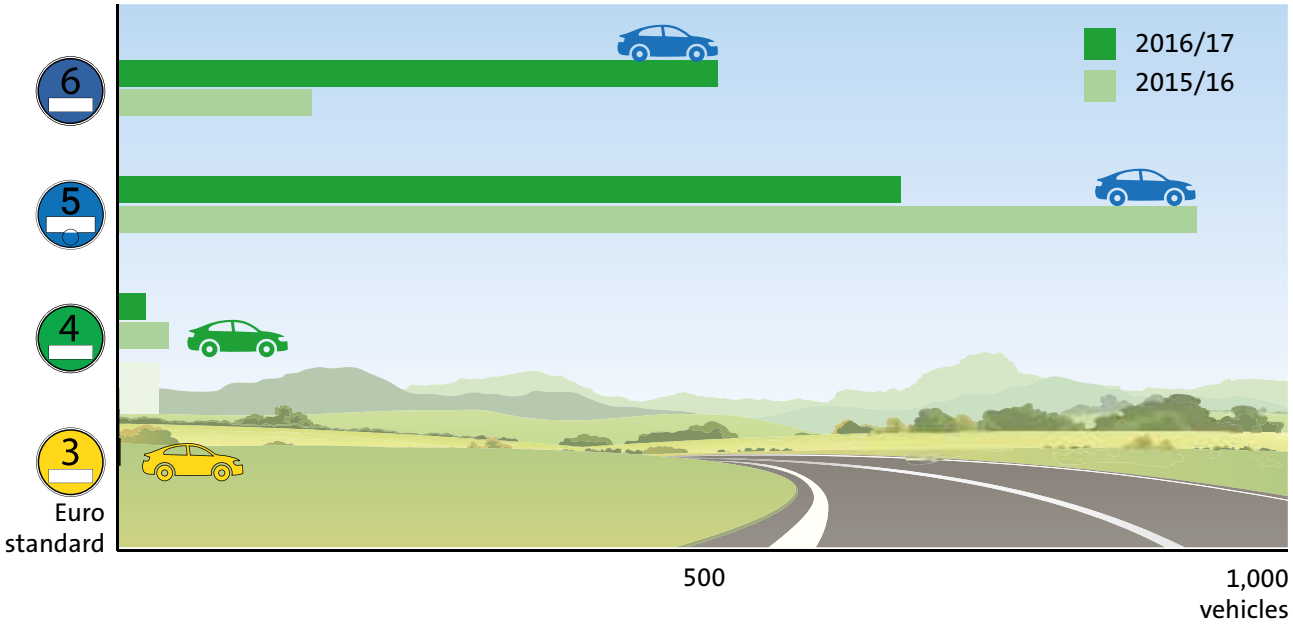
GLS Slovakia, GLS Netherlands and GLS Poland only use Euro 5 and 6 company vehicles, whereas GLS Portugal now only leases vehicles that meet the Euro 6 standard. We also monitor the fuel consumption of our vehicles on an ongoing basis. Other national subsidiaries, such as GLS Slovenia and GLS Hungary, plan routes for customer visits in order to keep the distance travelled to a minimum. There are also incentives to encourage drivers to drive in a more eco-friendly manner. GLS Hungary organises training courses on environmentally friendly and cost-effective driving for all employees with a company car, as well as for a selected individual at each depot.

Business travel

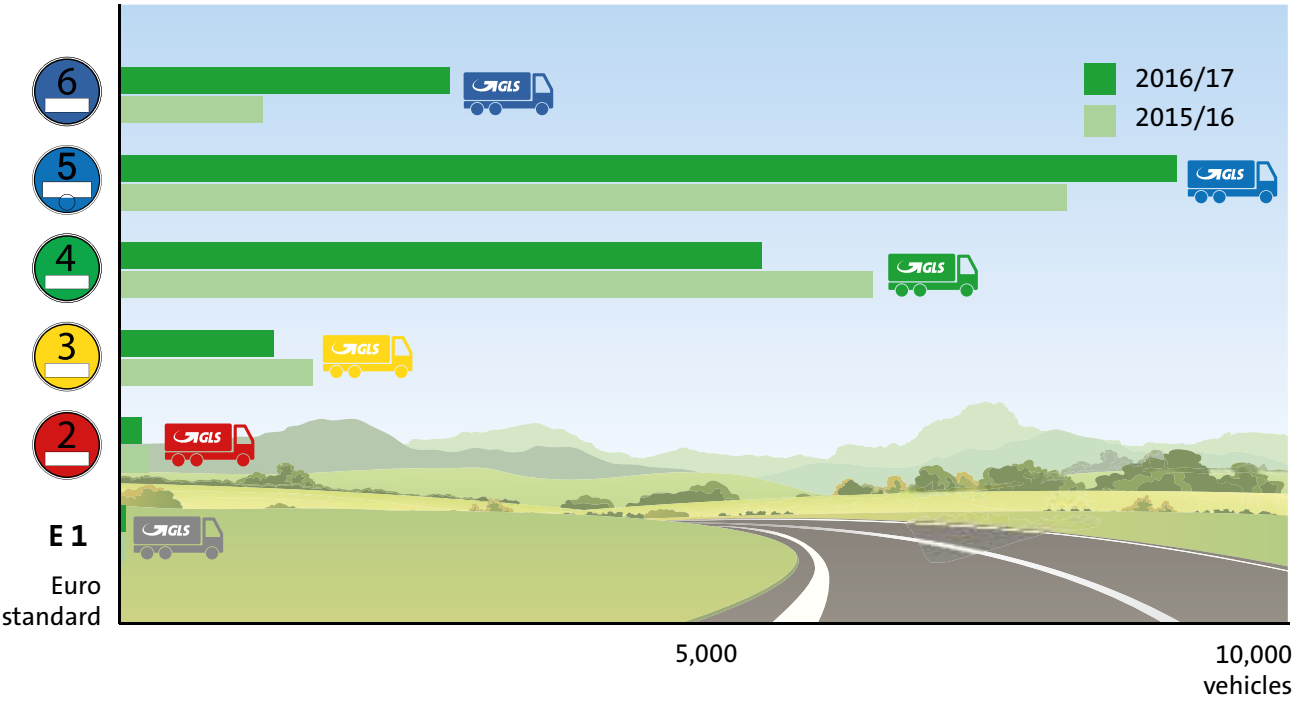
Whenever possible, we strive to hold meetings between staff in different countries by video conference. Nevertheless, plane travel is often inevitable due to our international structure. In the period under review, the number of domestic flights rose by 1.3 per cent compared to 2014/15 to 2,681. The number of intra-European flights climbed by 15.2 per cent to 1,760. We offset any emissions that are caused by our large-scale meetings by purchasing carbon credits from our compensation provider PRIMAKLIMA e.V.

[1] This figure includes the vehicles of ASM and GSO and relates to a different data collection period than the one used for the life-cycle assessment. Therefore, this figure is higher than the one shown in the life-cycle assessment.

Company vehicles



Transport vehicles



Measures designed to reduce our environmental impact

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

Transport planning

The GLS Group transported 508 million parcels in the 2016/17 financial year. Efficient and intelligent planning of transport routes is required to ensure that such a large number of shipments can be transported both quickly and in an environmentally friendly manner. GLS utilises modern, IT-assisted planning instruments in order to identify potential improvements in operating workflows and transport processes. When it comes to systematically improving line hauls – and thus minimising unnecessary journeys – our strategic starting points lie in ongoing route optimisation, vehicle load planning and network design. Transport routes are our most important lever in terms of achieving efficiency gains and therefore reducing the environmental impacts of the parcel volumes carried. 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 trans-ship parcels more efficiently and optimise routes. In turn, this enables us to make better use of capacity, avoiding below-capacity utilisation and deadhead journeys. Where larger parcel volumes are concerned, there are also direct journeys between the depots and regional hubs, 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 (outgoing parcel logistics) and IPL depots (incoming parcel logistics). Outgoing parcel logistics describes the process from the parcel being collected from the sender to its arrival at either the IPL depot responsible or the regional/central hub. At the OPL depot, parcels from the entire depot region are consolidated and are transported on the main run to a hub. At this hub, 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 to the end depot.

Incoming parcel logistics refers to the process between the parcel's arrival at the hub or IPL depot and its delivery to the recipient. Once the incoming parcels have been scanned, they are delivered by our transport contractors' delivery drivers. Each depot covers a certain geographical area. One or more transport contractors are responsible for collection and delivery within these depot areas, ideally by means of combined delivery and collection trips. Each transport contractor 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. GLS Ireland has analysed all journeys between depots in order to be able to make improvements where necessary and thus optimise individual journeys. At GLS Italy, 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. It is also possible to distinguish between B2B and B2C recipients within the same postcode area in Germany. Moreover, finer categorisation (such as on the basis of addresses) is feasible, enabling the parallel deployment of vans and bicycles within a delivery area. A new navigation system is currently being introduced that shows the delivery drivers all their stops on a map and a digital list of delivery notes. The driver may use the navigation system to show the best route. The technology is currently being rolled out in Germany, with other countries set to follow suit.

Green modes of transport

Alongside efforts to optimise the hub-and-spoke system, it is also important to choose the right mode of transport for eco-friendly parcel delivery. This is where cargo bikes with pedal assist (see page 32) and other green modes of transport come in.

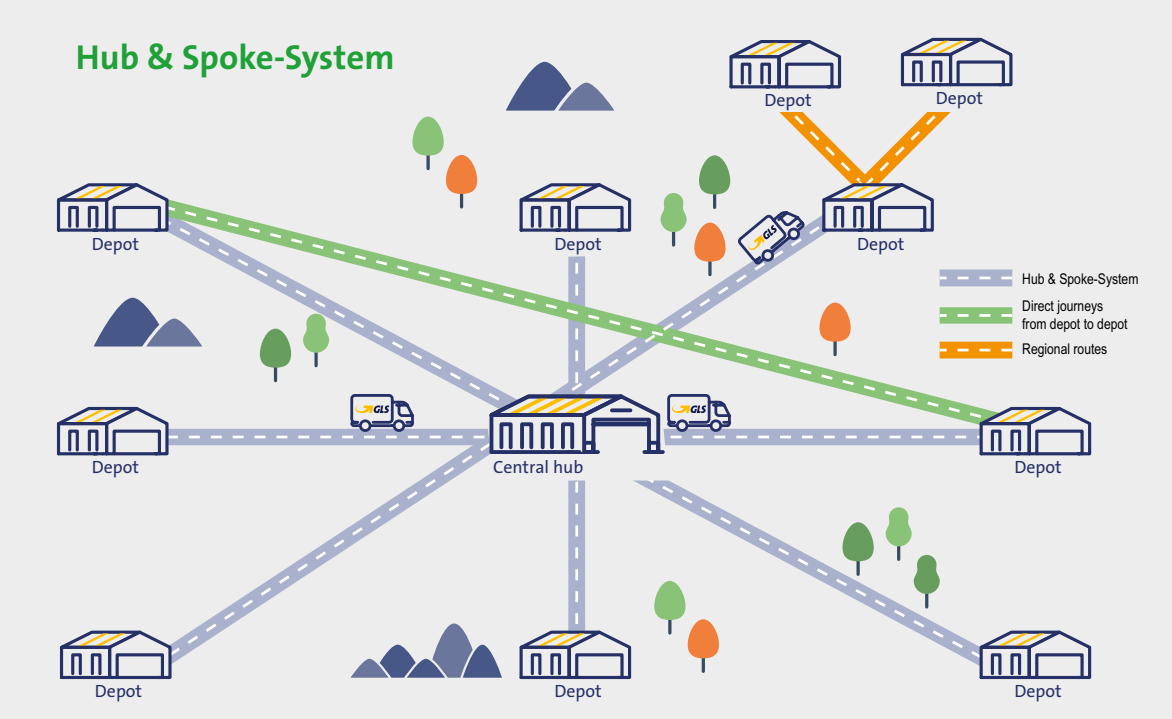
Upgrades to the electric fleet

At the end of March 2017, GLS Germany launched two electric vehicles in Düsseldorf and one in Dortmund. The use of further electric vehicles is planned.

At the start of 2017, GLS Czech Republic added a fully electric Nissan e-NV200 van to its delivery fleet. This vehicle can hold up to 45 parcels and deliver them within a 50 km radius. 20 electric delivery vehicles have been operational at the Milan micro depot since the end of March 2016. The long-term intention is to switch the depot's entire fleet to electric engines. Other depots in Italy – such as Turin, Vincenza, Parma and Rome – are also testing the use of electric vehicles, whereas the use of electric delivery scooters is planned in the town of Rho in the country's Lombardy region. Some other Italian depots are also planning to replace their current city centre delivery scooters with electric models. The addition of 15 further cargo bikes and three electric vehicles is scheduled for the 2017/18 financial year.

Gas-powered vehicles for long and short distances

GLS Italy is taking another step towards environmentally friendly delivery on long-distance routes. It is one of the first express parcel services in the country to use five long-distance lorries that run on liquefied natural gas (LNG). They not only generate fewer emissions and run more quietly than diesel vehicles, but also do not produce any particulate matter. At the start of the trial phase, the first lorry completed a daily trip of 550 kilometres between a depot and a hub. More hubs have gradually been added – and the five lorries currently complete a total distance of 2,600 km a day. With a range of up to 750 kilometres, they are ideal for scheduled services. Low-emission methane vehicles are also being used in many other cities; GLS Belgium, for instance, currently operates four such vehicles.



*ThinkGreen**Service***

Despite our efforts to minimise emissions, it is not possible to transport goods without them. Nevertheless, we offer our customers in Germany the option of climate-neutral shipping. Launched in 2011, the ***ThinkGreenService*** makes it possible to offset CO_2 emissions. As soon as a customer opts for this service, the CO_2 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 projects run by our compensation provider PRIMAKLIMA e.V. All PRIMAKLIMA e.V. projects are certified in accordance with internationally recognised standards, meaning that they meet the very highest quality levels and make an effective contribution to sustainable development. We supported three projects in the 2015/16 and 2016/17 financial years. The supported project in Bolivia meets the Gold Standard, whereas the projects in Malaysia and Indonesia are certified in accordance with the Verified Carbon Standard.



In Malaysia, the focus is on the conservation and expansion of existing areas of forest. 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 benefits too: 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 ecotourism. This creates even more jobs. 4,656 t of CO_2 were offset over an area of 228.44 ha in Malaysia in the 2016/17 financial year. The project came to an end in 2016, and we are now supporting a project in Indonesia/Borneo. Here, the aim is to create sustainable jobs outside the palm oil industry in the province of Central Kalimantan. Thanks to targeted reforestation, the preservation of natural diversity and the teaching of new agricultural and manual skills, a variety of new income streams are put at the disposal of the local population. The project creates a buffer zone around the Tanjung Puting National Park and therefore preserves the habitat of numerous endangered species. For example, this area is home to the Bornean orangutan, the extremely rare Sunda clouded leopard and the sun bear (the smallest bear in the world).

7.39 million parcels have been sent with the *ThinkGreen**Service***

In Bolivia, ancient rainforests are being cleared to make way for farmland, one consequence of which is that large quantities of CO_2 are being released. As part of its project, PRIMAKLIMA e.V. teaches the local population techniques that help them sustainably manage the existing forest areas. The organisation also replants previously destroyed forests and carries out conservation work. Here, 1,717 t of CO_2 were offset over an area of 6.19 ha in the 2016/17 financial year.

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. Alongside the ecological benefit (which takes centre stage), we are therefore able to make a social difference.

The average CO_2 emissions per parcel are recalculated every year on the basis of the annual life-cycle assessment. CO_2 per parcel is calculated in accordance with DIN EN 16258. Every parcel sent with ***ThinkGreenService*** bears 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. Therefore, our customers can join us in making a contribution towards climate-neutral shipping and strengthen their image as environmentally aware companies.

*»The last time I have been in Bolivia was in May 2017 and I could assure myself what the donations of the **ThinkGreenService** effect. The several new forest areas protect the families from soil erosion, drought and floods. The small farmers get the possibility of planting trees and protecting the climate in an ecological valuable manner.«*

Lars Forjahn, Deputy Managing Director

In the 2016/17 financial year, 7.39 million national and international parcels were sent with the ***ThinkGreen-Service*** in Germany – a 20 per cent increase on the 2014/15 financial year. This means that CO_2 emissions of 6,373 t were offset in 2016/17. A total of 18,351 t of CO_2 have been offset since the partnership started in November 2011. Of this, 12,523 t CO_2 over 6,144,268 m² are attributable to the conservation of forest areas and replanting work (Malaysia), and 5,828 t CO_2 over 210,257 m² are attributable to the planting of new areas. GLS Czech Republic began offering the ***ThinkGreen-Service*** too in April 2013. Working in conjunction with project partner Sdružení Krajina, 180 trees have already been planted as a result, as well as an extra 80 trees in the vicinity of our Jihlava site.



ThinkGreen initiatives

The ThinkGreen initiatives of the GLS Group describe other measures connected with the topics of climate and environmental protection. Some of them are based on the day-to-day working experiences of our employees. Thanks to their suggestions and ideas, some improvements have already been initiated. Generally speaking, the aim is to raise awareness of the topic through the company's own activities and foster the personal initiative of all employees. In order to promote improved networking, all national subsidiaries have, since 2016/17, been asked to provide information on their environmental activities and the effects thereof, with this information collated in an ideas pool. This gives other countries specific information about how they could implement similar projects. It also fosters communication between national subsidiaries and boosts the efficiency of the measures concerned.

Initial successes have already been witnessed. There are, for instance, numerous initiatives for reducing paper consumption:

- GLS Hungary, GLS France and GLS Czech Republic introduced digital signatures on their driver scanners.
- GLS France communicates with its customers in a modern and eco-friendly way. Email campaigns are used instead of mailings to keep customers informed of new products and services.
- 2/3 of the paper used at GLS Spain is recycled. Fresh-fibre paper is only used for business quotations.
- A paperless administration process has been introduced at our ParcelShops in Germany, facilitated by modernisations to the existing technology. The implementation phase is under way in Austria.
- Leading the way in terms of paperless administration is GLS Austria: here, most archiving is done electronically, and employees receive their payslips by email. Furthermore, GLS Austria only uses recycling paper.
- GLS Netherlands has replaced printed lists of enquiries with digital versions.
- Since May 2016, GLS Belgium has been issuing all its customers with electronic invoices, thus reducing paper consumption. Other national subsidiaries have also switched to electronic payslips and/or digital invoices, including GLS Czech Republic, Denmark, Finland, Hungary, Netherlands and France.

Overall, we continuously seek to reduce the paper consumption associated with our depot and delivery processes, such as by using digital acknowledgements of receipt. These changes are already bearing fruit: in the 2016/17 financial year, we used more than 22 million fewer sheets of paper overall than in 2014/15.

Facility management

Sustainability is also a consideration at individual GLS sites. Sustainable construction is a key issue at the GLS Group, as we believe that corporate responsibility starts with correct planning. We aim to think ahead when selecting our sites, thus reducing the consumption of energy and resources within the buildings.

Ecological factors are taken into account when building new depots or expanding existing ones. We aim to continuously improve our buildings from a sustainability perspective. In concrete terms, this means taking steps to reduce energy and water consumption, as well as the amount of waste generated during the building's construction and use. That's why we fit our depots with rainwater harvesting systems and heat pumps, for example. 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. Therefore, site planning not only considers optimum transport links, but also environmental aspects. All of this could be witnessed during the renovation of a depot in Rotterdam which has been started in 2016/17. Here, particular importance was attached to environmentally friendly design – as reflected in the installation of LED lamps, a heat pump, a rainwater purification system and solar thermal collectors. During the construction of a new depot in the Austrian town of Rankweil, a charging station for electric vehicles was installed for the first time, in order to promote the use of this alternative engines. The depot opened in early September 2017.

We also seek to continuously improve our existing depots. For example, all GLS Denmark depots were audited in respect of the mandatory energy labelling requirements in the country. This gave rise to 48 improvement projects, 34 of which have already been implemented in the depots as of March 2017. Thanks to these measures, GLS Denmark anticipates savings of up to 111,000 kWh of electricity and 527,000 kWh of heating energy per year. The potential of the measures taken is illustrated particularly clearly at the Aalborg depot. The depot uses district heating and managed to reduce heating energy consumption by a fifth in the space of a year.



In 2016/17, total heating energy consumption rose by 5,005,870 kWh in comparison to 2014/15. This increase is chiefly attributable to business expansion and the opening of new depots.

General electricity consumption rose by 1,184,025 kWh compared to 2014/15, which equates to a moderate rise of 2.5 per cent. Therefore, we were able to keep electricity consumption relatively stable despite the further expansion of our business activities. In order to keep the environmental impacts of electricity consumption as low as possible, GLS Netherlands uses 100 per cent green energy. A changeover to green energy is also under way in Spain. The Barcelona, Saragossa and Vitoria-Gasteiz sites have been using 100 per cent green energy since 2016/17. These three sites account for approx. 50 per cent of the total parcel volume at GLS Spain.

In a bid to reduce electricity consumption in the long term, we are raising awareness amongst our employees and promoting resource-saving behaviour. We are also installing motion sensors at our sites to ensure that lights are not on all the time.

As part of the next stage of the 2014 LED project in Germany, the lighting in all office spaces has been replaced with LED panels and lamps. In conjunction with the company LED-Zukunft - Licht, a total of 44,000 lights have been replaced at 44 sites all over Germany. This measure complies with the latest workplace lighting criteria and has enabled a more than 50 per cent reduction in electricity consumption.

The switch to LED lighting is also in full swing at GLS Austria. LED lighting has already been installed in some office spaces and industrial areas.



Gergely Farkas
Managing Director Europe East

Mr Farkas, as Managing Director, you are responsible for the six countries of GLS Europe East. Are the ecological efforts the same in these countries?

Given our line of business, climate change is a key challenge for the entire GLS Group. In this sense, there is fundamentally no difference between the individual national subsidiaries. As we have only just expanded in some EE countries, however, we have very different requirements in terms of tackling this challenge. The first step in these countries is to boost our market share by means of healthy growth. This will enable us to increase vehicle load factor and therefore deliver more parcels for a similar ecological footprint. This reduces CO_2 per parcel and goes hand in hand with our current growth strategy.

We regard modernisation of the vehicle fleet as the second key lever when it comes to reducing CO_2 emissions. We have the same minimum vehicle specifications in terms of Euro standards across all Europe East countries. In some cases, there are nonetheless big differences in the fleets of the various countries. As long as the minimum specifications are met, we sometimes have to accept lower standards in the vehicle fleets of individual transport partners if the financial capacities of the national subsidiary concerned do not give us any other option. It is, however, important that we see continuous improvement in this area.

Efforts in respect of other environmental topics differ greatly between national subsidiaries in the region. It is important for us to give national subsidiaries the freedom to respond to urgent local challenges. If opportunities for improvement arise on a local level, we want to support the countries concerned in this regard rather than stand in their way with Group-wide or regional guidelines. To give a concrete example, GLS Slovakia and GLS Czech Republic use a rainwater harvesting system to minimise consumption of drinking water. GLS Hungary and GLS Slovakia switched their lighting to LED lamps, and GLS Slovakia uses geothermal heating energy. There are countless other projects in the various countries, some of which originate from dialogue with local communities and some of which are the result of the initiative of individual employees who have identified potential improvements.

In your opinion, which ecological challenges will Europe East and the GLS Group face in the future?

The reduction of greenhouse gas emissions and local pollutants will remain a key topic. We are already witnessing access restrictions, and even bans, in parts of some western European cities – and the first steps in this direction are now being taken in the countries of the Europe East region. We expect the rules to be tightened up further. It is currently important to gain experience of low-emission or even emission-free delivery. There is already considerable sharing of ideas between GLS countries in this regard. In some EE countries, we have already launched pilot projects with electric vehicles, tricycles and natural gas vehicles. The next challenge will be to implement these systems across the board in order to comply with legal restrictions by the time they come into force. It is therefore paramount to ensure the reliability of alternative delivery methods – even as parcel volumes rise – and develop environmentally sustainable concepts.


GLS
GLS



ThinkSocial | Social responsibility

We emphasise a respectful interaction and consider the cultural characteristics of the different countries.

For the people of today and tomorrow

Alongside its commitment to the environment, the GLS Group is also aware of its social responsibility – for GLS employees, our transport partners and their delivery drivers and for today's society and future generations. We pool all activities related to fair and upstanding dealings with these groups under the term "ThinkSocial". We never lose sight of the company's environment and take social factors into consideration when making business decisions. We attach particular importance to our commitment to disadvantaged people and those in need, as well as to our support of charitable organisations.

The GLS Group aims to be an attractive and appealing employer for all current and future members of staff. 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 company.

As of the end of the 2016/17 financial year, GLS employed more than 17,000 people in 19 countries and four US states. Each and every one of them enriches the company with their individual specialist expertise and talents, as well as their background, personality and life story. For the GLS Group, it goes without saying that positions are filled solely on the basis of skills, performance and potential. That's because suitability is the decisive factor, irrespective of personal characteristics such as origin, culture, religion, age and sexual identity. We do not tolerate any discriminatory behaviour, whether in the recruitment of new employees or in day-to-day dealings with each other.

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 and perform their role to the highest standards. After all, we can only live up to the future challenges of the CEP sector on the basis of continuous learning and engagement. It is essential that we both offer ongoing qualifications for our new talent and develop our long-serving staff with training opportunities and personal support.

The GLS Group is proactively committed to a trusting and intensive relationship with its transport partners in order to secure strong partnerships on the basis of ongoing dialogue (see pages 36-38).

We also want to give something back to society, which is why, for example, we support numerous charitable projects that are about offering or subsidising parcel services. Thanks to our national subsidiaries all over Europe and our employees' many ideas about how to help on the ground, we support an extremely diverse range of projects (see pages 79-82).



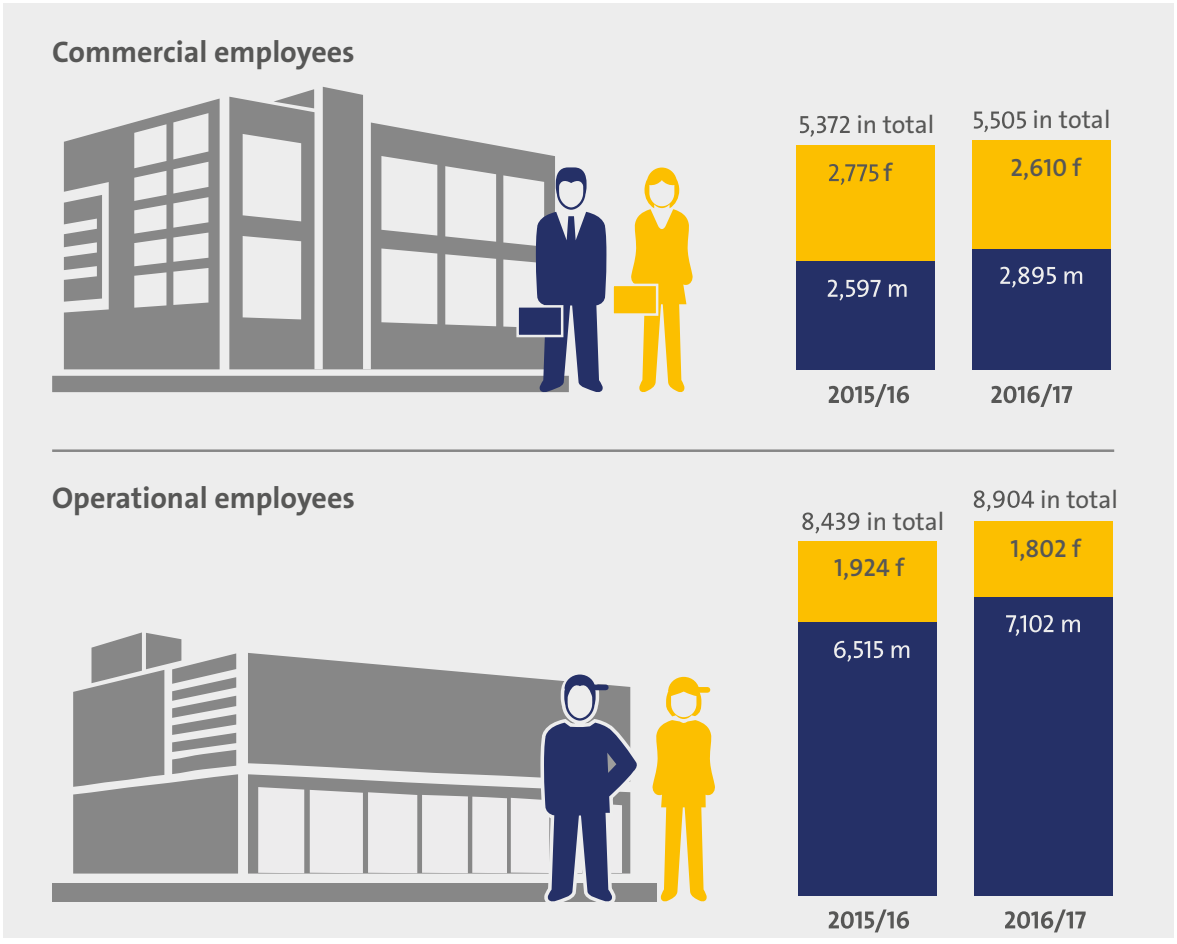
Employees

Our employees are the driving force that makes it possible to deliver top performance and exceptional quality every single day. As at the end of the 2016/17 financial year, GLS employed more than 17,000[1] people. This figure stood at 14,000 as at the end of the 2014/15 financial year. This sharp rise is partly due to the acquisition of ASM in Spain (June 2016) with just under 700 employees and the acquisition of GSO in the United States (purchased in October 2016) with approx. 2,000 employees. Just under 35 per cent of our employees work on the commercial side of the business, such as in various administrative areas. The other 65 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. After all, they do play a pivotal role in the success of the company. 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, but they also help to improve everyday processes by virtue of their knowledge and experience.

With a view to including our employees' ideas and opinions more closely in corporate decision-making, some of our national subsidiaries carry out staff surveys. The surveys look at issues such as overall employee satisfaction, feelings about the working environment, and questions on health and safety or professional development. Denmark and Hungary conduct annual surveys, whereas the Netherlands carries out a survey every two years. At GLS Belgium, the HR department carried out an employee satisfaction survey in 2016/17. Germany conducted its first employee survey in 2016. Each department/depot developed its own measures to reflect its own results.



[1] GSO drivers are company employees, whereas all other drivers are employees of transport partners and are therefore not included in this figure.



Diversity and inclusion

The GLS Group firmly believes that diversity improves common endeavour and enriches the company as a whole. At GLS Denmark, for example, 32 nationalities are represented. People of over 100 different nationalities are employed across the GLS Group (as of the end of March 2016).

In particular, no one should be prevented from living a self-determined life – which includes the right to education and work – because of a disability. We regard the self-determined and equal participation of disabled people in working life as a corporate responsibility. Due to the many physical tasks within our industry, however, the deployment of people with disabilities is occasionally difficult.

GLS Denmark employs people with disabilities and anxiety disorders, as well as young people with behavioural disorders, at its Aalborg and Aarhus depots. We endeavour to find suitable roles for them by assessing their skills and thus ensuring that they can perform the duties assigned to them. Two deaf people and several people with anxiety disorders are currently employed at the Aalborg depot, where they are supported by mentors.



Sally Ashford
HR Director Parcels, Royal Mail plc

What makes an attractive employer in your view?

Generally speaking, of course, it depends on the individual and the environment in which they feel most at home and in which they can best harness their strengths. For me personally, a working environment in which performance is both demanded and fostered is very important. This includes regular dialogue between employees and their line managers, on the basis of which topics can be discussed openly. This requires mutual respect and, above all, a deep sense of trust, not to mention a sharp eye for the strengths and talents of employees and executives in order to be able to focus support accordingly.

The company has to put the framework in place. Recruitment is key, as employees constitute a company's most important resource and shape its culture and values through their daily work. An atmosphere of mutual respect, where people are both challenged and nurtured, is only possible if employees are selected carefully. They have to understand and promote the values and goals of the company. On a functional level, there is a need for careful onboarding that is tailored to the person and position concerned. What's more, talent has to be nurtured by means of internal programmes in order to reward success and facilitate positive development of individuals.

In order to achieve shared success, employees ultimately have to be involved in decision-making processes. It has to be possible to discuss ideas openly, regardless of position and title. Employees have to be able to identify with the success of the team, moving away from the notion of forcing through their own ideas at all costs. Executives should be role models rather than authority figures, impressing others with their commitment and respectful communication and embodying the company's values. It is essential that both groups – executives and employees – give each other regular feedback.

Can the GLS Group live up to these requirements?

It's an ideal that we strive for in our work every day. Sometimes it goes well, sometimes less well. But there are differences between the various national subsidiaries. Some are very advanced in terms of the framework they are establishing, whereas others are still developing their own frameworks. What is important, however, is that this quest for a unique corporate culture can be aided using many simple methods. It starts with the demeanour of the CEO and continues with how each and every employee treats their colleagues. Alongside their participation in country-specific programmes, our executives undergo joint training courses several times a year in order to attain this goal.

There is a lack of women in the logistics sector. What is the reason for this and what is GLS doing to improve the situation?

Unfortunately, this is true. Up to now, logistics in general – and transport logistics in particular – seems to have held little appeal for women. GLS endeavours to appoint women to executive positions and we have a number of good examples in our country leadership teams. However, the fundamental criteria for recruitment decisions and promotions are the person's skill set and suitability for the position. Anything else would run contrary to our values and send out the wrong signal.

As we firmly believe that women are currently underrepresented in the logistics sector and that we are missing out on many suitable talents as a result, specific work is being done in some GLS countries to increase the number of women in executive roles. Across the Group, we have already recorded a slight increase in the number of women in middle management. What's more, GLS Germany has one female regional manger and we have several female depot managers in Italy, for example – and we hope to be able to build on this trend.

Professional development

The competitiveness and innovative strength of a company is shaped by the qualifications of its employees. This is why the search for new talents, as well as employee training and professional development, is a key component of our corporate strategy.

Recruiting new talent

On account of the challenges posed by demographic change, the GLS Group is focused on hiring qualified employees and ensuring their lasting loyalty to the company. We therefore strive to foster the next generation in a host of different ways.

So that trainees and students are subject to the same conditions and processes, the GLS Academy in Germany 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 is ensured.

GLS Germany has been committed to vocational education for many years. By training young people, it promotes and safeguards 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 also strives to attract more women to the male-dominated logistics sector. As a result, we opened our doors as part of the "Girls'Day" initiative in 2016 and 2017 to show young girls just how diverse a logistics company can be and to dispel their inhibitions about "typically male jobs".

GLS Germany launched a comprehensive employer branding concept in the 2016/17 financial year in order to position GLS as an attractive employer. Job ads and the company's Xing and Kununu profiles were optimised, whereas the trade fair stand and the careers site were both given a facelift.

GLS Belgium supports young potentials by means of an extensive training programme. One logistics trainee, for example, completed a six-month internship, giving him the opportunity to apply the knowledge gained during his degree in a practical setting. Once he had completed the internship, he was offered a job and now works in the Quality/Operations team.

GLS Austria invited 50 pupils from a school near the Zirl depot to come along and find out how parcel logistics works. They were also given information about the various training opportunities at GLS.

GLS Czech Republic supports the country's E-Commerce Association, which organises publicly available courses for online shop operators and schools with a view to improving overall knowledge of e-commerce. GLS Czech Republic supports the Association with its own information stand and by giving themed presentations that focus on logistics.



Promoting and supporting staff development

To ensure that our employees can continue to meet the needs of our customers in the future and do justice to the requirements of the market, we are acquiring the knowledge of tomorrow – today.

The GLS Group strives to proactively foster the individual strengths and talents of each and every employee. We therefore support our employees with tailor-made training courses and development programmes, thus helping them grow personally and professionally. Individual employee development measures are very much the responsibility of national subsidiaries. Group-level training is primarily aimed at Group A and Group B executives, i.e. the first and second tiers of management. Women account for 13.1 per cent of these 300 executives.

Moreover, the national subsidiaries regularly offer a wealth of in-house training sessions, seminars and talks covering all areas of our work.

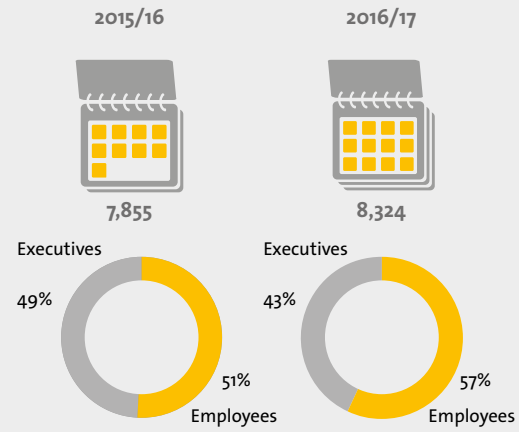
We welcome new employees at all our national subsidiaries with numerous induction programmes. The "onboarding" process in Germany includes a tour of the central trans-shipment hub in Neuenstein. Here, the participants not only gain a glimpse of "the heart of GLS", but also get to know colleagues from 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 main 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 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. GLS Hungary offers all new employees a structured induction programme that covers the general organisation and processes of the GLS Group. In a series of presentations, they are provided with all key information about finance, management accounting, customer service, sales, quality and delivery.

GLS Austria organises management training sessions with an external consultant several times a year. The central themes of these training sessions are time management, communication, team building and proposed optimisations. GLS Belgium focuses on long-term employee development and has launched a project to identify the potential of individual employees more effectively and, wherever possible, assign them greater responsibility. Training sessions are also organised as part of efforts to promote a customer-oriented corporate structure. The associated Customer-Oriented-Culture Board develops ideas to uphold and enhance this structure. GLS France has launched an e-learning tool for all sales employees. 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.

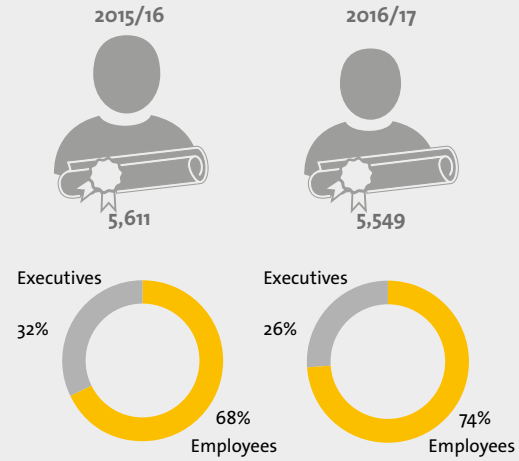
A business management programme is one of the professional development options at GLS Germany. For the third time since 2014, ten students are undergoing the part-time, two-year GLS business management course. The current cohort is set to complete the course in June 2018. The programme prepares the young executives for leadership positions, such as depot manager, operations manager and transport manager. Successful graduates can go on to complete a bachelor's degree and have their acquired credits recognised by universities.

Training and development

Participant days



Participants





GLS Italy offers training courses for depot staff and franchisees that are tailored to the requirements of each individual position. The courses are divided into the following three categories: technical, professional and soft skills.

At **GLS Denmark**, webinars are held five times a year to train executives. Each session starts 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 France also implemented a new programme for young executives in 2017 in which they are prepared for future management roles by means of a training course lasting several days. All employees who have been with GLS Denmark for more than a year are invited to a development appraisal with their line manager.

At the head office of **GLS Poland**, there is a library stocked with textbooks and audio books on logistics, sales, management and personality development. These books can be borrowed throughout the year. Once ordered, they are delivered free of charge to the various sites.

It is important to us that employees from other countries are assisted with integration. GLS Denmark offers Danish courses so that employees can learn the language and better understand the country's culture. GLS Netherlands also offers Dutch courses for employees who are not native speakers. In 2015/16, GLS Czech Republic took part in a project run by the Czech government and the EU. Language courses were offered to all employees in order to improve their communication skills. Of the 43 employees in the Czech Republic, 30 attended English courses and 11 took part in German courses.

In addition to work-related development, we also attach great importance to the personal well-being of our employees. A variety of approaches are pursued in order to achieve this objective.

GLS Netherlands invests in the long-term future of its employees by ensuring that they can not only perform their current role, but that they also remain fit, healthy and able to work until retirement. This is achieved on the basis of personal financial planning, periodical meetings between employees and managers and individual health plans.

In addition, a range of initiatives are carried out in order to foster cohesion between employees. GLS Belgium, for example, takes part in "THX Day", which is jointly organised by several companies and includes numerous activities and concerts, as well as catering. All employees, transport partners and delivery drivers are invited along with their families.

Team-building activities take place every year at **GLS Hungary**. Each department has its own budget in this area and can select suitable activities. In 2016, there was also a joint training course in order to improve cooperation and enable employees to get to know each other better.
In Denmark, there has been an employee club – com-

prising all permanent members of staff – for 30 years. This club organises various events, such as parties and even birthday gifts, and provides a solid platform for communication between colleagues. In August 2016, the club organised a family day at two different amusement parks. The event was a huge success, with more than 250 people attending.

GLS France holds an event by the name of "Entre Nous". Here, employees meet up over coffee, biscuits or breakfast to share all new information about the company, such as results or any new projects. GLS Poland organises the "GLS Family Days" at various companies and at head office. This event gives all employees and delivery drivers an opportunity to familiarise their families with the GLS Group. Furthermore, the intranet contains information on employees whose relatives 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.

In September 2016, GLS Denmark surprised employees all over the country with an ice cream van and handed out free ice cream.

Employee support pays off, as GLS Denmark has almost reached its aim of becoming the country's best employer. Its partnership with the research and consultancy institute Great Place to Work® started back in 2014. Every year, the institute rates the attractiveness of employers from the point of view of employees. In recent years, GLS Denmark has managed to climb from 15th to 11th place and then, in 2017, was named as one of the five most attractive employers in the country. Employees are especially positive about equal opportunities at the company, regardless of job title, age, ethnicity, gender or sexual orientation. GLS does everything in its power to offer employees an outstanding working environment. The company's leap forward into the top five is an incentive for employees to keep giving their all.



Health and safety

For a company to be agile and productive, its employees have to stay fit and healthy. By means of preventive health and occupational safety management, we help employees maintain their physical and mental fitness.

There is a structured health and safety system, with a raft of activities, at all national subsidiaries. GLS Italy has been certified in accordance with OHSAS 18001 (Occupational Health and Safety Assessment Series) since the 2015/16 financial year. Group-wide health and safety incident reporting was introduced in the first quarter of 2016/17. All serious and fatal work-related accidents are now analysed centrally by Corporate Health & Safety. Their findings and recommended measures to prevent similar accidents are then sent to all national subsidiaries in the form of an awareness report. 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. The number of work-related accidents fell from 4.7 per 1,000 employees in the 2014/15 financial year to 4.2 (2015/16) and then 4.0 (2016/17).

A GDA-ORGAcheck organisational assessment has been introduced at GLS Germany. This involves a review of the current status of the occupational safety organisation – with no serious deviations identified. In order to improve occupational safety, GLS Germany has also introduced uniform, multilingual and illustrated workplace safety instructions. Whilst it is planned to make this information available on a Group-wide basis, mandatory introduction at all sites is not possible due to the differing legal requirements in individual countries.

We take the health of our employees extremely seriously. That is why we ensure a safe working environment and promote health awareness. GLS Hungary launched a seven-month campaign in the 2016/17 financial year to help employees quit smoking. A blood drive was held at the hub in order to help others. We try to encourage our employees in Germany to lead a healthier and more active lifestyle by offering a company sport programme. Currently, three free sports courses are offered – and a survey is being held to canvas interest in a further expansion of the programme. Moreover, the company organises annual flu vaccinations for its staff.

We also attach great importance to mental health. GLS France, for instance, offers a free hotline, where all employees can access anonymous psychological help and assistance if they have problems at work or are dealing with challenges in their personal or family lives. In Belgium, employees who have complaints or who feel uneasy about their work – and who do not wish to speak to their line manager – can contact either an adviser within GLS or an external adviser. In either case, the adviser will refer the employee in question to a psychologist if necessary.



Alongside responsibility for our own employees, we also ensure the health and safety of the delivery drivers who work for our transport partners. By rolling out a Group-wide driver safety campaign (see page 39), we aim to strengthen awareness of the issue of safe driving. As part of this initiative, vehicle stickers ("Look after yourself and others!") and posters were distributed to all depots, for example. In the 2015/16 financial year, GLS Italy also offered a driver training course with rally driver Alfredo "Dedo" De Dominicis. The programme included both theoretical and practical units and focused on the topic of distractions when driving. Lessons were held on two test tracks, enabling the drivers to immediately put their newly acquired knowledge into practice.

ParcelShop Partners



GLS ParcelShops allow both companies and private individuals to send parcels quickly and flexibly. The GLS Group has more than 17,000 ParcelShops in 13 countries. These are managed by self-employed partners alongside their main line of business. ParcelShops are found in locations such as petrol stations, newsagents and corner shops. Recipients can collect their parcels at one of our ParcelShops if it hasn't been possible to deliver directly to their home address. Delivery to a ParcelShop (***ShopDeliveryService***) can also be selected by the sender as an option within our ***FlexDeliveryService.*** ParcelShops not only make it possible to collect parcels, but can also be used to send parcels and submit returns. As a result, we are able to offer our recipients an additional delivery and dispatch option.

A partnership with GLS not only provides ParcelShop operators with an additional income stream, but also allows them to maintain and build on their own customer base. GLS provides partners with the technical equipment necessary to set up a ParcelShop and also supplies basic advertising materials. All new ParcelShop partners also receive training. We work closely and on an ongoing basis with our ParcelShop partners to achieve maximum satisfaction on all sides. For example, both customers and ParcelShop staff can always contact our ParcelShop advisers.

By 2015, all German ParcelShops had been fitted with the new ParcelShop IT system to enable improved parcel handling. Thanks to the use of a robust smartphone with an intuitive ParcelShop app and a Bluetooth label printer, ParcelShop partners – whose background is not in the industry – can manage all processes connected with parcel dispatch quickly, conveniently and reliably. All steps have now been digitalised thanks to this equipment, meaning that nothing has to be written down by hand any more – which saves time and eliminates errors. The system is currently being rolled out at other national subsidiaries. GLS Belgium and GLS Luxembourg launched the new ParcelShop IT system in December 2016. We communicate with our ParcelShop partners by email and post on a regular basis. In Germany, the Czech Republic and the Netherlands, we also send out a newsletter containing the latest information.

In order to further raise the profile of our ParcelShops, we ran a ParcelShop campaign in Germany, for example, which was aimed primarily at private and occasional senders and that sought to illustrate the benefits of GLS ParcelShops by means of banner advertising, posters in the ParcelShops themselves and ads on buses and trams (see page 34).

Other countries are also proactively promoting their ParcelShops: GLS Hungary joined forces with Metro and Spar to launch an advertising campaign, whereas GLS Ireland accepts parcels for children in need for the organisation Barnardo's at all its ParcelShops over the Christmas period. A ParcelShop video has also been produced in Germany. This video is available in two separate versions, with one version explaining the benefits for ParcelShop partners and the other version pointing out the advantages for recipients. Other countries can access the two films in English.

Society

The GLS Group helps people 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. The initiative enables us to give something back to our communities, in many of which we have been well integrated for many years, and strengthen local ties.

Barbecue with Bundesvereinigung Lebenshilfe e.V.
In September 2015, the GLS depot in Wesel organised an afternoon barbecue on the premises of its neighbour, Bundesvereinigung Lebenshilfe e.V. (a charity for people with disabilities). Their workshop is located just a few hundred metres from the depot, and the two organisations have been in regular contact for four years. The event was a great success for the 300 or so depot employees and approx. 50 carers in attendance.

Helping out at an animal shelter
Twelve employees from GLS head office in Neuenstein lent a helping hand at the animal shelter in Bad Hersfeld as part of a volunteering day in April 2015. Working with staff at the shelter, the volunteers built a new doghouse for a kennel. They also painted walls, tidied up kennels and repaired fencing, completing their work by taking the dogs on an outing.



Heroes at a children's home
"Everyday heroes" was the motto behind the volunteering day in February 2017 in Frankfurt. Nine employees helped out at the Protestant youth care centre Kinderheimat Reinhardshof. They moved the centre's library onto another floor and provided the outdoor playground with new bark mulch, with GLS bearing the cost. There was also a surprise guest: street artist Justus Becker helped the children and young people design one of the walls at the centre.



Other national subsidiaries also run volunteering days:

GLS Belgium introduced a corporate volunteering programme in 2017. A project proposed by employees was supported with a volunteering day at each of the eleven sites, as well as at head office.

In March 2017, nine employees at the GLS holding company in Oude Meer held a volunteering day. They organised afternoon tea at the "de Luwte" care home for older people and those with dementia and also refurbished the terrace.



In future, GLS Austria also plans to carry out social activities, such as football tournaments and biscuit sales, at all larger depots.

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, schools, hospitals, hospices and other charitable institutions. Here is a selection of projects from the various national subsidiaries:

GLS Belgium

Off to EuroDeaf with the GLS Group
Working with a transport partner, GLS supported the national deaf football team in the 2016/17 financial year. The team was able to use a GLS van to transport its equipment to Italy, where the European Deaf Football Championships were held.

Free transport for Télédon
The organisation Télédon seeks to raise awareness of blood and organ donations by means of a large-scale campaign. GLS transports its communication materials free of charge.

GLS Czech Republic

Support for DDS
Dejme dětem šanci o.p.s. ("Let's Give Children a Chance") is a non-profit organisation that provides comprehensive support to children and young people in care, particularly during their last few years in care and as they start leading independent lives. 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 the "Help me start in life" project and, since March 2015, has been helping one student obtain a logistics qualification, which they did in June 2017.

GLS Croatia

Free transport for aid
GLS Croatia provided free transport for some 500 parcels containing food, clothing and household items that were donated for the victims of the flooding in Gunja and Rajevo Selo.

GLS Denmark

GLS "adopts" a school class
In 2014, GLS Denmark "adopted" a first-year class at Munkevaenget School in Kolding for nine years. During this period, the GLS Group aims to cooperate with the school to give the children an insight into the world of work and potential job opportunities as early as possible. In 4 October 2016, GLS Denmark also invited the class to the head office in Kolding in order to plant twelve fruit trees.

Free transport for numerous organisations
GLS Denmark sponsors transport for various organisations, such as Red Barnet (a children's charity), Danske Hospitalsklovne (a troupe of hospital clowns) and Dansk Skoleskak (a school chess organisation).

GLS Finland

Advent calendar donations to IceHearts
GLS Finland donated Advent calendars to all IceHearts teams. IceHearts provides preventive assistance to young people that combines team sport and social work, thus protecting the youngsters against the risk of social exclusion. This is a widely admired model that has already won several awards.

GLS Germany

GLS Germany celebrates Day of the Parcel with an aid effort
Severe weather warnings threw a spanner in the works of the original plans for Day of the Parcel 2016. Following a quick change of plan, the event was used to help

people in need. GLS employees distributed doughnuts (which were originally intended as giveaways) at three social care facilities in Frankfurt. The people running the facilities had also been asked what other assistance would come in useful. As a result, the employees also took in parcels containing urgently needed toiletries such as shower gel and toothpaste.

GLS Dortmund depot helps refugees
The Dortmund branch of the Federal Office for Migration and Refugees is located on the premises of GLS. The depot's employees started an initiative, in conjunction with the Federal Office, to make waiting times more bearable. Every Tuesday and Thursday, they hand out free drinks, waffles and sweets to those waiting – and provide children with drawing equipment. The aim is to establish and expand the initiative on a permanent basis.

GLS Hungary

In 2015, GLS Hungary supported the creation of a driving school to promote the development of a driving routine.



What's more, parcels for the needy are also distributed two to three times a year in conjunction with a charitable organisation.

GLS Ireland

Parcels for Barnardo's
GLS Ireland has been supporting Barnardo's, the country's leading children's charity, since 2010. During the festive season, parcels for children in need can be donated at all GLS ParcelShops. GLS then delivers these parcels to Barnardo's sites, where they are distributed to the children themselves. From the time the partnership started through to the 2015/16 financial year, more than 22,000 toys have been donated to Barnardo's as part of the scheme.

GLS Italy

Old advertising banners go to Socially® Made in Italy
GLS Italy supports the Socially® Made in Italy project by donating used PVC advertising banners from trade fairs and events to the non-profit organisation. These banners are used to make new, waterproof tablet covers and bags in conjunction with the social initiative Rio Terà dei Pensieri. The bags, which are known as "Malefatte", are produced inside a Venetian prison.



GLS Netherlands

Happy with "Heppie"
Heppie is a Dutch organisation that enables lonely children to go on weekends away and holidays. The organisation does not receive any government funding and is therefore reliant on donations. Since 2016/17, GLS Netherlands has been the main sponsor of the project, bearing the cost of around 50 coach tours a year and transporting the necessary equipment (such as banners, costumes and garden furniture) to the destinations.





GLS Poland

Projects to help a children's home

GLS Poland ran two projects in the 2015/16 financial year to support a children's home:

GLS launched a ParcelShop campaign to raise 5,000 zlotys (PLN) for a new aquarium, with one zloty donated for every parcel sent from a ParcelShop in the Wielkopolska ("Greater Poland") Voivodeship. A project sticker was also affixed to all parcels sent during this period. In August 2015, GLS Poland handed over the long-awaited aquarium to the children. In the second project, all GLS employees were encouraged to donate public transport tickets to the children living at the home. These tickets are needed so that the children can take part in various activities. 180 tickets had been donated at the end of the project.

Support for the Legal Culture Foundation

Two years ago, GLS Poland started supporting the Legal Culture Foundation and its national "Culture on View" project – and the contract for the 2017/18 financial year has already been signed. The project aims to foster the upholding of values. As part of the project, GLS organises the delivery of 3,000 parcels to various destinations.

GLS Romania

A visit to a children's home

Ten employees at GLS Romania paid a visit to a children's home where the residents include children with disabilities. The employees spent time with the children, handed out small gifts and organised a painting competition.

GLS Slovakia

GLS Slovakia supported the 28th Patients Sports Games as a sponsor. These are held every year by the National Rehabilitation Centre of the Slovak Paralympic Committee.



GLS Slovenia

GLS employees in Ljubljana help the Zalog tourism society to clean the area around the GLS site every year. As GLS is situated outside the urban area, there is no regular cleaning service in this district.

GLS Spain

Fulfilling wishes for ill children

GLS Spain supports the organisation Make a Wish Spain which fulfills wishes for children with life threatening diseases.

Collecting lids for research

GLS Spain also supports the organisation Transportamos Esperanza by collecting plastic lids of bottles for recycling. The outcome of the recycling activity is donated to the investigation of rare diseases with special incidence in childhood

GLS sponsors

GLS Germany

GLS is the main sponsor of DLV

Competitive excellence is a trait that GLS shares with elite sport. For this reason, GLS Germany became the sponsor of Deutscher Leichtathletik-Verband (the German Athletics Association). As part of the sponsorship agreement, GLS is, amongst other things, represented on the start numbers at all events. With over 850,000 members, the DLV is the largest athletics association in the world and therefore a wide-reaching national platform on which to showcase the GLS brand.

Support for film

Ever since 2012, GLS has been transporting the trophies of the European Film Academy in its capacity as official logistics partner. The European Film Awards are one of the continent's most prestigious accolades in the world of film. GLS is providing the event with logistical support for the fifth time, mainly handling the all-important transport of the trophies. As the winners have not yet been chosen, GLS transports the awards in several legs; to the gala event, to the engravers and then to the prizewinners themselves.

GLS Belgium

Sponsorship of the Belgian national football team

GLS Belgium sponsors its country's national football team, known as the "Red Devils", and combines this commitment with social support, as employees, partners and disadvantaged people receive free match tickets.

GLS Italy

Napoli COMICON

With 15,000 visitors, Napoli COMICON is the second most important trade fair in the genre. The GLS site in Caserta has been sponsoring the event for five years and transports the exhibits of all participating publishers free of charge.

GLS at the 2016 Milano Marathon

In addition to the marathon in the capital of Lombardy, GLS also sponsored 16 GLS teams (eight teams in 2015). The relay runners received specially designed clothing, featuring the GLS logo, for the event.

GLS Spain

Sponsorship of football and basketball in Spain

GLS Spain is a sponsor of the Spanish Football national team and the Spanish Basketball Organisation. Also, GLS is the offical parcel service for both teams. Besides, GLS Spain sponsors RCDEspanyol which is a Spanish first league football team.



GLS Poland

Enchanted Song Festival

The Enchanted Song Festival is organised by the charitable organisation "Mimo Wszystko". GLS sponsors the event and assists the organisers with logistical matters.

National speedway team

Speedway drivers are amongst the most successful sportspeople in Poland and have a huge fan base. The final of the Speedway World Cup was held in Poland in the 2016/17 financial year. GLS is the main sponsor of the Polish national team, providing support throughout the year. In return, the GLS logo was not only visible on all the riders' suits and bikes, but also at all racetracks.




GLS
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Outlook

GLS will continue to work hard to remain the first choice for its customers when it comes to B2B and B2C shipping. Organic growth and targeted acquisitions and partnerships allow us to tap into new markets and build on the services we offer at our existing national subsidiaries. The acquisition of the US-american parcel service Postal Express Inc. in April 2017 is to be mentioned here.

Our agenda also includes the ongoing enhancement of our sustainability management system. Alongside reporting in accordance with GRI4 and continual improvement of our life-cycle assessment – including the integration of our new American subsidiary – we will also press ahead with our sustainability strategy for the 2018/19 and 2020/21 financial years. The primary objective of the revised strategy will be to build on and refine our commitment in a way that reflects current developments. Our Group-wide EcoVadis certification also becomes due for renewal at the end of each financial year. Furthermore, environmental and social factors are set to play an even greater role in terms of purchasing, which is why a Supplier Code of Conduct is being drawn up.

We also intend to transfer promising or successful projects at individual national subsidiaries more frequently to other countries. Some national subsidiaries are planning to relaunch their ThinkGreen training programmes in order to raise awareness of the topic amongst their employees. Improvement of the vehicle fleet in terms of Euro standards and the switch to alternative power train technologies is a topic that will continue to occupy our attention in the years ahead. There is already considerable sharing of ideas between national subsidiaries in this area. GLS Germany, for example, orders cargo bikes from Italy. Alongside the continuation of the volunteering day in Germany, one will also be held in Belgium, and the employees of the GLS holding company in the Netherlands are also planning an event. As in previous years, there will also be numerous local activities.

Claims management is being enhanced in order to improve our quality level. As part of the “Give Claims a Face” project, Corporate Security is currently developing IT-assisted tools that will enable national subsidiaries to perform structured analysis of parcel claims data and rank the sources of claims (depots, routes). This will make it possible to identify anomalies in the causes of claims and develop timely and structured corrective measures.

The aim of our activities is to ensure that local freedom and creative engagement can still go hand in hand despite Group-wide harmonisation and ever higher standards, including in the area of CR. Our motto, “Think global, act local”, will remain at the heart of everything we do.

Glossar

AEO certification	"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.
Business to business (B2B)	Parcel shipment from one company to another.
Business to customer (B2C)	Parcel shipment from a company to a private individual.
Cloud Services	The Cloud, in contrast to a datacentre, describes a virtual memory space, in which data, files and programmes can be stored. To access these clouds a special authorization is needed. As these are virtual filings, their destination is not identifiable. Cloud services refer to dynamic infrastructure, software and platform services, which are available online.
CEN EN 16258	European standard for the calculation of greenhouse gas emissions of transport service providers.
CEP sector	Courier, express and parcel services sector
CO_2equivalents	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 (CO_2).
CO_2 (carbon dioxide)	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. CO_2 is a greenhouse gas that remains in the atmosphere for about 100 years. Scientists believe that the increase in CO_2 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 CO_2 are released for every tonne of fuel.
Compliance	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.
Corporate responsibility (CR)	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.
Data protection audit	Internal inspection to ascertain whether all data protection regulations and guidelines are being met.
Department for Environment, Food and Rural Affairs (DEFRA)	The emission conversion factors are taken from the database of the British Department for Environment, Food and Rural Affairs (DEFRA).
Depot	Branches from which parcels are delivered directly to the recipient and/or are collected directly from the sender.

Federal Commissioner for Data Protection and Freedom of Information (BfDI)	German Authority, which provides monitoring for data protection and freedom of information.
GHG Protocol	The Greenhouse Gas Protocol is an internationally accepted standard for quantifying greenhouse gas emissions.
Good Distribution Practice (GDP)	This is the umbrella term for all regulations, guidelines and instructions, which deal with the storage and the distribution of medicinal products.
Greenhouse gases	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 (H_2O), carbon dioxide (CO_2) and methane (CH_4). 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 (N_2O), chlorofluorocarbons (CFCs), sulphur hexafluoride (SF^6) and organochlorides.
Hazard Analysis and Critical Control Points (HACCP)	HACCP stands for the hazard analysis and control of critical points on all levels of the production, treatment and processing, transport, storage and sale of food.
Hub	At the hubs, parcel flows from multiple depots are consolidated, sorted by route and reloaded.
Hub-and-spoke system	Transport network that comprises a central hub and various routes connecting it to spokes arranged in a star formation. At GLS, this network also includes regional hubs.
IPL depot – incoming goods depot	This is where inbound parcel logistics takes place.
ISO 14001	International standard for documenting environmental management systems.
ISO 14064-1	International standard that sets out the principles for measuring, monitoring and reporting on greenhouse gas emissions and reductions at company level.
ISO 9001	International standard for documenting quality management systems.
Net Promoter Score®	The Net Promoter Score® (R) NPS is a tool which companies can use to measure customer satisfaction. The score can be very low (-100 = all customers are critics) or in the best case very high (100 = all customers are supporters). In general, a score from zero onwards is considered to be positive and a score from fifty onwards considered to be good.
OHSAS 18001 – Occupational Health and Safety Assessment Series	An occupational safety management system, which was developed by the British Standards Institution together with the international certification companies. It is applicable for all companies independent of the branch and the size of the sectors.

OPL depot – dispatch depot	This is where outgoing parcel logistics takes place.
PrimaKlima -weltweit- e. V.	A charitable organisation that seeks to reduce CO_2 emissions and to offset unavoidable CO_2 emissions by planting trees.
Radiative forcing	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.
Stakeholder	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.
Sustainable development	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.
TAPA FSR	The Freight Security Standards TAPA FSR (Minimum Freight Security Requirements) define minimum security requirements for the transport and logistics sector.
Well-to-wheel	Sum total of all CO_2 emissions in energy and vehicle processes.

General standard disclosures

Indicator	Short Description	Consideration in the report
GENERAL DISCLOSURES		
STRATEGY		
G4-1	Statement from the most senior decision-maker of the organisation	p. 5
G4-2	Description of key impacts, risks, and opportunities	p. 9, p. 17 ff.
ORGANIZATIONAL PROFILE		
G4-3	Name of the organization	GLS at a glance / ThinkGLS – About us
G4-4	Primary brands, products, and services	p. 11 ff.
G4-5	Location of the organization's head-quarters	p. 11
G4-6	Overview of the most important countries where the organization operates	p. 11 f. Further data in the annual report 2016/17 of the Royal Mail, p. 132-135
G4-7	Nature of ownership and legal form	p. 11
G4-8	Markets served	p. 12
G4-9	Scale of the organisation	p. 11 f. Further data in the annual report 2016/17 of the Royal Mail, p. 24
G4-10	Employment profile	p. 70 Germany, France and Italy are the largest countries, in which GLS operates and make up about 63 % of the turnover. There is no further breakdown by gender per region as this information is not control-specific. There is no representation of staff by workers and employees as well as there is no information about the percentage of staff, which is admittedly self-employed, workers and employees of contracting partners. Futher data in the Royal Mail CR Report 2016/17, p. 44
G4-11	Percentage of total employees covered by collective bargaining agreements	As an international operating company GLS orients itself by the frameworks and legal requirements of the respective countries. There are no collective agreements. The remuneration is guided by the local job market. With the conduct of transport orders transport partners are contractually bound to employ their drivers in employment contracts that are legally compliant and subject to social insurance contributions.
G4-12	Description of the organization's supply chain	p. 15, p. 29ff.
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	About this Report, ThinkGLS – About Us, Outlook

Indicator	Short Description	Consideration in the report
G4-14	Consideration of the precautionary principle	p. 17 ff.
G4-15	Subscription to voluntary initiatives	p. 41, S. 53
G4-16	Active memberships	p. 27
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	Entities included in the organization's consolidated financial statements	p. 7
G4-18	Process for defining the report content	p. 24f.
G4-19	Material Aspects	p. 22ff.
G4-20	Aspect Boundary for each material Aspect within the organisation	p. 22ff.
G4-21	Aspect Boundary for each material Aspect outside the organisation	p. 22ff.
G4-22	Effect of and reasons for any restatements of information provided in previous reports	p. 7
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	p. 21, p. 24f.
STAKEHOLDER ENGAGEMENT		
G4-24	List of stakeholder groups	p. 21, p. 24f.
G4-25	Identification and selection of stakeholders	p. 21, p. 24f.
G4-26	Stakeholder engagement	p. 21ff.
G4-27	Results of stakeholder engagement	p. 21ff.
REPORT PROFILE		
G4-28	Reporting period	p. 7
G4-29	Previous report	p. 7
G4-30	Reporting cycle	p. 7
G4-31	Contact point for questions regarding the report or its contents	Imprint p. 95
G4-32	GRI Content Index	GRI Index
G4-33	External assurance	There was no external assurance and approval of the data and texts published in this report.
GOVERNANCE		
G4-34	Governance structure of the organisation	p. 18 f.

Indicator	Short Description	Consideration in the report
ETHICS AND INTEGRITY		
G4-56	Organization's values, principles, standards and norms of behavior	p. 26 ff.
G4-57	Internal and external mechanisms for compliance and integrity	p. 26 ff.
G4-58	Mechanisms for reporting concerns	p. 26 ff.

Specific standard disclosures

Indicator	Short Description	Consideration in the report
ECONOMIC		
ECONOMIC PERFORMANCE		
DMA	Reaction of the organisation to impacts of the material aspects	p. 17ff.
G4-EC1	Generation and distribution of economic value	p. 6 Staff costs in 2016/2017 were at: 582 Mio. Euro. There were no payments for governments. Further data in the annual report 2016/17 of the Royal Mail, p. 24
G4-EC2	Risks and opportunities posed by climate change and financial impacts	ThinkResponsible – Introduction / ThinkGLS – Green Delivery Logistics, ThinkGreen – Introduction
INDIRECT ECONOMIC IMPACTS		
DMA	Reaction of the organisation to impacts of the material aspects	p. 9
G4-EC7	Infrastructure investments and services supported	p. 9 Further data in the annual report 2016/17 of the Royal Mail
G4-EC8	Type and scale of significant indirect economic impacts	p. 9
PROCUREMENT PRACTICES		
DMA	Reaction of the organisation to impacts of the material aspects	No definition possible on group level, cooperation with local transport partners
ANTI-CORRUPTION		
DMA	Reaction of the organisation to impacts of the material aspects	p. 26 ff., p. 36 ff.
G4-SO4	Trainings on anti-corruption policies and procedures	p. 26
G4-SO5	Confirmed incidents of corruption	8 compliance incidents were reported in the reporting period. All reported incindents have been examined and could be clarified.

Indicator	Short Description	Consideration in the report
ANTI-COMPETITIVE BEHAVIOR		
DMA	Reaction of the organisation to impacts of the material aspects	p. 26ff., p. 36ff.
G4-SO7	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	One legal action for anti-competitive behaviour or anti-trust, and monopoly practices is known for the reporting period.
ENVIRONMENTAL		
ENERGY		
DMA	Reaction of the organisation to impacts of the material aspects	p. 53f.
G4-EN3	Energy consumption within the organisation	p. 55ff., p. 58f.
G4-EN4	Energy consumption outside of the organisation	p. 55ff., p. 58f.
G4-EN6	Reduction of energy consumption	p. 60ff.
EMISSIONS		
DMA	Reaction of the organisation to impacts of the material aspects	p. 55ff., p. 58f.
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	p. 55ff.
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	p. 55ff.
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	p. 55ff.
G4-EN19	Reduction of greenhouse gas (GHG) emissions	p. 60ff.
COMPLIANCE		
DMA	Reaction of the organisation to impacts of the material aspects	p. 26ff.
G4-EN 29	Non-compliance with environmental laws and regulations	There are no cases for non-compliance with environmental laws known for this reporting period.
SUPPLIER ENVIRONMENTAL ASSESSMENT		
DMA	Reaction of the organisation to impacts of the material aspects	p. 26ff., p. 36ff.
SOCIAL		
OCCUPATIONAL HEALTH AND SAFETY		
DMA	Reaction of the organisation to impacts of the material aspects	p. 77
G4-LA6	Occupational diseases,lost days, and absenteeism	p. 6 No classification by age and region. An internal reporting of lost days to Royal Mail is conducted. There are no reported occupational diseases.

Indicator	Short Description	Consideration in the report
TRAINING AND EDUCATION		
DMA	Reaction of the organisation to impacts of the material aspects	p. 73 ff.
G4-LA10	Programmes for skills management and lifelong learning	p. 73 ff.
DIVERSITY AND EQUAL OPPORTUNITY		
DMA	Reaction of the organisation to impacts of the material aspects	p. 69, p. 71
G4-LA12	Composition of governance bodies and breakdown of employees	p. 70, p. 74 Holdings Board GLS B.V: 100 % male, age group of over 50, minorities 0, 2/3 German, 1/3 British; German governance body: 100 % male, individual women in the national subsidiaries, e.g. Italy, Eastern Europe
NON-DISCRIMINATION		
DMA	Reaction of the organisation to impacts of the material aspects	p. 69
G4-HR3	Total number of incidents of discrimination and corrective actions taken	The GLS Group has developed a reliable and multiplex complaint management, which is also employed for complaints regarding human rights. In the case of justified complaints appropriate countermeasures are taken.
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
DMA	Reaction of the organisation to impacts of the material aspects	As an international operating company GLS orients itself by the frameworks and legal requirements of the respective countries. There are no collective agreements. The remuneration is guided by the local job market.
G4-HR4	Freedom of Association and Collective Bargaining	For the reporting period there are no known incidents, in which the freedom of association of employees was endangered. All legal requirements were fulfilled.
CHILD LABOR		
DMA	Reaction of the organisation to impacts of the material aspects	p. 26 ff. Further information on the Modern Slavery Act Statement 2016/17 of the Royal Mail, see https://gls-group.eu/EU/en/compliance
FORCED OR COMPULSORY LABOR		
DMA	Reaction of the organisation to impacts of the material aspects	S. 26 ff. Further information on the Modern Slavery Act Statement 2016/17 of the Royal Mail, see https://gls-group.eu/EU/en/compliance
SUPPLIER HUMAN RIGHTS ASSESSMENT		
DMA	Reaction of the organisation to impacts of the material aspects	With the conduct of transport orders transport partners are contractually bound to employ their drivers in employment contracts that are legally compliant and subject to social insurance contributions.

Indicator	Short Description	Consideration in the report
CUSTOMER PRIVACY		
DMA	Reaction of the organisation to impacts of the material aspects	p. 49f.
G4-PR8	Substantiated complaints regarding breaches of customer privacy	p. 49f.
COMPLIANCE		
DMA	Reaction of the organisation to impacts of the material aspects	p. 26ff.
G4-PR9	Non-compliance with social laws and regulations	There are no cases for non-compliance with social laws and regulations known for this reporting period.

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