



# Integrated financial and sustainability report 2016

VOS LOGISTICS BEHEER B.V.

**Contact and information**

Vos Logistics welcomes any questions, comments and suggestions you might have about this report.  
Mail to: [corporate@voslogistics.com](mailto:corporate@voslogistics.com)

**Vos Logistics**

Vorstengrafdonk 39  
5342 LW Oss, the Netherlands

Telephone: + 31 412 699 500  
E-mail: [corporate@voslogistics.com](mailto:corporate@voslogistics.com)  
Internet: [www.voslogistics.com](http://www.voslogistics.com)

Entered in the Trade Registry of the Dutch Chamber of Commerce under number 34054561

Vos Logistics' Integrated Report presents the company's financial and sustainability performance and customer appreciation during the year in a single integrated report.

© Copyright 2017, Vos Logistics. All rights reserved.

This document does not form or constitute a part of a contractual document, nor does its submission imply acceptance of any commercial terms. Our proposals and agreements are subject to Vos Logistics' General Terms and Conditions.

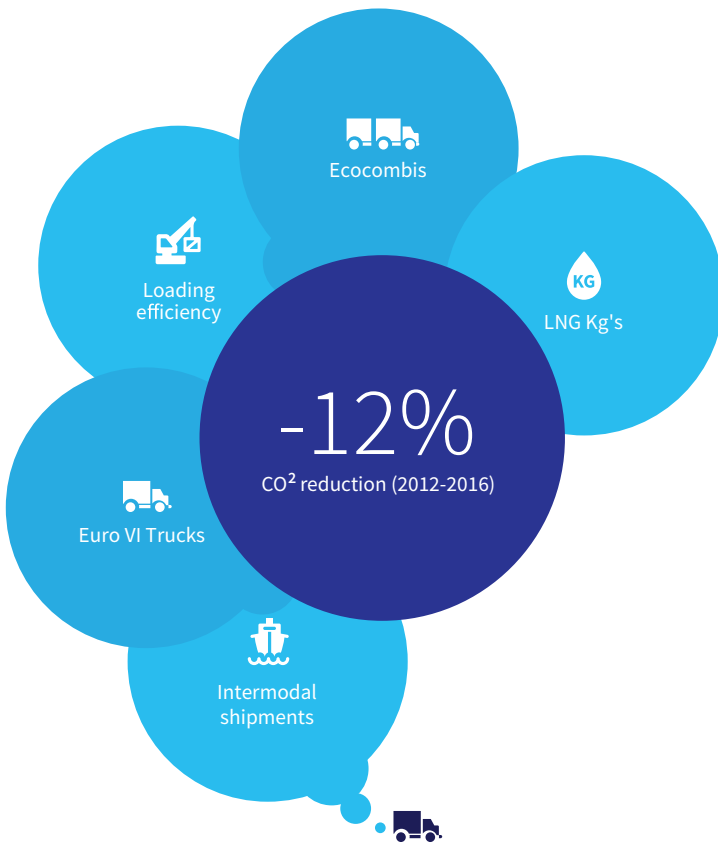
# Contents

## Integrated financial and sustainability report 2016

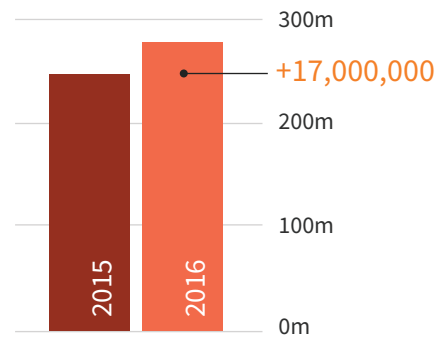
<b>1. 2016 HIGHLIGHTS</b>	<b>4</b>	<b>5. ABOUT THIS REPORT</b>	<b>40</b>
		• Materiality & strategy	40
<b>2. LETTER FROM THE BOARD OF MANAGEMENT</b>	<b>5</b>	• KPI Dashboard	43
		• GRI G4 Table	46
<b>3. ABOUT VOS LOGISTICS</b>	<b>7</b>	• Glossary	51
• Profile	7	<b>6. FINANCIAL STATEMENTS</b>	<b>52</b>
• Strategy	10	• Consolidated balance sheet	53
<b>4. REPORT OF THE BOARD OF MANAGEMENT</b>	<b>11</b>	• Consolidated profit and loss account	54
• Vos Logistics in the market	11	• Consolidated comprehensive income statement	54
		• Consolidated cash flow statement	55
• Financial performance	18	• General notes	56
- Results	18	• Notes to the consolidated balance sheet	60
- Cash flow and liquidity	19	• Notes to the consolidated profit and loss account	68
- Balance sheet	19	• Company balance sheet	71
		• Company profit and loss account	71
• Prospects	20	• Notes to the company balance sheet and company profit and loss account	72
• Staff	21	<b>7. OTHER INFORMATION</b>	<b>76</b>
- Training & development	21	• Combined independent auditor's report on the 2016 financial statements and the KPI Dashboard	77
- Composition of the workforce	21	• Articles of association provisions governing result appropriation	82
- Employee Satisfaction Survey	24	• Proposed result appropriation	82
- Health and safety	26	• Related party transactions	82
		• Subsequent events	82
• Environment	28	<b>8. PRINCIPAL PARTICIPATING INTERESTS AT 31 DECEMBER 2016</b>	<b>83</b>
- Further improvement in transport sustainability	28		
- Improved KPI for carbon footprint of premises	30		
- Sustainable operation in the value chain	31		
• Society	32		
- Active participation	32		
- Community engagement	32		
- Integrity	33		
• Risk management	34		
• Governance	37		
- Corporate governance	37		
- Composition of the Groups' Board of Management	39		

# 2016 Highlights

## CO<sup>2</sup> Emission reduction

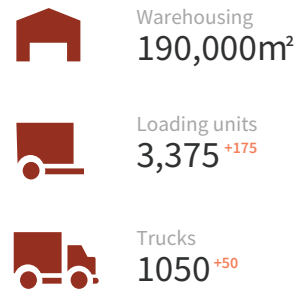


## Turnover

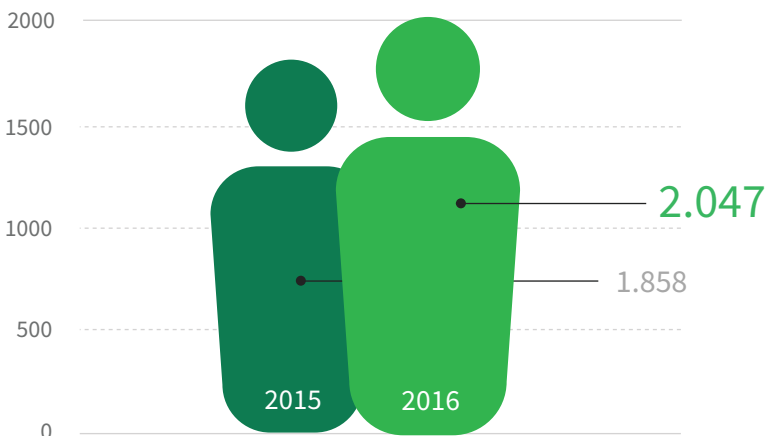


Total turnover: €276,000,000

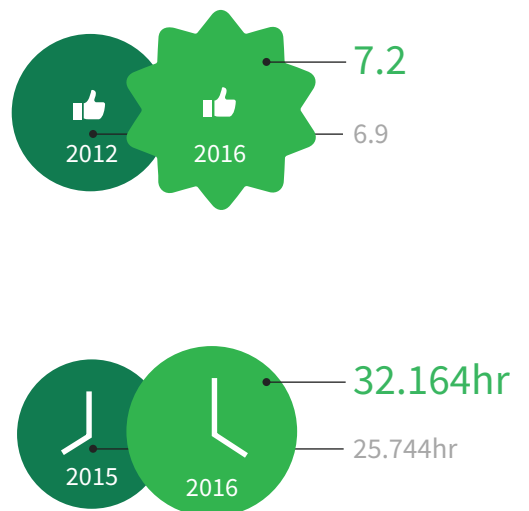
## Capacity



## FTE Employees



## Satisfaction



# From the Board of Management

The economic recovery continued in 2016, and despite social developments feeding uncertainty, the lights are also on green for 2017. This, along with our own commercial efforts and quality of services, was reflected in a significant increase in transport and storage volumes. Additional business in all our activities, from both established and new customers, contributed to this development. After adjustment for fuel price fluctuations our turnover was up almost 8% to over €276 million.

We invested in our people, equipment, infrastructure, business processes and innovations in 2016 to strengthen our proposition in the market. Our workforce grew by 200 people. We also prioritized the digitization of business procedures and information systems. We introduced on line performance dashboards for customers in order to monitor our service quality and analyze root causes for improvement. To improve communication with drivers, we introduced the Vos Logistics Driver Portal providing drivers vital information while they are on the road, an app with a scanning function so that CMRs are available shortly after shipment deliveries. We continuously invest to offer our customers better services to develop their businesses and reduce costs. Digitization of operations in our trucks and warehouses and at our offices in the year ahead will be key in this development.

These quality investments together with improvements in working conditions on the road and employment terms and conditions inevitably led to higher costs, which we were not able to pass on in full in our rates. This had an impact on the result for the year but it demonstrates our philosophy of doing things well or not doing them at all. In combination with a sharp jump in diesel prices EBIT for the year was accordingly nearly 20% lower at €6.9 million.



## Contours of a focused organization emerging

In keeping with our strategy, we further enhanced the operational organization of our core activities in 2016. We continued to strengthen our International Transport activities, where turnover growth after adjustment for fuel price fluctuations came to 9%. In 2017, our international transport operations, including administrative settlement, ICT infrastructure and support, will have been transferred to Romania and Poland. The commercial teams will continue to operate from various locations in Europe that are close to our customers.

The specialized, dedicated International Transport organization will continue to lift the quality of our services, increase our responsiveness and make us more cost efficient. It will strengthen our ability to stand out in a volatile competitive market for the service excellence we offer European shippers.

Our Solutions organization specializing in customized and dedicated logistics & transport solutions, operates mainly in the Netherlands, Belgium, Germany and France. Its good performance was confirmed by 7.7% turnover growth (after adjustment for fuel price fluctuations) and validated our ever-stronger development of added value logistics services to complement International Transport.

At both International Transport and Solutions we are creating opportunities for innovation to drive continuous improvement and remain an attractive service provider to our customers. Innovations during the year included our low-deck LNG trucks for international mega trailer transport, the Ecocombi international and Ecocombi XL, multimodal transport using CuBoLiners®, CuBoTainers® and our full-service home delivery services.

## Appreciation as an employer

In our 2016 Employee Satisfaction Survey we were given an average score of 7.2, a higher figure than in the previous survey and better than the industry average. We are proud of the outcome, but even more inspired to continue our focus on creating a good and inspiring working environment for our staff. We want to continue attracting and retaining good people, both drivers and logistics experts who will serve our customers to the greatest possible extent.

The safety of our people comes first. We will therefore continue to invest in safety and quality processes and in equipment and maintenance.

## In sum

We have laid down a clear business model to underpin our controlled growth. Our challenge is to constantly improve ourselves and what we do in order to strengthen our position on the market. We are on the right course and will continue on the same route, step by step and with enterprise and drive, in 2017.

We would like to thank everyone who again worked to the best of their abilities last year to achieve the best possible result: in the first place, our own people and the partners with whom we work, of course. But we must also thank our customers for the confidence they placed in us. At the end of the day, they form the departure point and the destination of our journey.

Frank Verhoeven and Ben Vos  
Board of Management of Vos Logistics

# About Vos Logistics

## PROFILE

Vos Logistics is an independent logistics service provider, delivering international transport services and customer-specific solutions. Through a network of 25 group-owned locations, the company is active throughout Europe.

## Activities

### INTERNATIONAL TRANSPORT

**Cargo (Mega & High Volume):** the international transport of full truck loads and part loads with mega trailers, CuBoLiners®, swap bodies and CuBoTainers® for high volume transport and mobile storage. With over 150,000 shipments a year, Vos Logistics is a leading carrier in Europe particularly active in the automotive, FMCG, packaging, personal care, apparel and construction industries.

**Bulk:** the international transport, storage and handling of mainly dry bulk goods (both granulates and powders). The products include chemicals, foodstuffs, animal feed, starch, minerals and waste. The services include differentiated multimodal concepts (rail and road combinations), site-to-site transport, silo storage and handling as well as tank cleaning.

Vos Logistics operates a mix of its own transport capacity with fixed and flexible charters in combination with multimodal transport modules. This way it can respond effectively to the dynamics of shippers in terms of both volume and destinations.



## SOLUTIONS

**Warehousing:** dedicated and shared warehousing and value added logistics (e.g. repacking, labeling, assembly, repair and building displays).

**Regional distribution:** business-to-business and consumer deliveries (FTL to parcel) including customer-specific solutions such as home delivery & installation, furniture assemblies, hospital deliveries and full supply chain solutions.

**Bulk solutions:** dedicated and customized transport, silo and packed storage and value added services such as repacking, blending, drying and EFTCO tank cleaning.

**International freight forwarding & management:** organizing the global carriage of our customers' goods (FTLs, part loads and groupage).

<b>Profile in key numbers</b>	<b>International Transport</b>	<b>Logistics Solutions</b>
Turnover 2016 (x 1,000 euro)	169,000	107,000
FTEs*	1,430	780
Group-owned and operated truck capacity	755	295
Group-owned loading units capacity	2,850	525
Warehousing (in m <sup>2</sup> )		190,000
EBIT	3,500	3,500

\* including temporary employees

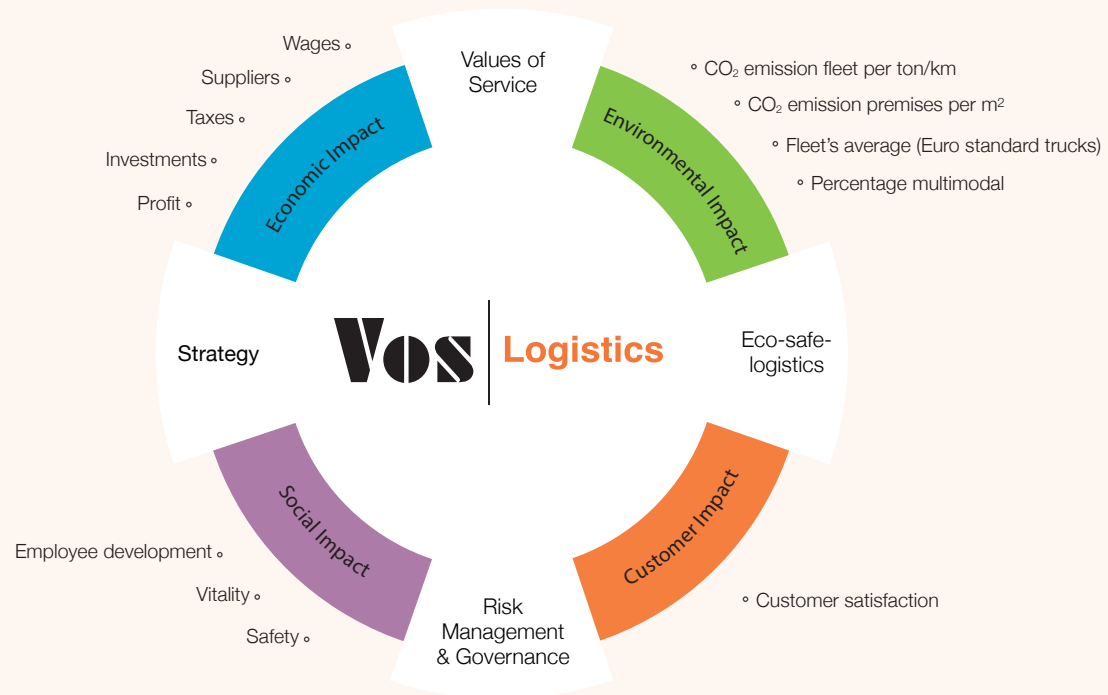
Rounded numbers





## The added value of our activities

We are conscious of the impact of our activities on society and make our decisions after due consideration of the interests of our stakeholders. We have defined our societal impact as set out below.



## Operational excellence

The company's strength lies in its combination of innovative skills in both international transport and logistic solutions, with a highly developed European network including a flexible capacity shell, advanced transport management systems (e.g. LOVOS), focus on quality, service and a sustainable operation.

With ISO-9001:2008 corporate quality certification, Vos Logistics has a uniform standard to offer the same recognizable quality to all its customers. In addition, the company operates under a number of specific activity related licenses and certificates.

Vos Logistics trains its employees at its own Vos Logistics Education Centers. The Mobile Quality Team, which monitors transport procedures and can be deployed throughout Europe, is closely involved in driver's training.

## Values Of Service & Ethical Code

Our Values Of Service represent what Vos Logistics stands for and provide guidance for all processes within our organization. They support the transparency of our communication, both internally and externally with customers and other stakeholders. Furthermore, they help to continuously improve vital elements of our business. Vos Logistics introduced an Ethical Code last year that was endorsed by all our employees. It underlines the company's commitment to creating a safe, social and responsible working environment aimed at doing business in a respectful and sustainable way.

More information on the company can be found on our website: [www.voslogistics.com](http://www.voslogistics.com)



## STRATEGY

Vos Logistics' ambition is to deliver great logistics solutions and transport services enabling our clients to develop their business, improve their service and reduce costs. We want to make the difference by remaining proactive and riding new waves of innovation. We believe in partnerships with our clients and suppliers to create a win-win situations and improve results. In everything we do, sustainable solutions and safety come first. We focus on profitable growth in markets where the company is already active and in new selected markets where we can add value with our solutions.

We invest in the personal development and quality of our team of logistics specialists, drivers and support staff to enable them to perform optimally. We want our people to be enterprising. We provide opportunities for self-development, encourage people to experiment with new solutions especially in collaboration with our clients.

The matrix on page 42 defines the key areas, objectives and performance KPIs we use to monitor the growth of our operations in the right strategic directions.

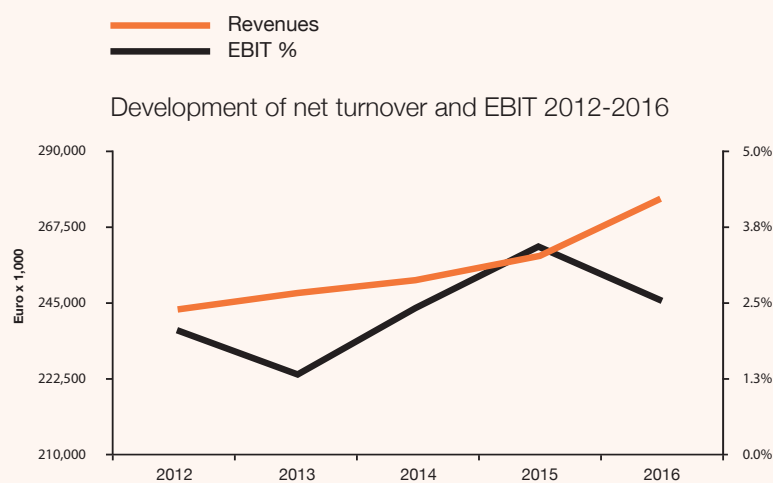
# Report of the Board of Management

## VOS LOGISTICS IN THE MARKET

### Economic recovery driving growth

2016 was a good year for Vos Logistics in terms of turnover. Shipment volumes at all our core activities were boosted by increased consumer expenditure and higher business activity in many sectors in combination with our continuing investments in quality and new service concepts. Together, the higher activity levels at established customers and new business wins lifted shipment volume by more than 16.5%. Turnover rose by 6.6% to € 276.2 million. Adjusted for, in lower average, diesel prices, turnover was 8% higher. Growth was also reflected in our workforce, which increased by 200 employees.

Higher operating costs could not be passed on in full to our customers through higher freight rates. Furthermore, a sharp jump in diesel prices, up 12% during the year, inevitably had a significant negative impact on the result for the year. EBIT fell by 20% to € 6.9 million.



## Business activity review

### INTERNATIONAL TRANSPORT

Total International Transport turnover increased by more than 9% after adjustment for diesel price movements. International Transport accounts for 60% of the total group turnover. The EBIT margin on international transport activities was 2.1%, against 3.2% in 2015.

**Mega** achieved volume growth of 9%. Economic recovery in the euro zone was a key growth driver. Automotive customers generated more business (both parts and tires), followed by consumer goods customers and new parcel line services. But we also benefited from new concepts in market segments that require higher service levels. Hot wheels, for example, is an international transport concept that guarantees continuous service by using three drivers in rotation on a single truck, ensuring 24-hours service throughout Europe.

To carry the higher volumes, we increased truck capacity during the year with 25 group-owned trucks and 40 additional new CuBoLiners®. The CuBoLiners® prototypes were ordered to broaden the added value proposition of our international transport solutions in other market segments. Turnover was up 8% but EBIT was down 58% due to higher input costs and the negative impact of diesel prices, but revenue per kilometer could not be enhanced to the same degree.

**Our High Volume operations** achieved further volume growth of 11%, both organically and through a stronger portfolio following the acquisition of activities from the company Marsman Logistiek in Zwartsluis. Growth was achieved mainly in the packaging and textile/rags industries. The CuBoTainers® concept has been well received in this market. It provides a fixed shape loading space that is NEN12642XL and Tüv-Nord certified. The concept is a particularly welcome solution for many shippers of loose-loaded goods. Turnover was up 13%. EBIT remained unchanged, mainly because of higher diesel prices.

**Bulk** volumes in the international transport network were strengthened by the step-up in commercial efforts started in 2015 and the slow recovery of the market. Growth was realized at existing customers and at newly acquired accounts, mainly in the European petrochemical industry. Although competition on price remained fierce, the quality of revenue was improved by a more focused market approach.



The silo business overall performed the same as in the previous year. Changes in international good flows which led to a decrease in turnover were compensated by increased storage and handling revenues.

The specialty business has been enriched with a new type of business and is now the proud owner of several Mortar trucks.

Total bulk shipment volume was 8% higher. Turnover increased by 2% while EBIT doubled.

### **International Transport operations**

Vos Logistics' facilities in Poland and Romania perform primarily international transport for Cargo, High Volume and Bulk. The company has a flexible capacity shell: a mix of its own transport capacity with fixed and flexible spot charters in combination with multimodal transport modules. This business model enables us to respond alertly to the dynamics of the international market in terms of both volumes and destinations and to offer sustainable solutions at competitive rates.

We continued to build and strengthen our international transport operation in Romania and Poland. Planning, multilingual customer service, ICT and financial accounting activities in Romania were further expanded and professionalized. We invested in training facilities in Radomsko, Poland. We gave high priority to driver's training, with programs to teach skills, safe conduct and languages. We further invested in accommodation for our drivers on the road throughout Europe and improved driver remuneration in Poland and Romania in order to meet the changing market conditions. These measures significantly reduced staff turnover.

The group-owned international transport capacity operated during the year was increased from an average of 720 units in 2015 to 755 units in 2016. The increase was due mainly to International Transport, mega activities, followed by High Volume. The number of loading units was increased by 150 units to around 3,350 units at year-end 2016. Both loading efficiency (paid kilometers versus total produced kilometers) and kilometer productivity per truck remained unchanged. The proportion of total subcontracted work in relation to International Transport's external turnover came to 34%, up 2%.

### **SOLUTIONS**

Solutions, our high-end distribution and value added warehousing service for northwest Europe, accounted for almost 40% of total group turnover. Turnover increased by 5% on the previous year and after adjustment for lower average diesel prices by 6%. The EBIT margin was 3.3% against 3.8% in the previous year.

**Contract Logistics** (warehousing, value added logistics and regional distribution) reported volume strong growth. Warehousing turned in a solid performance with growth from both existing and new customers at all warehouses. Regional distribution reported 23% growth in turnover, driven mainly by the acquisition of new customers in the Netherlands. Our full-service home delivery services for kitchen, furniture and electronics suppliers developed well too. We expanded our home delivery of electronics and kitchen equipment with two-man teams: a driver and a technician to assemble equipment and furniture in the customers' homes. Furthermore we rented multiple warehouse locations on an ad-hoc basis to provide several temporary overflow and handling solutions for our customers in the Netherlands and Belgium. The loss of a retail fashion customer regarding warehousing and distribution services, due to insolvency, depressed EBIT. Turnover was up 16% and EBIT 12% in comparison with the previous year.

**International Freight Management and Forwarding** activities achieved a 7% turnover increase and similar EBIT growth. New business was gained mainly from existing customers. Measures were taken during the year to stop margin erosion. Nevertheless this market segment remains competitive. Implementation of a new multimodal transport management system, Kewill MOVE®, supported turnover growth.

**Bulk solutions** (special and dedicated bulk transportation & logistic services) reported volume growth of 5%, due partly to new activity in the distribution of mortar in the Netherlands. Ten new mortar distribution trucks were added to the existing fleet of four during the year. As well as national cement distribution (Cetra), Vos Logistics took two new concrete mixer trucks into operation for third parties. We are using our expertise in this market to meet the growing demand for flexible transport capacity and strengthen our bulk distribution portfolio. Dedicated cement (the Netherlands) and lime (Germany) transport and on-site logistics in France (petrochemical) performed similar to the previous year. Liquid transport within Spain grew but due to competitive price result from this activity dropped.

## Investing in a vital organization

We continuously invest to keep our infrastructure and equipment up-to-date. Vos Logistics invested € 17 million in 2016. As part of our trailer renewal program, we took 230 new trailers and loading units (including 40 CuBoLiners®, 150 CuBoTainers® and 35 curtain side trailers) into operation and 110 new trucks, including 10 LNG trucks and 10 mortar distribution units. In the next two years we will replace a further 750 trucks with new Euro 6 trucks. This renewal will make our company cleaner and more efficient and help improve working conditions. Furthermore, 50 tractor units were added to the fleet following the acquisition from Marsman and certain other dedicated activities. The fleet currently consists of approximately 67% Euro 5, 33% Euro 6 trucks and 3,350 trailers and loading units. The average age of the truck fleet at year-end 2016 was 4,5 years.

Our warehousing operations are subject of continuous improvement. To drive this agenda we visit the operations of several customers and other service providers every year to identify new and better solutions. Our Lean-trained project and operations team implements the new solutions in our own operations. The investments required for these efficiency, flexibility and sustainability improvements are often limited and have a short payback period.

We paid extra attention to access security at our truck parks and warehouses in several locations. These investments are directed at preventing the theft of valuable goods we store and transport for our customers and increasing the safety of our international drivers and staff.

### Investing in ICT and further digitization

We invested in the further optimization of the ICT infrastructure in 2016 in order to improve customer service and strengthen data security, operational reliability and business continuity. The investments also covered ICT staff and expertise. Several functionalities were added to our LOVOS transport management system, including apps for the theft and weather sensitivity of cargo, ADR goods and Good Manufacturing Practice. We installed the Kewill MOVE® transport management system for our home delivery services. We further strengthened our Customer Management System with a customer performance dashboard and increased the EDI connections with our customers. We implemented e-CMR to digitize the proof of delivery, process it centrally and send it to the customer/sender immediately goods are unloaded, anywhere in Europe. And we invested in an interactive Driver's Portal with new alerts for drivers and a messaging function to share information.



### New customer satisfaction KPI

We reviewed our biennial Customer Satisfaction Survey and replaced it with performance dashboards to provide our customers clear and up-to-date data on the performance of our services. Conversely, they enable us to respond more effectively to changing customer needs. We launched a pilot project in 2016 to collect monthly customer satisfaction scores using the performance dashboards at several places in the organization. We will roll out the performance dashboard throughout the organization in 2017. As this method of collecting information on customer satisfaction has still not been introduced widely, no general conclusions can be drawn on it yet.

### Focus on sustainable transport solutions

The completion of our five-year sustainability program in 2015 created a strong foundation and culture for clean and efficient solutions. To further build on this legacy we are building partnerships with stakeholders with common objectives in relation to sustainability. We work closely with suppliers, for example, to reduce energy consumption and waste. With customers we look at alternative fuels, load optimization, redesigning supply chains, etc. These initiatives will help us to manage the vital KPIs we will continue to follow-up. The KPIs and targets will continue to underpin our controlled growth strategy, as summarized in our strategy matrix. We will continue to reduce our carbon footprint (fleet and premises), care for our employees' safety and development, focus on innovative solutions and keep our customers close.

Our sustainability strategy for the coming years will focus more sharply on external factors that optimize goods flows in cooperation with customers with a view to offering cleaner and more efficient transport and logistics solutions.



We collaborate with our customers to develop mutually beneficial relationships with room for innovation and continuous improvement and also join forces with other parties in the supply chain, including our competitors.

We are members of, for example, the National LNG Platform and the Natural Gas Vehicle Association Europe. We are also participating in Unilever's Connect2LNG project to increase the number of LNG filling stations. Vos Logistics has been operating LNG trucks every day since 2010, mainly for regional distribution. The Connect2LNG project supports our ambitions to expand our international LNG transport operations. It is a good example of how collaboration between shippers, carriers and LNG suppliers can make concrete progress towards greater efficiency and sustainability in international transport. Our participation in this project reflects our sustainability strategy of reducing the environmental impact of our activities in close cooperation with our partners.

We are also a member of several other LNG consultative bodies and hold regular discussions with public authorities, shippers, truck manufacturers and LNG suppliers. Vos Logistics currently has a fleet of 36 LNG trucks. We are widely recognized as an LNG pioneer and will continue to defend our title by exploiting new opportunities to use our LNG trucks in our international network and in our Bulk operations.

With the addition of special low-deck LNG trucks to our international mega trailer fleet in 2015 we took the next step on the road to increase the sustainability of international transport.

The options to use Longer Heavier Vehicles increased in 2016. The use of these Ecocombis create benefits for the customer in terms of both costs and sustainability: the increased capacity of the mega trailers (100 m<sup>3</sup>, 3 meters internal height) in combination with the environmental benefits of LNG. The load capacity of every shipment executed with an Ecocombi is 60% higher and that of an Ecocombi XL as much as 200%. We use LNG trucks in combination with Ecocombis to increase efficiency and at the same time minimize the CO<sub>2</sub> emission.



Fueling a greener Europe. The Connect2LNG project is aimed at boosting the development of an internal refueling station network for LNG. Vos Logistics has been operating LNG trucks on a daily basis for over 6 years, mainly in regional distribution. The Connect2LNG project strongly supports Vos Logistics' ambitions to expand its international LNG transport operations.



### Increase in multimodal transport

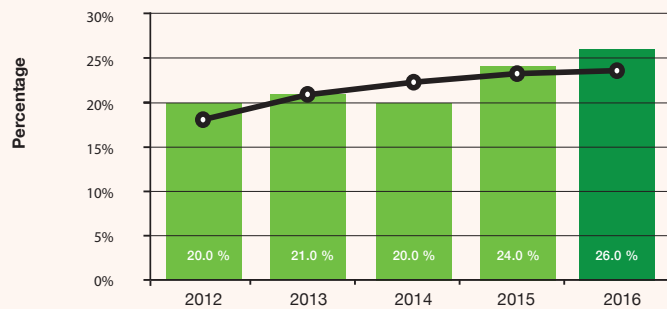
Multimodal transport is a vital element in Vos Logistics' international mobility solutions. It is an efficient and flexible combination of road transport with other modalities (train and boat). As a matter of policy, all Vos Logistics' new equipment must be suitable for multimodal transport. We added 200 multimodal trailers to the fleet in 2015 and a further 75 in 2016.

Multimodal solutions were used to carry 26% of all international shipments in 2016.

We will continue to focus on raising the percentage of multimodal transport, as it significantly reduces our carbon footprint and enables us to combine available modalities flexibly and so optimize our customer service.



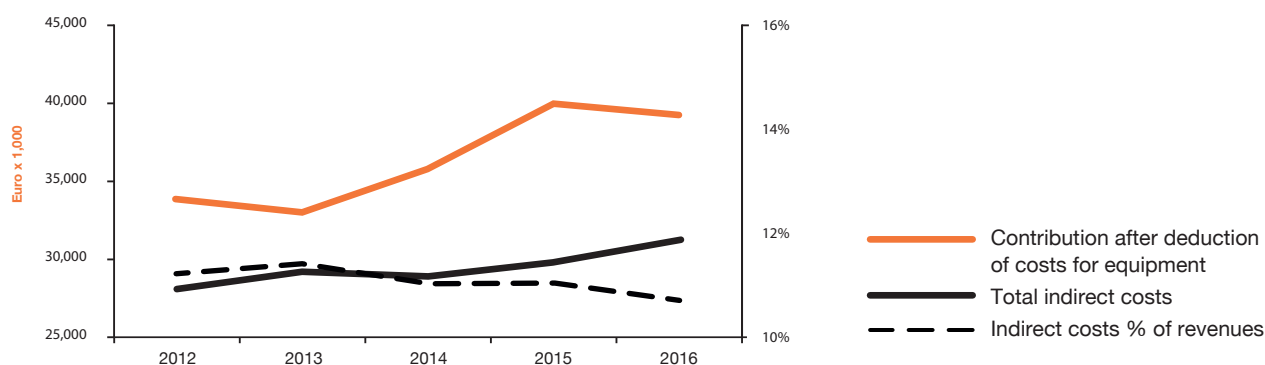
### Multimodal transports



# FINANCIAL PERFORMANCE

## Results

Vos Logistics achieved a turnover of € 276.2 million in 2016 (2015: € 259.2 million), an increase of 6.6%. After adjustment for diesel prices, turnover grew by 8% compared to the previous year. In volume terms, Vos Logistics performed excellently, with shipment volume growth of 16%. All core activities increased the scale of their activities. Rates remained competitive during 2016, especially in international packed goods transport. The quality of earnings therefore came under pressure. Furthermore, higher diesel prices reversed the 2015 timing gains into timing losses. The absolute contribution from activities (turnover minus direct costs and equipment costs) accordingly dropped while turnover increased. Indirect costs, including some one-off costs related to transitions, decreased to 12% of total turnover. EBIT fell 22% from € 8.8 million in 2015 to € 6.9 million in 2016. Net profit was down from € 3.9 million to € 2.5 million.



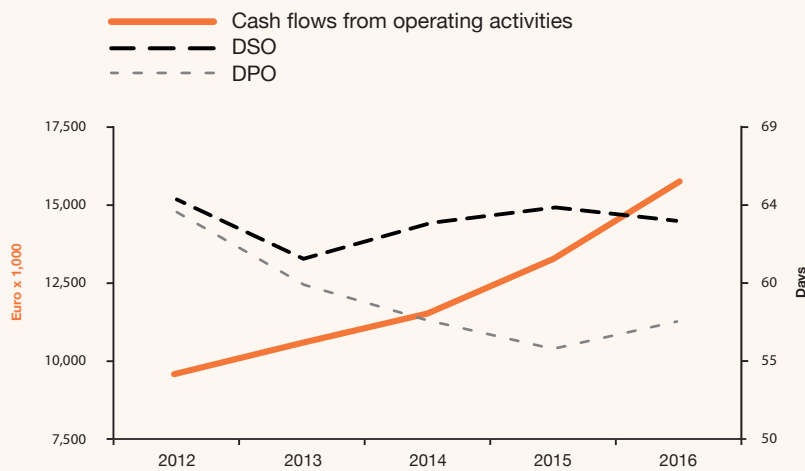
### Group result 2016

	2016		2015	
Total net turnover	276,230		259,246	
Subcontracted work	82,621	29.9%	75,894	29.3%
Added value	193,609		183,352	
Total direct costs excl. equipment & housing	125,804	45.5%	117,046	45.1%
Contribution margin	67,805	24.5%	66,306	25.6%
Total indirect costs	33,082	12.0%	31,711	12.2%
EBIT before direct equipment & housing costs	34,723	12.6%	34,595	13.3%
Total depreciations & leases	27,821	10.1%	25,774	9.9%
EBIT	6,902	2.5%	8,821	3.4%
<b>EBT</b>	<b>4,039</b>	<b>1.5%</b>	<b>5,741</b>	<b>2.2%</b>

## Cash flow and liquidity

Improved working capital management increased cash flow from operating activities to €16.2 million (2015: € 13.3 million), in spite of the lower EBIT. Total cash flow for the year amounted to € 3.2 million (2015: € 4.0 million). After adjustment for unutilized financing from factoring, total cash flow was € 4.3 million.

Vos Logistics has a high quality debt portfolio. Trade debtor receivables increased on account of the higher turnover while the number of days of sales outstanding (DSO) decreased by 1 to 63 days. The average number of days of purchases outstanding (DPO) was quite stable at 57. The financing limit from factoring was not increased in 2016.



## Balance sheet

The balance sheet remained robust during the year. Vos Logistics invested, both on and off the balance sheet, approximately € 17 million in trucks, CuBoTainers® (loading boxes), CuBoliners® (mega trailers), bulk semi-trailers, trailers and other equipment in 2016. Solvency expressed as the ratio of total guarantee capital to total assets was 23% (slightly higher than year-end 2015). Liquidity remained high at € 19.6 million in available cash (year-end 2015: € 16.4 million). The liquidity ratio (current assets to current liabilities) increased to 102,5% (year-end 2015: 100,5%). The company stayed well within its financing covenants with Delta Lloyd Mezzanine Fund and ABN AMRO Commercial Finance.

# PROSPECTS

We strengthened our foundations in 2016. The investments made in recent years will give a new impulse to the healthy growth of turnover. We again expect to benefit in general from improved market conditions. The extent will differ from one segment to another. International uncertainties, protectionism and Brexit are an exerting pressure on the international transport sector. At the same time, we must overcome the challenges of higher volumes by optimizing our loading efficiency and balancing the international goods flows. And we still have to improve passing on the higher input costs in freight rates.

We expect our logistics and transport solutions to benefit further from the rise in consumer expenditure and business activity in combination with our investments in new service concepts.

Investments will total € 38 million in 2017 and will concentrate on fleet renewal and expansion of loading capacity, digital information and communication technology. No significant changes are expected in the number of employees. Barring unforeseen circumstances, the Board of Management expects further growth in turnover and income.

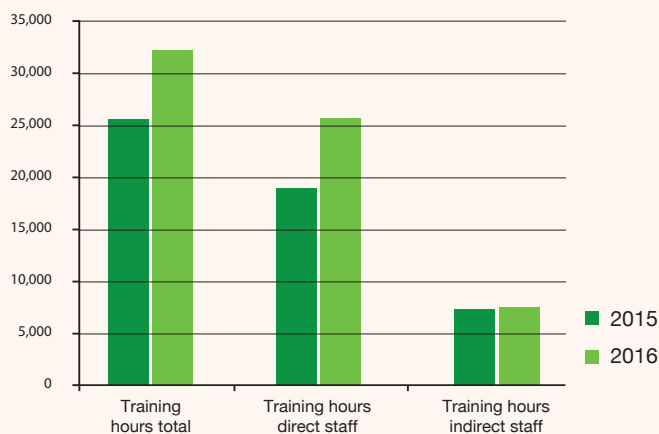


# STAFF

Vos Logistics seeks to offer its employees a safe and inspirational workplace, with a stimulating balance of professional challenges and job satisfaction. We do so by creating the right conditions to optimize personal development. We encourage and promote career mobility by means of job rotation within the company.

## Training and development

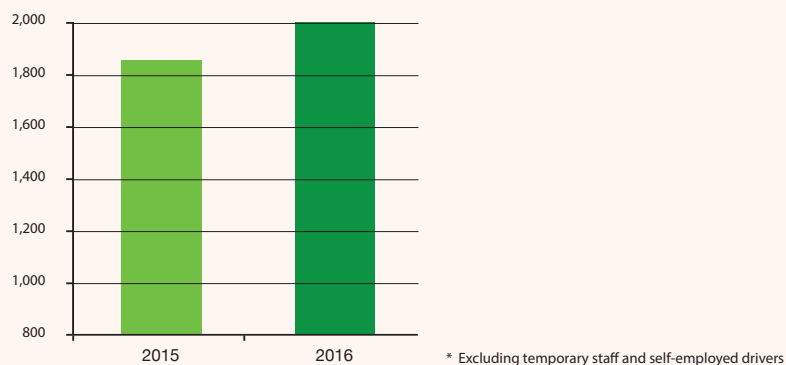
We offer a wide-ranging training program to increase the staff's knowledge and improve their skills and conduct. We monitor which employees have taken which courses to assess whether the training targets have been met. The average number of training hours per employee in 2016 increased from 13 to 15 hours.



Vos Logistics is partnering schools and universities to provide an opportunity for students to gain practical experience. Students on a variety of courses enjoy traineeships at Vos Logistics every year. During their time here, they learn about our company by doing research, studying practical issues in detail or joining one of our teams for hands-on experience. We have already built up partnerships with schools in several European countries in which we are located.

## Composition of the workforce

The number of staff (excluding temporary staff and self-employed drivers) increased from 1,858 FTEs in 2015 to 2,047 FTEs in 2016, average.





#### **Drivers of the future are trained at Vos Logistics**

Vos Logistics initiated two programs to train young talents to be drivers in anticipation of the growing shortage of drivers.

#### **Retraining current employees**

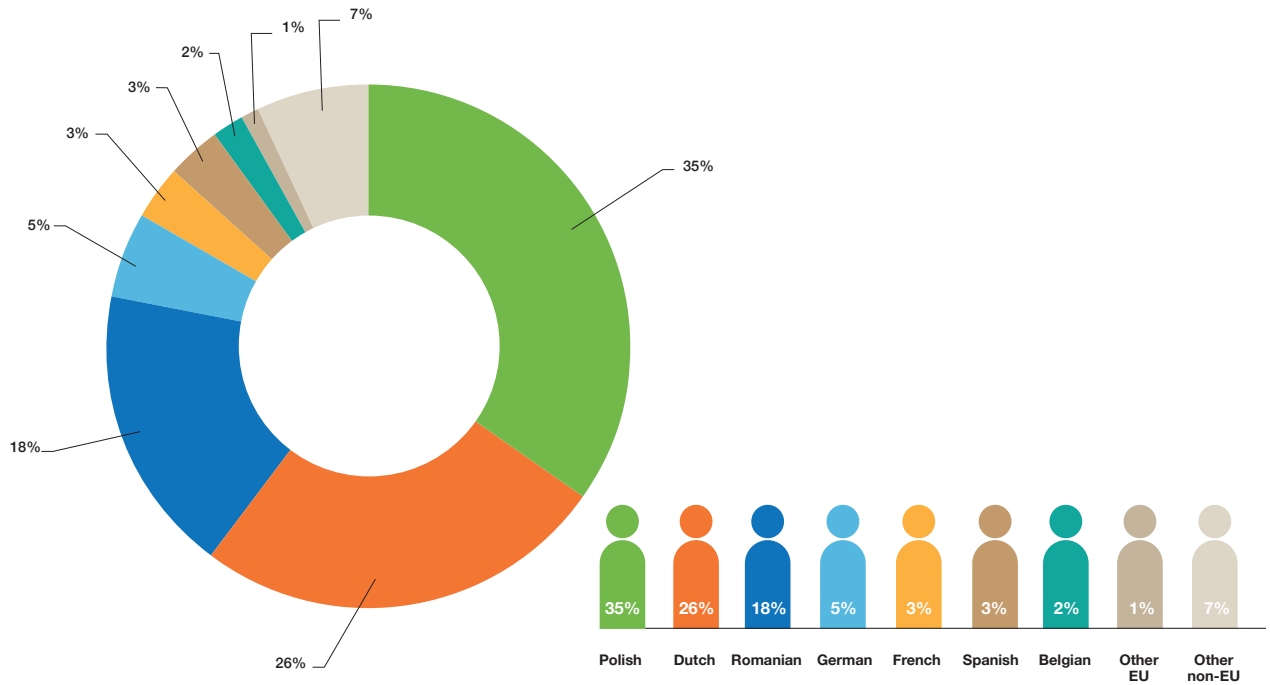
Employees with the ambition to become truckdrivers are given an opportunity. Several warehouse employees have started to prepare for their C and E driver's license already. While continuing their work in the warehouse they will be trained as a driver. After completion of the training they will be deployed as drivers within our distribution network.

#### **Recruitment of outsiders through the Transport and Logistics Industry Institute**

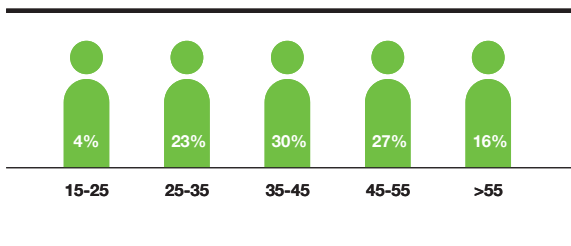
In cooperation with the Transport and Logistics Industry Institute (STL), we set up a program for young people to gain their driver's licenses and certificates. During the program trainees are given the opportunity to gain experience at Vos Logistics.

The program has had very promising results so far. Our ambition is to have several trainees start the course every month. Gertjan van Loon, Operational Manager at Vos Distri Logistics: *"It's nice to see that there are still enthusiastic young drivers and that we can give them a chance to live their dreams."*

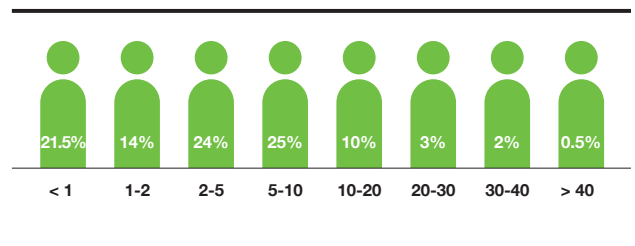
## Staff nationality 2016



## Age of employment



## Years of employment



## Male - Female



## Full-time equivalent (FTE)

Direct	Indirect	Total
1,608	439	2,047

\* 2016 average

## Employee Satisfaction Survey

The Employee Satisfaction Survey is a great help to identify potential improvements to become a better company. Vos Logistics carried out an Employee Satisfaction Survey at the end of 2016. More than half of all employees completed the survey and gave Vos Logistics an average score of 7.2. This is an improvement on the previous survey in 2012 and better than the industry average. Safety, organization, work and immediate superiors were particularly appreciated and scored above average. The survey results are analyzed, discussed and translated into improvement measures.





We achieved a higher score compared to 2012 on virtually all 10 themes. The employee net promoter score (loyalty score) rose from -20% to +18% (the transport and logistics benchmark is +6%). 56% of the respondents said they gave their best. As an employer we have a duty to care for our people and help them grow and continue to give their best.

We were happy with the results of the survey. However the most interesting feedback we receive is the insight into the potential for improvement. We will work unceasingly on improving our performance in these areas.

#### **KEEPING IN TOUCH WITH THE STAFF**

Another way of sharing views and information with our staff is through our newsletters and other channels. Special roadshows were again organized last year for the board and the staff. The goal of the meetings is to hold an open conversation to discuss matters that affect the company and the staff personally. The sessions produced a lot of positive responses from the staff and the management. Subjects that were discussed included: The social situation in Europe especially related to the refugee crisis and how to take care of our own staff as well as the refugees involved; sharing practical experiences on the road and in our logistics centers and offices and collaboration in an international environment. It is always a challenge for management to benefit optimally from the wealth of knowledge and experience of colleagues in the field and translate it into effective management decisions.



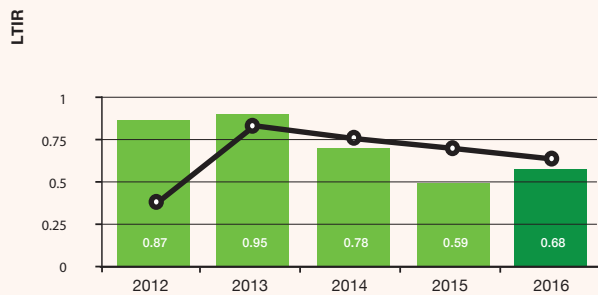
## Health and safety

### FOCUS ON SAFETY

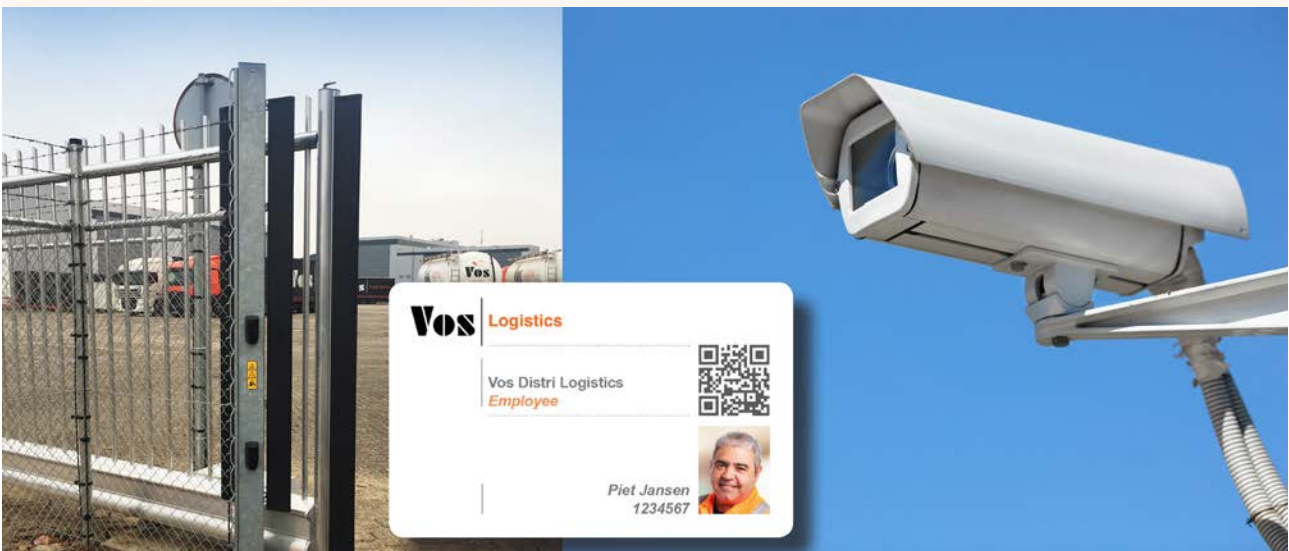
Following several years' decline, the Lost Time Injury Rate increased from 0.59 in 2015 to 0.68 in 2016. Due to the increased number of man-hours worked we still met our target of 0.70. The number of Lost Workday Cases increased from 23 in 2015 to 29 in 2016. Of these incidents 20 were transport related and 9 warehouse related. All incidents have been subjected to thorough Root Cause Analyses and appropriate corrective actions have been taken. We approach safety as a continuous process that always needs attention. We issued two general safety alerts in 2016 in order to increase safety awareness. No fatalities were reported during the year. In 2016, the quality organization was strengthened by the appointment of a full-time Quality, Environment, Safety and Health (QESH) manager for the Logistics Solutions activities, bringing more expertise and focus on quality and safety issues closer to the business. Quality staff and internal audit team members received additional training on – inter alia – dangerous goods awareness and internal auditing. The members of the corporate Food and Feed Safety Team received ISO 22000/HACCP training in 2016.



### Lost Time Injury Rate (LTIR)

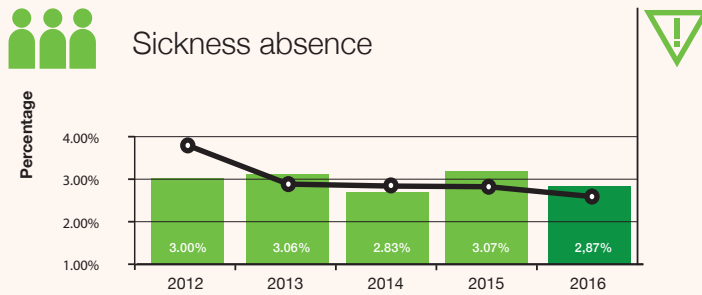


We took measures to improve the security of our truck parks by realizing fences and gates around several of our truck parks and introducing surveillance cameras and a card access system. These measures led to a safer working environment for our drivers and other staff. At the same time, they protect our customers' goods from theft. We will continue to roll out this project to other locations in the year ahead.



### Lower sickness absence

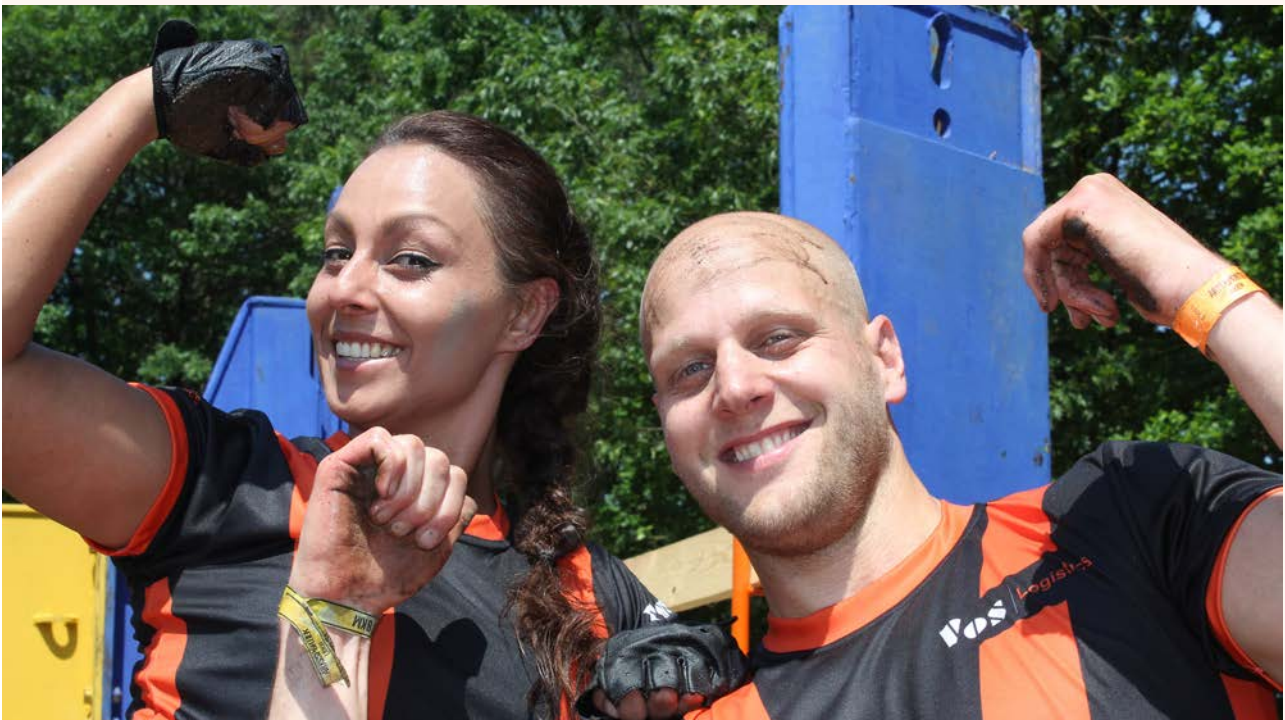
The overall sickness absence rate came to 2.87%, slightly lower than in 2015 but higher than our target of 2.75%. The flu season from January to March and higher absenteeism in the direct workforce impacted the sickness absence rate negatively. This can also be seen in the increase in sickness absence by 172 FTEs in 2016 in comparison with 2015. The number of days of sickness absence remained virtually unchanged.



### Sustainable employability

The average age on the shop floor is increasing as people are having to work longer before retiring. It is important that our people remain fit for the job and work with passion and pleasure. Vos Logistics is anticipating these changes with special employability training courses and job rotation programs. We are making our employees more aware of their own responsibilities for health and employability.

In 2016, the facilities for drivers visiting our truck park and Technical Department in Oss were improved. More specifically, rest and recreational areas were added, along with washing machines. In addition, driver's and office facilities were improved in Poland and Belgium.



# Environment

We take our responsibility for the environment seriously. We set ourselves specific environmental goals and help our customers realize theirs. When developing new products and services we opt for 'green' logistics services and technologies that reduce both our CO<sub>2</sub> emissions and our energy consumption.

## Further improvement in transport sustainability

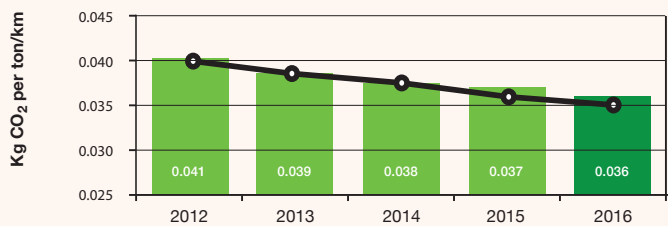
We again successfully reduced our CO<sub>2</sub> emissions in 2016, by 2,7% to 0.036 kg per ton/kilometer. We rejuvenated the fleet by decreasing the number of Euro 4 and Euro 5 trucks by 45 and increasing the number of Euro 6 trucks by 110. The average Euro standard of our fleet increased to 5.3. Furthermore, the increase in LNG vehicles, smart transport solutions such as the Ecocombi LHV XL and multimodal transport (including inland barges for Bulk) contributed to the reduction in CO<sub>2</sub> emissions. Vos Logistics has made substantial investments in recent years in multimodal equipment. Multimodal solutions represented 26% of all international shipments in 2016, 2 percentage points more than in 2015.

If we zoom in on multimodal transport, we see that the cargo (mega) activities are the biggest contributors: over 50% of international cargo shipments have a multimodal component. In kilometers, this translates into 27,550,180 km.

All measures above lead to a decrease of our CO<sub>2</sub> emission with 2.7%. A great achievement, however by a small difference we did not manage to reach our target in 2016.

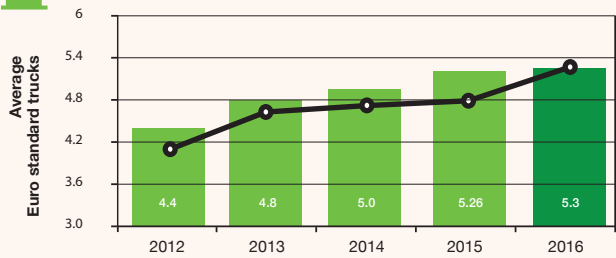


Kg CO<sub>2</sub> emission fleet per ton/km

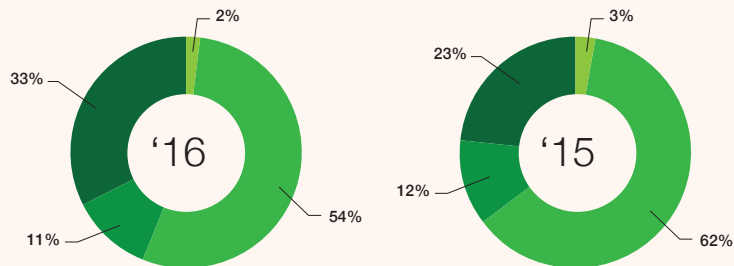




### Fleet's average (euro standard trucks)



### Euronorm 2015 - 2016 in %



We are pursuing cleaner mobility in other areas, too. Our Dutch leased car fleet, for example, consists of 15% electric vehicles and plug-in hybrids. We challenge our suppliers to offer sustainable solutions whenever purchasing equipment of any kind.

In addition, we closely follow developments in alternative fuels, such as hydrogen and other sustainable transport solutions, such as truck platooning and driverless transport. We expect these two initiatives to be of particular importance in the coming years in light of the increasing scarcity of drivers.

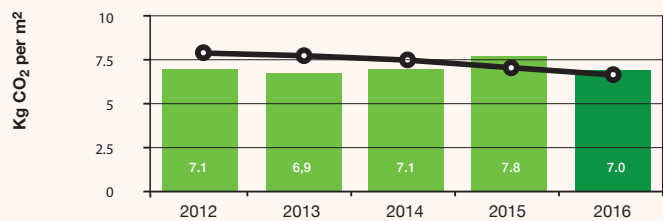
## Improved KPI for carbon footprint of premises

The CO<sub>2</sub> emission of our buildings was 8.20 kg per m<sup>2</sup> in 2016, increased slightly compared to 2015, which was a direct result of the increase in activities. To give a better picture of our energy efficiency, we tightened up the KPI for the carbon footprint of our warehouses and the calculation will in future include only warehouse buildings in Belgium, Germany and the Netherlands. We refined this KPI so that it gives a clear view of the energy impact of our warehouse operations where we are actually able to steer on this KPI. To that end, the energy consumption of office locations have been taken out of this KPI. The table on page 30 shows the results and redefined targets of the warehouses only as from 2012 till 2016.



Kg CO<sub>2</sub> emission premises per m<sup>2</sup>

\* warehouses only



## Sustainable operation in the value chain

### **Sustainable procurement policy**

We challenge our suppliers to take a proactive approach to preventing and constantly reducing the environmental footprint of their operations. We ask them to identify and reduce product risks throughout the lifecycle and to define and observe standards and values that enhance quality, the environment, health and safety. For major procurement processes, we work with expert procurement teams.

Our suppliers fulfill a vital role in our strategy. Innovations and sustainable performance often depend on our ability to develop solutions jointly.

Some examples: the efforts to scale up LNG as a feasible fuel alongside diesel depends very much on truck manufacturers providing suitable equipment, filling station operators developing a European refueling network and governments providing positive incentives. We are collaborating in consortia to develop such a network.

To reduce the damage ratio from our national and international fleet we worked closely with experts at our insurance company. We rolled out a European prevention program to set up uniform KPIs. Prevention also is an important part of the instruction and training programs for drivers. We have thus been able to reduce the number of incidents four years in a row. By using this program we achieved a safer working environment, fewer disruptions to processes, improved delivery performance, and better control of our repair and insurance costs.

### **Innovation with suppliers**

Our latest logistics centers are BREEAM certified. In close collaboration with real estate developers, financiers, customers and our own logistics experts, we rose to the challenge of defining functional and environmental specifications within the financial boundaries to build a feasible business case. The results of these partnerships are rewarding.

Our CuBoLiner® (mega trailer) is the product of the experience of our logistics experts and a number of equipment builders. We built several versions of the CuBoLiner® and each was an improvement on the previous one. They enable us to move goods more safely, develop multimodal solutions, carry ADR goods and they can be used as Ecocombis. As a spin-off we developed the CuBoTainer® for our high volume combinations. These developments can only be realized when working in teams of internal and external specialists.

There are still many opportunities to further embed sustainable procurement in our company. We will pay special attention to it and to the further implementation of our Ethical Code with suppliers in 2017.

In 2016, a student from Eindhoven University spent six months with us to research his master thesis on sustainable procurement in transport. His research resulted in several conclusions and recommendations that we will adopt as part of the continuous improvement of our procurement policy.

# Society

## Active participation

Vos Logistics is aware of its role in society, especially in an international and multicultural setting. Our social engagement also includes sharing our knowledge and professional skills. In Poland, Germany, France and the Netherlands we offer students internships and work placements to encourage their interest in transport and logistics. In 2016, we hosted about 60 trainees and interns.

We also work with relevant organizations to employ people with physical and/or mental challenges.

We select initiatives that are closely related to our competences and business, in areas where we believe we can add most value through our expertise and ability to provide meaningful work placements and/or traineeships.

We are also active participants in public debates that affect our industry. Through various partnerships with industry, local and regional authorities and educational institutions and through our memberships of relevant industry organizations, such as the Polish, Romanian and Dutch Road Associations, we keep abreast of developments that may affect our activities. Whenever appropriate, we actively contribute to the public debate, for instance by participating in consultations for the industry-wide Collective Labor Agreement (CLA).

## Community engagement

Many members of staff are socially engaged. Vos Logistics encourages them to be socially active and to take initiatives that contribute to a better world, for example in the fields of education, health, local charities and local sports. Support is also provided to projects carried out by international organizations. A great variety of local initiatives were again supported in 2016.

### Helping the elderly live independently

In the local community of Uden, Vos Logistics and eight partners are taking part in the UdenOntzorgt social project, a new way of helping the elderly continue to live at home and maintain their social contacts. The participants in the pilot project received a tablet to make their wishes known. On request, specially trained drivers from Vos Logistics do odd jobs around the home, from delivering groceries and a healthy meal to having a chat.

**Henk Roefs:** *"I enjoy working with older people and think it's very important to do a good job."*

**Cornee Janssen:** *"What's nice about this project is that older people can live at home for longer and stay in touch with their families."*







# Open house Oss

On 9 October, we welcomed more than 5,000 colleagues and their families, customers, business partners and local stakeholders to several of our locations in Oss for an open house. A large number of colleagues proudly received the visitors. About 5,000 people took a look at the head office, the warehouse, the silo terminal, the cleaning station and the technical services workshop. The many demonstrations, explanations and talks gave them a unique glance into the world of transport and logistics.



## Integrity

As an organization, we want to be a trustworthy and professional partner to our stakeholders and expect our employees to have the same goal. We have laid down our standards and values in our Ethical Code. The Vos Logistics Ethical Code has both an internal and an external dimension. Internally, it serves as a guideline for the behavior of employees at all levels. Managers have been appointed as role models with specific responsibility to 'live' the Code. In addition to emphasizing that respect for diversity should be self-evident to all Vos employees, the Code sets clear standards on financial conduct, especially regarding bribery and abuse of power. These standards apply internally, but are vital in the relationship with our suppliers. Our decisions to buy goods and services are based on the best and most sustainable offers. As part of our procurement process, we judge our suppliers on their application of the Ethical Code in their own activities. Further implementation of the Ethical Code with suppliers is planned in 2017.

# Risk management

## Policy

We have a low appetite for the risks the company might be exposed to. We seek to mitigate the risks in our ordinary activities by means of a robust professional organization and high quality services. Service and efficiency levels are assured by uniform working methods, staff training and education, consistent administrative procedures and transparency in costs and turnover. Our organization is supported by integrated communication and information systems. An ethical code was drawn up and introduced last year to support the group's risk management policy.

## Risk

### MARKET RISKS

Vos Logistics is sensitive to fluctuations in economic activity and in the volumes generated by its customers. Our market is mainly in Western Europe. Economic developments and changes in the overall volume of international goods flows can vary per country, impacting not only turnovers but also the capacity balance in our networks. We serve many industries in many countries with a variety of transport and logistics services. The different product-market combinations follow different dynamics. This partly mitigates our sensitivity to market fluctuations. One of our main Values Of Service, 'Agility', is concerned with these changes. With its international organization based on the flexible and efficient operation of both its own vehicle fleet and external capacity, the company can respond effectively to the rapidly changing demand for international transport in terms of both volumes and destinations. Market risks can potentially have a high impact on results and/or the financial position of Vos Logistics.

### POLITICAL AND REGULATORY CHANGES

European and national transport legislation and taxation are subject to continuous change. This is resulting in operational uncertainties and extra costs. Vos Logistics is actively following these developments and adapting its operations to remain compliant with regulations and to take the changed cost settings into account. The potential impact on results and the financial position is considered low.

### OPERATIONAL RISKS

#### Liability

Liability for direct and indirect losses is limited or excluded by means of general terms and conditions of trade and/or specific agreements with customers or suppliers. Remaining risks are mitigated by both internal procedures and insurance coverage. We have drawn up strict internal procedures to limit liability risks arising from non-conformity with local legislation or customs clearance activities. Compliance is continuously monitored. The staff are trained accordingly.

#### Fuel prices

Fuel costs are a major component of the transport costs. Fuel prices have fluctuated up and down in recent years. In line with our sustainability ambitions we actively manage our fuel consumption and offer more multimodal transport solutions, which reduce the use of fuel. Vos Logistics also applies fuel clauses in most of its sales agreements that transfer fuel cost fluctuations to customers with a minimum of delay.

### **ICT systems' continuity and integrity**

The company relies on several ICT systems to safeguard the efficiency and effectiveness of its operations. Vos Logistics has an external backup facility, built-in redundancy and a recovery facility that enables continuity of critical IT systems. Several data and access protection systems and procedures as well as security systems are in place to prevent unauthorized access to sensitive data and resources. We continuously work on improving data security and our internal procedures on data access and protection.

### **Safety**

There is a risk of operating activities leading to accidents, bodily injury and loss of reputation or breaches of health and safety regulations. Our safety measures are very strict. Prevention has the highest priority and the safety policy recognizes human awareness as one of the highest risk factors. A great deal of energy is spent on training staff about safety awareness and skills.

### **Staff availability**

The availability of qualified employees is essential to the efficiency and effectiveness of our operations. The company manages this risk through training and retention programs and active recruitment. The potential impact of operational risks on the company's results and/or financial position is low.

We consider the potential impact of operational risks on the result and financial position of the company to be low to moderate.

## **FINANCIAL RISKS**

### **Debtor risk**

Vos Logistics is exposed to two types of debtor risk: the risk that a debtor cannot fulfill its obligations and the cash flow risks of late payments. We mitigate these risks by means of credit checks, credit insurance and active monitoring and collection.

### **Liquidity risk**

Transport in general, and Vos Logistics in particular, is capital intensive with a fairly fixed cost base. The transport and logistics markets are cyclical. Liquidity risk is mitigated by maintaining liquidity buffers and by long-term banking arrangements (until the end of 2020) and factoring arrangements (until the end of 2019). Financing of the asset base is secured by long-term leasing. Financing arrangements are in place for intended investment programs. Liquidity risks are further mitigated by the management of debtor risks (see above), the use of a flexible non-committed capacity shell and temporary workers, and periodic exit options for our own capacity.

### **Foreign exchange risk**

As the group includes Polish and Romanian companies, its balance sheet may be influenced by movements in the Polish zloty and the Romanian leu against the euro. The group is also exposed to foreign exchange risks arising from purchase and sales transactions denominated in a currency other than the group's functional currency. It is our policy is not to hedge these risks. The potential impact of financial risks on the result and financial position is low.

### **Interest rate fluctuations**

Euro interest rates are currently fluctuating at a low level. Vos Logistics has several financing arrangements that could be impacted by interest rate fluctuations, as financing from factoring and the subordinate loan include a Euribor base. The interest rate risk to Vos Logistics of lease financing is limited as leases are based on a fixed rate. The Euribor rate is not hedged.

The potential impact of financial risks on the result and financial position is considered to be low.

## Internal control system

Vos Logistics has an internal control system to control the risks inherent in its business operations and oversee the effectiveness and efficiency of business processes and the consistency of accounting procedures. The Board of Management is responsible for implementing, operating and monitoring the internal control system. This system has been designed to control significant risks and to realize operational and financial objectives, as well as to ensure compliance.

## In control statement

To the best of our knowledge, Vos Logistics' risk management and control systems:

- provide reasonable assurance that financial reporting is free of material misstatement;
- have operated effectively during the financial year.

The aforementioned risks had no material negative effects in 2016. There are currently no indications that the risk management and control systems will not function effectively in 2017.

Oss, 30 March 2017

*Board of Management*

**Frank Verhoeven, CEO**

**Ben Vos, CFO**

# Governance

## Corporate governance

Vos Logistics Beheer B.V., a limited liability company incorporated under Dutch law, is the top holding company. It is not a listed company and therefore under no obligation to adhere to the Dutch Corporate Governance Code. Nevertheless, we strongly support the principles underlying the Code and aim to comply with its best practice provisions wherever possible.

On the basis of the 2016 facts and accounts it has been concluded that Vos Logistics Beheer B.V. cannot be defined as a 'structuurvennootschap' owing to the applicability of exemption grounds under article 2:263 (3b). The Board of Management and shareholders continue to periodically evaluate the status of and possible changes to the governance structure.

## Shareholders

All shares in Vos Logistics Beheer B.V. are held by Elefantus B.V. The shares are divided between Scheybeeck Investments III B.V. (60% of ordinary shares), Frank Verhoeven (CEO) and Ben Vos (CFO) (each holding 20% of the ordinary shares of Elefantus B.V.). The shareholders of Elefantus B.V. have entered into a shareholders' agreement, setting out their internal arrangements with regard to, inter alia, decision-making and reporting structures.

## Organization of the company

### MANAGEMENT

Vos Logistics Beheer B.V. is managed by a Board of Management consisting of a CEO (Frank Verhoeven) and a CFO (Ben Vos). The Board of Management is responsible for managing the company. It formulates and sets the vision and the corresponding mission, strategy and goals in close consultation with the shareholders' meeting. The Board of Management is responsible for the transparent management of the company. Members may be appointed, suspended and dismissed by a two-third majority of the shareholders' votes.

The shareholders' agreement contains reporting and consulting structures for the Board of Management and the shareholders. Financial reports are discussed with the shareholders in monthly and quarterly meetings. Furthermore, the shareholders' agreement lays down that certain shareholder resolutions may be adopted only by a 75% majority of shareholders' votes. The Articles of Association of Elefantus B.V. and those of Vos Logistics Beheer B.V. were drawn up accordingly. The shareholders' agreement also contains a list of management resolutions that may be adopted only with the prior approval of the annual general meeting.

Management regulations have been drawn up and approved by the shareholders. They list all resolutions that must be adopted by the members of the Board of Management jointly and stipulate that in the event of a difference of opinion amongst the members on specific issues barring them from adopting resolutions, the annual general meeting may be requested to provide a binding recommendation.

The Board of Management exercises its duties in the interests of the company. It continuously and whenever required provides the shareholders with the information they need to carry out their task. We are aware that there are currently no women on the Board of Management. Gender will be one of the assessment criteria for future appointments and we will seek qualified female candidates should there be a vacancy on the Board of Management.

## **CONFLICTS OF INTEREST**

The annual general meeting is responsible for resolving any conflicts of interest between members of the Board of Management and the external auditor on the one hand and the company on the other. There were no conflicts of interests in 2016.

The shareholders have chosen not to appoint a Supervisory Board. Both the shareholders and the Board of Management are confident that the new corporate structure contains sufficient checks and balances to ensure the proper functioning of the organization.

## Financial reporting

### **EXTERNAL AUDITOR**

The external auditor is appointed by the annual general meeting. The external auditor reports to the shareholders and to the Board of Management. The shareholders and the Board of Management hold one meeting with the external auditor, the CFO of Vos Logistics and the Group Controller.

### **ANNUAL INTEGRATED REPORTING**

The company's annual report comprises not only the financial report, but also the company's sustainability report. Such integrated reporting is an expression of the importance of sustainability as an integral part of Vos Logistics' operational management on behalf of its stakeholders. Annual integrated reporting is supported by monthly integrated review meetings.

## Governance

Sound business practices, integrity, respect, transparent reporting and accountability remain the cornerstones of Vos Logistics' corporate governance policy. For Vos Logistics, corporate governance is determined by applicable national and European legislation, codes of best practice in the countries in which it operates and its own company values.

We have implemented several sets of regulations regarding the performance of the various bodies and the rules applicable within Vos Logistics. The regulations are reviewed from time to time and amended if necessary. They are:

- the Articles of Association of the Company
- the Articles of Association of Elephantus B.V.
- the shareholders' agreement
- Vos Logistics' policy
- Values Of Service
- the Ethical Code
- Management Regulations

### **ETHICAL CODE**

We act in accordance with our Values Of Service and ethical principles. To provide our organization and our suppliers with specific guidelines on how to act, we have introduced the Vos Logistics Ethical Code, which contains ethical principles and explains what we expect from our organization and our suppliers.

Vos Logistics has introduced a whistleblower policy as part of its corporate compliance framework in order to make employees and external business partners feel confident about raising concerns with Vos Logistics. The policy provides for a reporting mechanism that is objective, confidential and independent, and protects whistleblowers from reprisal or disadvantage resulting from raising concerns.

The policy was not used by employees or business partners in 2016.

## Composition of the Group's board of management

### BOARD OF MANAGEMENT

#### **FRANK VERHOEVEN (B. 1966) CEO**

**Nationality:** Dutch

**Joined Vos Logistics:** April 2007

**(Supervisory) Board memberships and other positions held:**

Logistics Platform Oss (chairman), NDL/HIDC, OMO (Ons Middelbaar Onderwijs), Munckhof Groep, Stichting AgriFood Capital, Vijfsterren Logistiek (Chairman)

**Previous positions:**

Between 2006 and 2007 CEO of Biegelaar. From 1994 until 2006, senior management positions and member of the Group Management Team of the Royal Frans Maas Group (currently DSV). From 1992 until 1994, marketeer at Lease Plan

---

#### **BEN VOS (B. 1966)**

#### **CFO**

**Nationality:**

Dutch

**Joined Vos Logistics:**

May 2008

**Supervisory Board memberships held:**

Rabobank West Brabant Noord U.A.

**Previous positions:**

Since 2000, senior financial management positions at Wilson Logistics (currently Geodis Wilson) and Brunel International. Before 2000, auditor (registeraccountant) at Deloitte and PwC.

# About this report

## Materiality & Strategy

A materiality analysis is an important aspect of integrated reporting. It identifies those issues that affect Vos Logistics' ability to create value in the short-, medium- and long-term and that are important to its stakeholders.

Vos Logistics recognizes five stakeholder groups: customers, staff, suppliers, society and shareholders. We have identified these groups in accordance with the value chain and impact analysis relevant to our activities.

The table also shows the other communication channels we used for our stakeholder engagement.

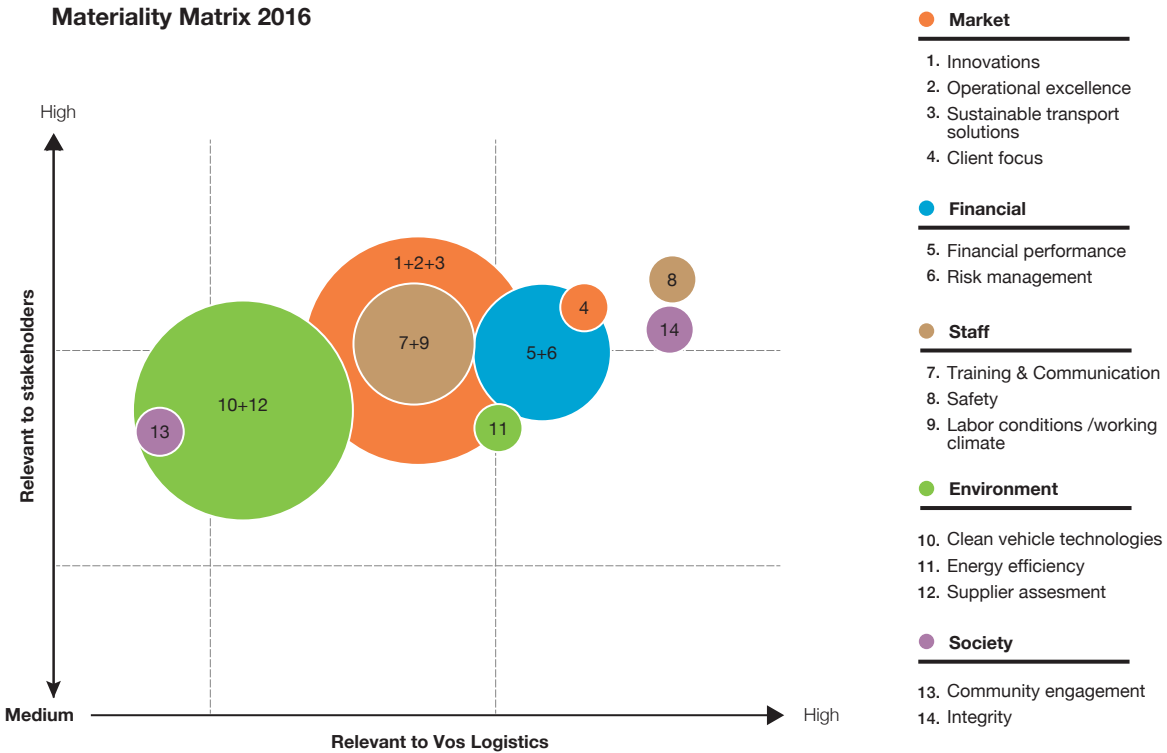
Stakeholder	Expectations	Main forms of dialogue
Customers	Value for money Optimal service innovation Corporate sustainability Responsibility reliability Prompt complaint handling	Client relationship visits Performance measurements Complaint management Customer Satisfaction Survey Panel meetings Company updates
Staff	Safe workplace Personal development and training opportunities Attractive terms of employment Pleasant working conditions and atmosphere Career perspectives	Personal development plans Appraisal/performance interviews Newsletters, social media Employee Satisfaction Survey CEO roadshows to meet colleagues Staff exchange programs Internal and external training courses
Suppliers	Reliability Long-term relationship Competitive pricing Compliance with laws and regulations Sustainability	Day-to-day practice Regular visits Supplier assessments Benchmarking
Society (civil society organizations + public authorities/supervisors)	Support for civil society organizations (sponsorships, donations, charity work, knowledge sharing, etc.) No activities that harm society Increasing accountability for how we create societal value Compliance with legislation and regulations Commitment to local community activities/local sustainability initiatives	Participation in/membership of alliances Bilateral consultation with various organizations Active participation in local initiatives Meetings website
Shareholders	Value creation financial solidity Solid risk policy, including reputation management Adherence to our values, including sustainability ambitions	Shareholders meetings Management letters Annual report



**Materiality**

For the 2016 report, materiality themes were assessed as to their relevance and validity and then re-adopted. In doing so we also reviewed and tightened up the related KPIs. The materiality matrix shows the value of the strategic themes for our stakeholders and the priority they give them, set out against the value of the strategic themes to Vos Logistics.

We checked the material themes with stakeholders in February 2017. A number of stakeholders from each group were requested to score all 14 strategic themes from 1-10 (not important – very important). The matrix below shows Vos Logistics’ most importance strategic themes according to the stakeholder groups. We will use the outcome of the materiality analysis as a reporting framework, as a guideline for strategic decision-making and as a source of dialogue with our stakeholders.



# How do stakeholders see Vos Logistics

“Sustainable and trustful company with a clear vision towards suppliers”

“Innovation means growth!”

“Safe behavior is just as important as working with safe equipment”

“Vos Logistics, the fastest developing LSP in the market”

“Looking forward to expand the business and services!”

“Be proud of what you have achieved and tell the world”

“Always open and willing to invest in innovative new solutions”

“Common goals for a sustainable future”

“Vos Logistics is a perfect example of a long-term partnership”

“It is a privilege to be a premium partner of Vos Logistics”

MATERIAL - Theme	STRATEGY	GOAL	KPI
<b>MARKET - Controlled growth</b>			
<ul style="list-style-type: none"> <li>Innovations</li> </ul>	<ul style="list-style-type: none"> <li>Invest in innovation and quality of services</li> <li>Develop innovative logistics and transport solutions and equipment</li> </ul>	<ul style="list-style-type: none"> <li>Act as a frontrunner with new developments</li> <li>Clean and efficient supply chain solutions</li> </ul>	<ul style="list-style-type: none"> <li>New customers, new solutions</li> </ul>
<ul style="list-style-type: none"> <li>Operational excellence</li> </ul>	<ul style="list-style-type: none"> <li>Maintain state-of-the-art infrastructure and equipment</li> </ul>	<ul style="list-style-type: none"> <li>Reduce logistics costs for customers</li> <li>Efficient and effective operation</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction</li> </ul>
<ul style="list-style-type: none"> <li>Sustainable transport solutions</li> </ul>	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> footprint together with customers and logistics partners</li> <li>Develop sustainable transport concepts</li> </ul>	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> footprint of transport and warehousing</li> <li>Lasting and close alliances</li> <li>Contracts with sustainability features</li> </ul>	<ul style="list-style-type: none"> <li>Multimodal solutions %</li> <li>Kg CO<sub>2</sub> emission, fleet per ton/km</li> <li>Kg CO<sub>2</sub> emission, warehouses per m<sup>2</sup></li> </ul>
<ul style="list-style-type: none"> <li>Client Focus</li> </ul>	<ul style="list-style-type: none"> <li>Provide added value and increased quality of revenue for customers</li> <li>Establish organic growth, using proven and new logistics and transport concepts</li> <li>Establish growth by selective acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>Focus on long-term relationships</li> <li>Strengthen market position</li> <li>Growth in the quality of revenue</li> </ul>	<ul style="list-style-type: none"> <li>Growth in turnover and volume of shipments</li> <li>Profitability growth</li> </ul>
<b>FINANCIAL - Quality improvement in profit</b>			
<ul style="list-style-type: none"> <li>Financial performance</li> </ul>	<ul style="list-style-type: none"> <li>Ensure long term continuity by focusing on value added activities</li> <li>Optimize costs</li> </ul>	<ul style="list-style-type: none"> <li>Improve quality of turnover</li> <li>Growth of added value activities</li> </ul>	<ul style="list-style-type: none"> <li>Development of the margin</li> <li>Growth in selected business segments</li> </ul>
<ul style="list-style-type: none"> <li>Risk management</li> </ul>	<ul style="list-style-type: none"> <li>Focus on lasting and close alliances</li> </ul>	<ul style="list-style-type: none"> <li>Financial health and scope for investment</li> </ul>	<ul style="list-style-type: none"> <li>Working capital efficiency</li> <li>Ratio of direct to indirect costs</li> </ul>
<b>STAFF - Responsible employer</b>			
<ul style="list-style-type: none"> <li>Training &amp; Communication</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate training and development for employees</li> </ul>	<ul style="list-style-type: none"> <li>Well-educated employees</li> </ul>	<ul style="list-style-type: none"> <li>Investment in training hours</li> </ul>
<ul style="list-style-type: none"> <li>Safety</li> </ul>	<ul style="list-style-type: none"> <li>Create a safe and healthy workplace</li> </ul>	<ul style="list-style-type: none"> <li>Safety at work as part of the business culture</li> <li>Fewer accidents</li> </ul>	<ul style="list-style-type: none"> <li>Lost Time Injury Rate</li> <li>Damage ratio</li> </ul>
<ul style="list-style-type: none"> <li>Labor Conditions / working climate</li> </ul>	<ul style="list-style-type: none"> <li>Ensure good labor conditions</li> <li>Support personal development</li> <li>Create an inspiring working environment</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen staff employability</li> <li>High retention rate and personal development</li> <li>Increase job rotation and mobility</li> </ul>	<ul style="list-style-type: none"> <li>Retention rate</li> <li>Staff satisfaction</li> <li>Sickness absence</li> </ul>
<b>ENVIRONMENT - Decrease impact</b>			
<ul style="list-style-type: none"> <li>Clean vehicle technologies</li> </ul>	<ul style="list-style-type: none"> <li>Application of techniques and innovations in transport (Replacement and expansion measures)</li> <li>Increase use of Alternative transport modes</li> </ul>	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions</li> </ul>	<ul style="list-style-type: none"> <li>Kg CO<sub>2</sub> emission, fleet per ton/km</li> <li>Fleet average</li> <li>Multimodal solutions %</li> </ul>
<ul style="list-style-type: none"> <li>Energy efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Develop and adopt new solutions</li> <li>Increased use of alternative transport modes</li> </ul>	<ul style="list-style-type: none"> <li>Collaboration with other LSPs and customers</li> </ul>	<ul style="list-style-type: none"> <li>Projects with customers</li> <li>LHV/LNG kilometers on # road kilometers (of Distri and of total road)</li> </ul>
<ul style="list-style-type: none"> <li>Supplier assesment</li> </ul>	<ul style="list-style-type: none"> <li>Act as a sustainable operation in the value chain</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable procurement policy</li> <li>Innovating in collaboration with suppliers</li> <li>Reduce CO<sub>2</sub> emissions of warehouses</li> </ul>	<ul style="list-style-type: none"> <li>Supplier assessment</li> <li>% unloading and loading at the same site</li> <li>Kg CO<sub>2</sub> emission, warehouses per m<sup>2</sup></li> </ul>
<b>SOCIETY- Responsible and involved</b>			
<ul style="list-style-type: none"> <li>Community engagement</li> </ul>	<ul style="list-style-type: none"> <li>Develop the logistics sector by working with educational institutions, public authorities and interest groups</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Social Responsibility</li> <li>Social added value</li> <li>Labor participation, room for less abled employees</li> </ul>	<ul style="list-style-type: none"> <li>Social projects carried out</li> <li>Participation in management bodies / engagements</li> </ul>
<ul style="list-style-type: none"> <li>Integrity</li> </ul>	<ul style="list-style-type: none"> <li>Work with integrity</li> </ul>	<ul style="list-style-type: none"> <li>Act in accordance with the Vos Logistics Ethical Code</li> <li>Code of conduct for suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Breaches of Ethical Code</li> <li>Numbers of claims to Ethical Code</li> </ul>

# KPI DASHBOARD 2012 - 2016

Vos Logistics has defined its sustainability goals in 6 key performance indicators (KPIs). The KPIs are measured identically at all business units and consolidated at group level since 2009. The sustainability goals are summarized in the dashboard. The sustainability policy is monitored in order to check the progress made on the KPIs. Performance is measured each month and the sustainability KPIs are audited externally. Since 2014 the KPIs have been incorporated in the monthly financial report.

On a monthly basis the Board of Management and cluster directors discuss the financial results and the sustainability, quality and safety results. As a consequence, the sustainability KPIs, the quality audits and the safety incidents form specific steering instruments for group and cluster management.

Below graphics show the results of 2012 till 2016. Looking back at the results the start of our sustainability program in 2009 we are very proud of our achievements.

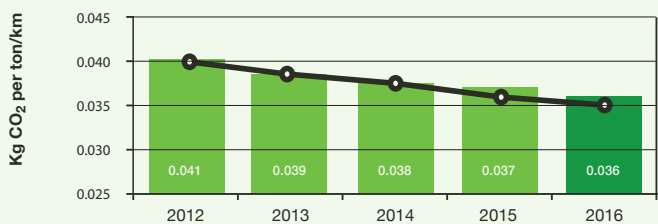
Summary of the results since 2009:

Kg CO<sub>2</sub> emission of the fleet has been reduced with 22%. This is partially achieved by the increase of the fleet's average with 1.6 and the increase of multi modal transports with 10%. Although sickness absence is below target in 2016 we achieved an improvement of 1.33 % since 2009.

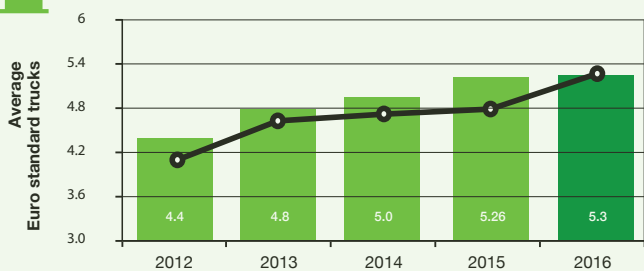
Regarding KG CO<sub>2</sub> emission of the premises we have refined the scope to our warehouse operations, where we actually are able to steer on this KPI. Below table shows the results and redefined targets of the warehouse operations as from 2012 till 2016.



Kg CO<sub>2</sub> emission fleet per ton/km

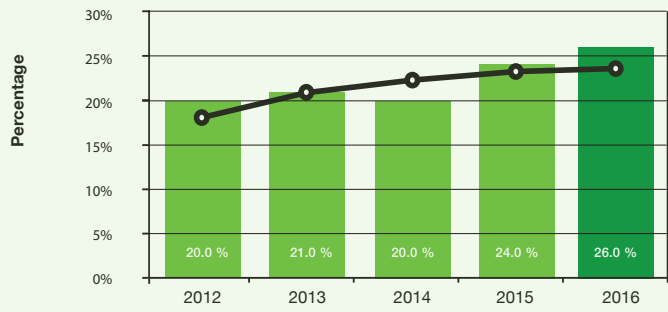


Fleet's average (euro standard trucks)



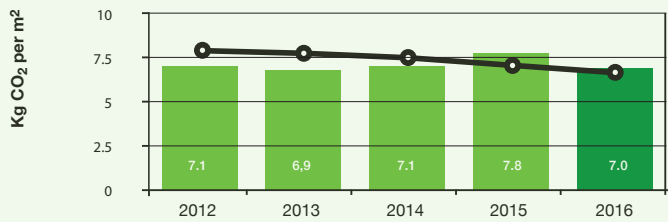


### Multimodal transports

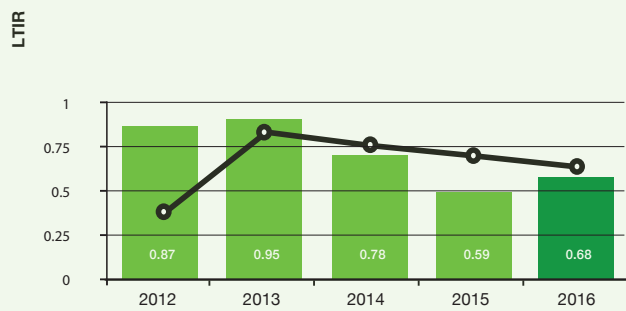


### Kg CO<sub>2</sub> emission premises per m<sup>2</sup>

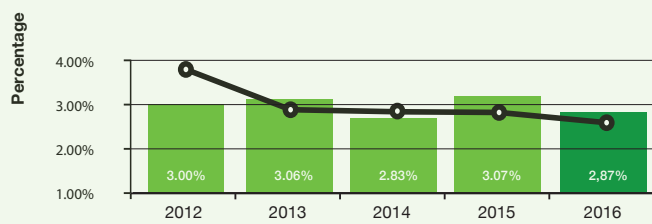
\* warehouses only



### Lost Time Injury Rate (LTIR)



### Sickness absence



## KPI DASHBOARD definition table 2012-2016

KPI	Definition	Scope	Measurement, calculation and estimation method
<b>Kg CO<sub>2</sub> emission per ton/km</b>	The CO <sub>2</sub> in kilograms emitted by our trucks per ton/kilometer plus the CO <sub>2</sub> emission per ton/km of multimodal transport.	Vos Logistics Group, including joint ventures Zozaya and Cetra	<p>** Road Transport: Greenhouse Gas Protocol. Total CO<sub>2</sub> emission divided by ton/km (Total CO<sub>2</sub> + liters fuels x GHG Protocol unit. ton/km = loaded kilometers x loaded weight).</p> <p>** Shipments reported are actual loaded weight where data is available. Other shipments are estimated at 24 tons. Approx. 85% of the locations record their loaded kilometers in LOVOS. The loaded kilometers of the locations that do not use LOVOS (approx. 15%) are estimated (varying from 50% to 85%).</p> <p>** Multimodal transport: ((Number of multimodal shipments x average loaded weight) x average number of kilometers) x unit in accordance with 'Measuring and managing CO<sub>2</sub> emissions of European Chemical Transport' by Professor Alan McKinnon and Maja Piecyk.</p>
<b>Kg CO<sub>2</sub> emission premises per m<sup>2</sup></b>	The CO <sub>2</sub> emissions from our premises	Vos Logistics warehouse operations in the Netherlands + Goch (DE) + Oevel (BE)	Greenhouse Gas Protocol Number of Kwh x GHG protocol unit divided by number of square meters. The measurement relates to the consumption of electricity; gas consumption is not included. The number of m <sup>2</sup> per building is determined by lease contracts, measurement certificates and floor plans. The area of the location in Goch is estimated at 20,100 m <sup>2</sup> .
<b>Multimodal</b>	Transport using more than one modality, such as rail and short-sea	Vos Logistics International Transport: Cargo, Bulk and High Volume	Number of multimodal shipments (rail and short-sea), derived from the invoices of the rail and short-sea companies divided by the total number of shipments (road, rail and short-sea) from the LOVOS/Chainware planning system
<b>Fleet average</b>	The average Euro standard of the fleet	Vos Logistics Group, including joint ventures Zozaya, Cetra and Lutz	The number of trucks times the euro standard divided by the number of trucks. The euro standard for EEV is 5.5.
<b>Sickness absence</b>	The absenteeism rate indicates the percentage of working time that is not worked owing to sickness or incapacity for work	Vos Logistics Group, including joint ventures Zozaya and Cetra	Total number of days of absenteeism in a given period divided by the number of calendar days in the same period x number of employees x 100%
<b>LTIR (Lost Time Injury Rate)</b>	Number of accidents with one or more lost working days + number of fatal accidents involving Vos Logistics' staff relative to the number of hours worked in a given period	Vos Logistics Group, including joint ventures Zozaya and Cetra	Number of Lost Workday Cases + number of fatalities x 1,000,000/number of man-hours worked/12 (153 per month). Accidents and fatalities are reported and recorded centrally and checked against data at the HR department. Vos Logistics is confident that the data underlying the number of Lost Workday Cases and the LTIR are reliable. Vos Logistics works on increasing safety awareness, including the reporting of incidents. Absolute assurance on the completeness of the reports, however, cannot be given.

# GRI G4 TABLE (GLOBAL REPORTING INITIATIVE)

## Vos Logistics Beheer B.V.

### GRI G4

Vos Logistics prepared its 2016 integrated annual report in accordance with the GRI G4 framework for sustainability reporting ('core' application level) in so far as the relevant guidelines are applicable to our activities.

GRI description code	Omissions	External assurance	Reference	
<b>1. Strategy and analyses</b>				
<b>G4-1</b>	Statement from the organization's most senior decision maker	No omissions	No	Letter from the Board of Management Report of the Board of management/ Strategy
<b>2. Organizational profile</b>				
<b>G4-3</b>	Name of the organization	No omissions	No	Cover/About Vos Logistics
<b>G4-4</b>	Primary brands, products and services	No omissions	No	About Vos Logistics/Profile
<b>G4-5</b>	Location of the organization's headquarters	No omissions	No	Credits/About Vos Logistics
<b>G4-6</b>	Number of countries where the organization operated and names of countries where either the organization has operations that are significant or specifically relevant to the sustainability topics covered in this report	No omissions	No	About Vos Logistics/Profile/ Principal Participating Interests at 31 December 2016
<b>G4-7</b>	Nature of ownership and legal form	No omissions	No	Report of the Board of Management/ Governance
<b>G4-8</b>	Markets served (including geographic breakdown, sectors served and types of customers and beneficiaries)	No omissions	No	About Vos Logistics/Profile
<b>G4-9</b>	Scale of the organization	No omissions	No	About Vos Logistics/Profile About Vos Logistics/2016 Highlights Report of the Board of Management/ Governance
<b>G4-10</b>	Size of the workforce	No omissions	No	About Vos Logistics/Profile Report of the Board of Management/ Staff
<b>G4-11</b>	Percentage of total employees covered by collective labor agreements	No omissions	No	All employees in the Netherlands working subject to the CLA (collective labor agreement)
<b>G4-12</b>	Describe the organization's supply chain	No omissions	No	Report of the Board of Management/ Profile Report of the Board of Management/ Governance About this report/Materiality
<b>G4-13</b>	Any significant changes during the reporting period regarding size, structure, ownership or supply chain	No omissions	No	No significant changes to report

2. Organizational profile				
<b>G4-14</b>	Report whether and how the precautionary approach or principle is addressed by the organization	No omissions	No	Report of the Board of Management/ Risk management
<b>G4-15</b>	List externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or which it endorses	No omissions	No	Responsible Care® – ECTA Green Freight Europe Lean and Green – Connekt
<b>G4-16</b>	Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: holds a position on the governance body participates in projects or committees provides substantive funding beyond routine membership dues or views membership as strategic	No omissions	No	TLN NGVA Europe - ECTA
3. Identified material aspects and boundaries				
<b>G4-17</b>	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report. The organization can report on this standard disclosure by referencing the information in publicly available consolidated financial statements or equivalent documents	No omissions	No	About this report Principal Participating Interests at 31 December 2016 Other information
<b>G4-18</b>	a. Explain the process for defining report content and the aspect boundaries; b. Explain how the organization has implemented the reporting principles for defining report content	No omissions	No	About this report Other information/Assurance
<b>G4-19</b>	List all the material aspects identified in the process for defining reporting content.	No omissions	No	About this report/KPI Dashboard table About this report/Materiality assessment
<b>G4-20</b>	For each material aspect, report the aspect boundary within the organization	No omissions	No	About this report/KPI Dashboard table About this report/Materiality assessment
<b>G4-21</b>	For each material aspect, report the aspect boundary outside the organization	No omissions	No	About this report/KPI Dashboard table About this report/Materiality assessment
<b>G4-22</b>	Effect of any restatements of information provided in previous reports and the reasons for such restatements	No omissions	No	About this report/KPI Dashboard table No restatements
<b>G4-23</b>	Significant changes from previous reporting periods in the scope and aspect boundaries	No omissions	No	About this report/KPI Dashboard table No significant changes

4. Stakeholder engagement				
<b>G4-24</b>	List of stakeholder groups engaged by the organization	No omissions	No	About this report/ Materiality assessment
<b>G4-25</b>	Basis for identification and selection of stakeholders with whom to engage	No omissions	No	About this report/Materiality assessment
<b>G4-26</b>	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	No omissions	No	About this report/Materiality assessment
<b>G4-20</b>	For each material aspect, report the aspect boundary within the organization	No omissions	No	About this report/KPI Dashboard table About this report/Materiality assessment
<b>G4-27</b>	Key topics and concerns that have been raised through stakeholder engagement and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	No omissions	No	Report of the Board of Management/ Strategy Report of the Board of Management/ Risk Management About this report/Materiality assessment
5. Report profile				
<b>G4-28</b>	Reporting period (e.g. fiscal/calendar year) for information provided	No omissions	No	About this report Financial statements Assurance report 1 January 2016 – 31 December 2016
<b>G4-29</b>	Date of most recent previous report (if any)	No omissions	No	30 March 2016
<b>G4-30</b>	Reporting cycle	No omissions	No	Yearly
<b>G4-31</b>	Contact point for questions regarding the report or its contents	No omissions	No	corporate@voslogistics.com
<b>G4-32</b>	a. Report the 'in accordance' option the organization has chosen b. Report the GRI Content Index for the chosen option c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines	No omissions	No	About this report Other information/Assurance report
<b>G4-33</b>	a. The organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. The relationship between the organization and the assurance providers d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report	No omissions	No	About this report Other information/Assurance report



6. Governance				
<b>G4-34</b>	Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision making on economic, environmental and social impacts	No omissions	No	Report of the Board of Management/ Governance/Composition of the Group's Board of Management Report of the Board of Management/ Governance
7. Ethics and integrity				
<b>G4-56</b>	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	No omissions	No	Report of the Board of Management/ Values Of Service & Ethical Code Report of the Board of Management/ Governance Report of the Board of Management/ Society/Integrity
8. Material aspects				
Description, DMA and Indicators				
<b>Occupational Health and Safety</b>	Lost Time Injury Rate (LTIR), Fatalities, Sickness Absence (DMA-G4-LA4)	No omissions	Yes	KPI Dashboard About this report/Materiality assessment Report of the Board of Management/ Staff
<b>Training and education</b>	Average hours of training per year per employee (G4-LA9)	Gender	No	About this report/Materiality assessment Report of the Board of Management/ Staff
<b>Economic performance</b>	Profit and loss account (DMA-G4-EC1)	No omissions	Yes	About this report/Materiality assessment Report of the Board of management/ Vos Logistics in the market Report of the Board of Management/ Financial Performance
<b>Customer Health and safety</b>	Average customer satisfaction (DMA-G4-PR5)	No omissions	Yes	KPI Dashboard About this report/Materiality assessment Report of the Board of Management/ Environment
<b>Environmental emissions</b>	Kg CO <sub>2</sub> per ton/km Kg CO <sub>2</sub> per m <sup>2</sup> (DMA-G4-EN15 + DMA-G4-EN19)	No omissions	Yes	KPI Dashboard About this report/Materiality assessment Report of the Board of Management/ Environment
<b>Average euro standard</b>	No specific GRI aspect available but considered material within Vos Logistics	No omissions	Yes	KPI Dashboard About this report/Materiality assessment Report of the Board of Management/ Environment
<b>Multimodal solutions</b>	No specific GRI aspect available but considered material within Vos Logistics	No omissions	Yes	KPI Dashboard About this report/Materiality assessment Report of the Board of Management/ Towards sustainable transport solutions

## **GRI G4**

Vos Logistics prepared its 2016 integrated annual report in accordance with the GRI G4 framework for sustainability reporting ('core' application level) to the extent that the relevant guidelines are applicable to its activities.

## **ASSURANCE**

We integrated our financial report with our sustainability report this year and asked Ernst & Young Accountants LLP to provide assurance on our six sustainability KPIs. The independent auditor's report and assurance report is reproduced on page 77.

## **REPORTING PROCESS**

We have no overall information system in place for sustainability. Nevertheless, we have created a corporate sustainability report. All information is exported where possible from our systems, such as LOVOS, SAS and PersMaster (Human Resources). We used the GHG (Greenhouse Gas) Protocol to calculate the CO<sub>2</sub> emissions of our premises and vehicles. The CO<sub>2</sub> conversion factors for electricity and fuel have been adjusted to the latest version of the GHG Protocol (August 2012). The KPI Dashboard presents the definitions, scope and method used to measure, calculate and estimate the KPIs in our KPI Dashboard.

## **THIRD PARTY QUOTES**

Instead of limiting this report to our own statements, we have chosen to report some quotes from our customers, employees and other stakeholders. We have used the quotes as they were presented to us.

## **FURTHER INFORMATION**

This report covers limited aspects of Vos Logistics. To gain a more comprehensive picture, we refer to our website: [www.voslogistics.com](http://www.voslogistics.com)

## **DISCLAIMER**

Nothing in this report is intended to extend Vos Logistics' existing obligations to its customers or stakeholders. Vos Logistics reserves the right to withhold from third parties any details of policies, procedures, criteria, instructions, guidelines or any comparable material mentioned in the report.

# GLOSSARY

**ADR – Accord européen relatif au transport international des marchandises Dangereuses par Route**

An abbreviation of the French title of the European treaty regarding the international road transport of hazardous goods

**BREEAM - Building Research Establishment Environmental Assessment Method**

A method to assess the sustainability performance of buildings

**Business Unit**

Subsidiary of Vos Logistics

**ECTA - European Chemical Transport Association**

ECTA is an association of European land transport companies. Its aim is to improve efficiency, safety and quality standards and reduce the environmental and social impact of the transport and logistics of chemical goods in Europe

**EEV – enhanced-environmentally-friendly-vehicle**

A classification of European emission standards. The euro standard for an EEV is 5.5

**EFTCO - The European Federation of Tank Cleaning Organizations**

EFTCO studies, protects and develops the professional interests of the federation and its members

**FTL - Full Truck Load**

**FTE – Full-time equivalent**

A unit to express the size of the workforce or number of employees

**ISO - International Standards Organization**

An international standard-setting organization. The ISO is an affiliation of national standard organizations

**KPI - Key Performance Indicator**

Variables used to analyze performance

**LNG - Liquefied Natural Gas**

Natural gas stored as a liquid at a temperature of -162°C

**LOVOS**

Transport Management System developed by Vos Logistics

**MQT - Mobile Quality Team**

A team of experienced and trained former drivers. They provide technical support to our drivers, on the road and at the sites

**Multimodal**

Transport using more than one modality, such as rail and short-sea

**RC - Responsible Care®**

A program based on a partnership agreement with the European Chemical Industry Council

**TLN**

Transport en Logistiek Nederland

**NGVA Europe**

Natural Gas Vehicle Association Europe

# Financial Statements



# CONSOLIDATED BALANCE SHEET

(After appropriation of the result)

<i>in thousands of euros</i>	Ref. note	31 December 2016	31 December 2015
<b>ASSETS</b>			
<b>Fixed assets</b>			
Intangible fixed assets	1	1,303	1,930
Financial fixed assets	2	2,149	1,891
Tangible fixed assets	3	49,875	48,450
Deferred tax asset	4	4,043	4,670
		<b>57,370</b>	<b>56,941</b>
<b>Current assets</b>			
Inventories		1,909	1,579
Receivables	5	56,242	54,306
Cash at bank and on hand	6	19,623	16,375
		<b>77,774</b>	<b>72,260</b>
<b>Total Assets</b>		<b>135,144</b>	<b>129,201</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Shareholders' equity	7	20,575	18,659
Minority interest		2,909	2,858
Group equity		<b>23,484 *</b>	<b>21,517</b>
<b>Deferred tax liabilities</b>	8	<b>959 *</b>	<b>1,036</b>
<b>Provisions</b>	9	<b>2,928</b>	<b>3,453</b>
<b>Long-term subordinated loans</b>	10	<b>6,673 *</b>	<b>6,591</b>
<b>Long-term liabilities other</b>	11	<b>25,205</b>	<b>24,706</b>
<b>Current liabilities</b>			
Liabilities to financial institutions	12	30,370	31,021
Trade creditors		28,584	26,165
Other liabilities	13	16,941	14,712
		<b>75,895</b>	<b>71,898</b>
<b>Total equity and liabilities</b>		<b>135,144</b>	<b>129,201</b>

\* Group guarantee capital as per December 31, 2016 is € 31.1 million.

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR 2016

<i>in thousands of euros</i>	Ref. note	2016	2015
<b>NET TURNOVER</b>	14	<b>276,230</b>	<b>259,246</b>
Subcontracted work and other external costs		82,621	75,894
Personnel costs	15	82,920	74,951
Depreciation and amortization	16	10,260	8,904
Release for the year and realization to P&L	22	(35)	(637)
Other operating expenses	17	93,562	91,313
		<u>269,328</u>	<u>250,425</u>
<b>EARNINGS BEFORE INTEREST AND TAX</b>		<b>6,902</b>	<b>8,821</b>
Financial income & expense	18	(2,863)	(3,080)
		<u>(2,863)</u>	<u>(3,080)</u>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>4,039</b>	<b>5,741</b>
Income taxes gain/(loss)	19	(1,169)	(1,382)
		<u>(1,169)</u>	<u>(1,382)</u>
<b>PROFIT/(LOSS) AFTER TAXATION</b>		<b>2,870</b>	<b>4,359</b>
Minority interests		(394)	(482)
		<u>(394)</u>	<u>(482)</u>
<b>NET RESULT</b>		<b>2,476</b>	<b>3,877</b>

## CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR 2016

<i>in thousands of euros</i>	Ref. note	2016	2015
<b>NET RESULT</b>		<b>2,476</b>	<b>3,877</b>
Release for the year and realization to P&L	22	(35)	(637)
Currency translation difference for the year	22	(80)	1
		<u>(115)</u>	<u>(636)</u>
<b>COMPREHENSIVE INCOME</b>		<b>2,361</b>	<b>3,241</b>

# CONSOLIDATED CASH FLOW STATEMENT

(Indirect method)

<i>in thousands of euros</i>	Ref. note	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Earnings before interest and tax		6,902	8,821
<b>ADJUSTMENTS FOR:</b>			
Depreciation and amortization (in) tangible fixed assets	16	10,260	8,904
Movements in equity	7	(115)	(637)
Movement provisions	9	388	932
		10,533	9,199
<b>CHANGES IN WORKING CAPITAL:</b>			
Receivables		(3,079)	(3,281)
Inventories		(330)	(66)
Current liabilities		3,791	23
		382	(3,324)
Paid from provisions	9	(913)	(679)
Dividends paid to minority interests		(343)	(389)
Corporate income tax paid		(408)	(337)
		(1,664)	(1,405)
<b>Cash flow from Group operating activities</b>		<b>16,153</b>	<b>13,291</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions tangible fixed assets		(2,944)	(2,793)
Disposals tangible fixed assets		1,550	155
Changes financial fixed assets		(219)	538
<b>Cash flow used in investing activities</b>		<b>(1,613)</b>	<b>(2,100)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment Equity	7	-	(550)
Dividends paid to shareholders	7	(484)	-
Repayment loans	11	(318)	(371)
Repayment lease	11	(7,015)	(6,049)
Factoring	12	(1,077)	2,390
Interest paid	18	(2,398)	(2,652)
<b>Cash flow from Group financing activities</b>		<b>(11,292)</b>	<b>(7,232)</b>
<b>NET CASH INFLOW (OUTFLOW)</b>		<b>3,248</b>	<b>3,959</b>
<b>Cash and cash equivalents</b>			
Cash and cash equivalents at 1 January		16,375	12,416
Cash and cash equivalents at 31 December		19,623	16,375
<b>INCREASE/(DECREASE) IN CASH AT BANK AND ON HAND</b>		<b>3,248</b>	<b>3,959</b>

## GENERAL NOTES

### The Company and its operations

Vos Logistics Beheer B.V. ("Vos" or the "Company"), which is registered in Oss, the Netherlands, is a logistics service provider, which operates in Europe. The activities include transportation services of packed goods and bulk goods, warehousing, value added services, forwarding, distribution services and supply chain management.

As per 31 December 2016 Elephantus B.V. directly holds 100% of the shares in Vos Logistics Beheer B.V. Elephantus B.V. is the ultimate parent company of Vos Logistics Beheer B.V. and includes the financial data of Vos Logistics Beheer B.V. in its consolidated financial statements, copies of which are available at costs from the Trade Registry of the Chamber of Commerce.

### Statement of compliance

The accounting policies applied relate to both the consolidated financial statements and the Company financial statements. The consolidated financial statements have been prepared on a historical cost basis, unless stated otherwise.

The consolidated financial statements are presented in euro and all values are rounded to the nearest thousand (€ 000) except when otherwise indicated. The financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The financial statements are denominated in euro.

In general, assets and liabilities (except for Group equity) are stated at the amounts at which they are acquired or incurred, or fair value. If not specifically stated otherwise, they are recognized at the amounts at which they were acquired or incurred. The balance sheet, income statement and cash flow statement include references to the notes. The comparable figures of previous year have been reclassified to conform to the current year's presentation and to increase the quality of the disclosures.

### Basis of consolidation

The financial statements were prepared on 30 March 2017. The consolidated balance sheet and the profit and loss account comprises the financial statements of the Company and its subsidiaries as reported in the chapter Principal Participating interests at 31 December 2016. All intra-group transactions, balances, income and expenses and profits and losses resulting from intra-group transactions that are recognized in assets, are eliminated in full. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Minority interests represent the portion of profit and loss and net assets in participating interests not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet separately from parent shareholders' equity.

Group companies are defined as participating interests which are part of the economic entity of Vos Logistics Beheer B.V., which are directly or indirectly controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Financial figures of participating interests are included in the consolidation from the effective date of acquisition or the date at which control is achieved. Goodwill is recognized for the difference between historical cost and fair value of the acquired participating interests. Since the financial data of Vos Logistics Beheer B.V. are included in the Group financial statements, the Company profit and loss account is presented in abbreviated form in accordance with the exemption permitted in Section 402 of Book 2 of the Dutch Civil Code.

### Foreign currency

Transaction in foreign currencies are initially recorded in the functional currency rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss except for translation differences on investments. These are taken directly to equity until the disposal of the net investment at which time they are recognized in profit and loss account.



# NOTES CONSOLIDATED BALANCE SHEET

## Intangible fixed assets

Intangible fixed assets are carried at historical cost net of straight line amortization. Allowance is made for any impairment losses expected at the balance sheet date; a loss qualifies as an impairment loss if the carrying amount of the asset (or the cash-generating unit to which it belongs) exceeds its recoverable amount. Fair value less costs to sell is determined based on the active market. An impairment loss is directly expensed in the profit and loss account. Goodwill and software are capitalised and amortized on a straight line basis over the estimated useful economic life of 20 years and 10 years respectively. The assessment of the useful economic life of 20 years is based upon the assumptions made at the time of each acquisition.

## Tangible fixed assets

Land and buildings are stated in the balance sheet at their current cost or lower realisable value, being the fair value at the date of revaluation less depreciations. The fair value is based on external appraisals. Transport equipment and other tangible fixed assets are measured at cost, less accumulated depreciation. Depreciation is calculated on a straightline basis over the estimated useful life of the assets. Maintenance which increases the useful life of assets is capitalised, however the carrying value of the asset will not exceed the fair value. An allowance is made for any impairment losses if expected on the balance sheet date.

## Financial fixed assets

The Group's investments in its subsidiaries are valued according to the equity method on the basis of net asset value. Minority interests are valued at historical cost or the lower recoverable amount. Loans are carried at face value. The minority interests on participations are valued at cost price or a lower absolute value. Financial assets held for trading are valued at cost.

## Inventories

Inventories are valued at the lower of cost and net realizable value. Inventories consist of raw materials and consumables.

## Receivables

Trade receivables, amounts receivable from participating interests and other amounts receivable are carried at face value net of a provision for doubtful debts.

## Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts are shown within borrowing in current liabilities on the balance sheet.

## Revaluation

The revaluation reserve is stated net of tax for assets recognized at a higher amount, the amount recognized in profit and loss account is determined on a gross basis. The tax amount that is connected with the decrease in the revaluation reserve is expensed in the profit and loss account within the income tax expense.

## Minority interest

Minority interests in consolidated subsidiaries are carried at net asset value.

## Subordinated loans

The subordinated loans are fully subordinated in right of payment to any present or future third party debt.

## Pensions

Within the Vos Group pension plans are present for Dutch employees and for a part of the employees abroad. The basic pension plan for Dutch employees is administered by an industrial pension fund. This concerns a collective pension plan that is classified as a defined benefit plan which is administered by the industrial pension fund "PVF Nederland Stichting Bedrijfstakpensioenfonds Vervoer over de weg". This pension fund does not provide the information required for recognising the pension liabilities as a defined benefit plan in the financial statements in accordance with accounting standard 271. This defined benefit plan is therefore recognized as a defined contribution scheme in the financial

statements. As the Company is not liable for the deficit in the pension scheme other than by means of adjustments to pension premiums. The other pension plans concern state pension plans and excedent pension plans which are classified as defined contribution schemes and are recognized as such. Outside the Netherlands there are immaterial pension obligations.

## Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the managements best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

## Long-term liabilities

Long-term liabilities include commitments with a term of more than one year. The amount payable on the inception of a finance lease is recognized in the balance sheet at the fair value of the asset leased on the date upon which the lease agreement is entered into or, if lower, the present value of the minimum lease payments based on the implicit rate of interest.

## Leases

### FINANCE LEASE

The Company leases certain property, plant and equipment, of which it has substantially all the risks and rewards incidental to the ownership. These assets are capitalized and recognized in the balance sheet at the lower of the fair value of the asset and the present value of the minimum lease payments, each determined at the inception of the lease. Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in

other long-term payables. The interest element of the finance costs is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

### OPERATING LEASE

Leases in which a significant portion of the risks and rewards incidental to the ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

### CURRENT LIABILITIES

Current liabilities include commitments with a term of one year.

### OFFSETTING

Assets and liabilities are only offset in the financial statements if and to the extent that:

- An enforceable legal right exists to offset the assets and liabilities and settle them simultaneously; And
- The positive intention is to settle the assets and liabilities on a net basis or simultaneously.

### OFF-BALANCE SHEET COMMITMENTS

This item includes commitments arising from contracts usually with a term of more than one year (operating leases and rental contracts).

# NOTES INCOME AND EXPENSES

## GENERAL INFORMATION

Profit or loss is determined as the differences between the realisable value of the goods delivered and services rendered, and the costs and other charges for the year. Gains or losses on transactions are recognized in the year in which they are realized; losses are taken as soon as they are foreseeable.

## FOREIGN CURRENCIES

Transactions denominated in foreign currencies are translated at the exchange rates ruling as at transaction date.

## NET TURNOVER

Net turnover comprises invoiced amount to third parties for provided services during the financial year, net of sales related taxes and after elimination of intercompany transactions within financial year. To improve insight of the financial statements gross sales is disclosed net of intercompany turnover.

## DIRECT COSTS

Direct costs include costs of transportation charged by third parties, the costs of own and external means of transport (excluding depreciation and interest) and all other costs directly related to net turnover for the year under review.

## DEPRECIATION AND AMORTIZATION

Depreciation of tangible fixed assets and amortization of intangible fixed assets are based on a fixed percentage of the cost of the assets concerned.

## TAXATION

The Company and its Dutch subsidiaries form a fiscal unity for corporate income taxes. All taxes are reported separately by the participants after allocation. The Company accounts for corporate income taxes on a stand-alone basis. Transactions within the Group are based on arms length principles.

## CURRENT INCOME TAX

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

## DEFERRED INCOME TAX

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income relates to the same taxable entity and the same taxation authority.

## INCOME FROM MINORITY INTERESTS

Includes the share in the results of minority interests calculated pro rata Vos Logistics Beheer B.V. interests in the results for the year after deduction of applicable taxes. Dividend income is recognized as soon as the right to that income is obtained.

## CASH FLOW STATEMENT

The indirect method is used in preparing the cash flow statement. Cash and cash equivalents are cash at bank and cash on hand and bank overdrafts presented as current liability. Dividends received from minority participating interests and profits after tax are presented under cash flow from operating activities. Non-cash transactions relating to financial leases have been excluded from the cash flow statement. The current presentation reflects cash flows from continuing operations and from discontinued operations to the extent the proceeds have been received.

# NOTES TO THE CONSOLIDATED BALANCE SHEET

## 1. Intangible fixed assets

Changes in intangible fixed assets are mentioned below.

<i>in thousands of euros</i>	Goodwill	Other	Total
Historical cost value at 31 December 2015	3,598	4,680	8,278
Accumulated amortization at 31 December 2015	(2,162)	(4,186)	(6,348)
Net book value at 31 December 2015	<b>1,436</b>	<b>494</b>	<b>1,930</b>
<b>Movements</b>			
Additions	-	20	20
Amortization	(178)	(469)	(647)
Historical cost value at 31 December 2016	3,598	4,700	8,298
Accumulated amortization at 31 December 2016	(2,340)	(4,655)	(6,995)
Net book value at 31 December 2016	<b>1,258</b>	<b>45</b>	<b>1,303</b>
Amortization rate	5%	10%	

Management has assessed the valuation of the goodwill and concluded that there are no impairment triggers. Other intangible fixed assets relate to capitalized software costs. No impairment charge was deemed necessary.

## 2. Financial fixed assets

Changes in intangible fixed assets are mentioned below.

<i>in thousands of euros</i>	Loans	Receivable on Shareholder	Other	Total
Balance at 31 December 2015	850	687	354	1,891
Net payments/receipts	-	312	-	312
Dividend Cumprefs.	-	(445)	-	(445)
Other movements and reclassifications	-	-	391	391
Balance at 31 December 2016	<b>850</b>	<b>554</b>	<b>745</b>	<b>2,149</b>

Loans relate to a third party. Final maturity is 31 december 2019. Interest rates applicable vary from 2% to 3%.

Receivable on shareholder relates to costs made by the Company on behalf of Elephantus B.V. for the acquisition of the Company.

No interest is charged on this loan.

Other financial fixed assets contain mainly guarantees and long term receivables.

### 3. Tangible fixed assets

Movements in tangible fixed assets are mentioned below.

<i>in thousands of euros</i>	Land and buildings	Transport equipment	Other tangible fixed assets	Total
Book value at 31 December 2015	5,793	36,247	5,129	47,169
Balance of revaluation	1,281	-	-	1,281
Net book value at 31 December 2015	7,074	36,247	5,129	48,450
<b>Movements</b>				
Additions	211	9,396	1,644	11,251
Depreciation	(562)	(7,505)	(1,546)	(9,613)
Disposals	-	(114)	(61)	(175)
Realization in revaluation	(38)	-	-	(38)
	(389)	1,777	37	1,425
Book value at 31 December 2016	5,442	38,024	5,166	48,632
Balance of revaluation	1,243	-	-	1,243
Net book value at 31 December 2016	<b>6,685</b>	<b>38,024</b>	<b>5,166</b>	<b>49,875</b>
Historical cost value at 31 December 2016	12,445	78,627	15,071	106,143
Accumulated depreciation at 31 December 2016	(5,760)	(40,603)	(9,905)	(56,268)
Net book value at 31 December 2016	<b>6,685</b>	<b>38,024</b>	<b>5,166</b>	<b>49,875</b>
Depreciation rate	2.5 - 4 5 - 10	6.7 to 20	10 - 20	

Tangible fixed assets are depreciated on a straight line basis over their estimated useful economic lives, taking into account the residual value. The net carrying amount of transport equipment under finance lease contracts amounts to € 32.1 million as of 31 December 2016 (31 December 2015: € 28.5 million). Revaluation of land and buildings date from 2013 and were based on external appraisals.

## 4. Deferred tax assets

*in thousands of euros*

**2016**

Net book value at 31 December 2015	4,670
Utilization/release	(627)
Net book value at 31 December 2016	<b>4,043</b>

The deferred tax asset results from net operating loss carry-forwards, withholding tax and timing differences incurred in the Netherlands, France, Spain, Belgium, Italy, Germany and Slovakia (for France including Abondances a meilleure fortune). The forecastable taxable profits for the next 9 years are included in this assessment.

Total tax loss carry forward available amounts to € 32 million. These can be broken down as follows:

Country	Tax losses available	Tax rate	Tax loss eligible for recognition	Amount recognized
The Netherlands	14,828	25,0%	3,707	1,821
France	11,541	34,3%	3,816	-
Spain	3,983	30,0%	1,195	-
Belgium	704	34,0%	239	239
Slovakia	355	19,0%	67	-
Poland	286	19,0%	54	-
Germany	62	30,0%	19	-
<b>Total</b>	<b>31,759</b>		<b>9,097</b>	<b>2,060</b>
Timing differences				1,983
				<b>4,043</b>
Estimated amounts to be realized within 1 year				1,000
Estimated amounts to be realized after 1 year				3,043
				<b>4,043</b>

Based upon projections the Company should be able to partly offset the available accumulative fiscal losses against future taxable income over the years from 2017 through 2025, taking in account local national terms for utilization. These projections imply further recovery of the Company's profitability. Currently expected taxable profits in this time frame justify a recognition of tax losses carry forward of at least € 2.1 million.

Projections of future (fiscal) results contain by nature uncertainty. Market as well as other external or internal circumstances influence the Company's ability to realize its projections in due course. As the valuation of the deferred tax assets is depending on said projections, uncertainty is also applicable to the assessed value of the deferred tax asset itself.

## 5. Receivables

<i>in thousands of euros</i>	<b>31 December 2016</b>	<b>31 December 2015</b>
Trade debtors	49,628	46,832
Corporate income tax	205	447
Value added tax	3,553	3,559
Other receivables, prepayments and accrued income	2,856	3,468
	<b>56,242</b>	<b>54,306</b>

The term of settlement of receivables is less than one year.

The provision for bad debts amounting to € 1.2 million in 2016 (2015 € 1.1 million) is deducted from trade debtors.

## 6. Cash at bank and on hand

<i>in thousands of euros</i>	<b>31 December 2016</b>	<b>31 December 2015</b>
Cash	92	97
Current accounts with banks	19,531	16,278
	<b>19,623</b>	<b>16,375</b>

Cash at bank and on hand is at the Company's free disposal.

## 7. Group equity and minority interests

<i>in thousands of euros</i>	Shareholders' equity	Minority interest	Group equity
Balance at 31 December 2015	18,659	2,858	21,517
Realization revaluation reserve	(35)	-	(35)
Net result	2,476	394	2,870
Dividends	(445)	(343)	(788)
Other movements	(80)	-	(80)
<b>Balance at 31 December 2016</b>	<b>20,575</b>	<b>2,909</b>	<b>23,484</b>

For further details of Group equity reference is made to the Company financial statements (note 22).

Minority interests mainly relate to shares not owned by the Group in Nederlands Cement Transport Cetra B.V., Zozaya Cisternas SL and Silotransporte H.P. Lutz GmbH.

## 8. Deferred tax liabilities

<i>in thousands of euros</i>	<b>2016</b>
Carrying amount at 1 January	1,036
Utilization	(77)
Carrying amount at 31 December	<b>959</b>

Deferred tax liabilities mainly refer to differences between the valuation of property for financial reporting and for tax purposes.

## 9. Provisions

<i>in thousands of euros</i>	<b>31 December 2016</b>	<b>31 December 2015</b>
Pensions	444	471
Reorganization	575	371
Claims and damages	244	1,058
Other provisions	1,665	1,553
	<b>2,928</b>	<b>3,453</b>

Movements in provisions were as follows:

	Pensions	Reorganization	Claims and damages	Other provisions	Total
Carrying amount at 1 January	471	371	1,058	1,553	3,453
Addition	12	559	15	818	1,404
Release	-	(49)	(829)	(28)	(906)
Usage	(39)	(306)	-	(678)	(1,023)
Carrying amount at 31 December	<b>444</b>	<b>575</b>	<b>244</b>	<b>1,665</b>	<b>2,928</b>
Estimated amounts to be paid within 1 year	39	566	-	539	1,144
Estimated amounts to be paid after 1 year	405	9	244	1,126	1,784
Carrying amount at 31 December	<b>444</b>	<b>575</b>	<b>244</b>	<b>1,665</b>	<b>2,928</b>

Other provisions relate mainly to costs for periodic maintenance of property and equipment and provisions for environmental risks.



## 10. Long-term subordinated loans

<i>in thousands of euros</i>	<b>Principal amount</b>	<b>Transaction costs</b>	<b>Total</b>
Balance at 31 December 2015	7,000	(409)	6,591
Changes transaction costs	-	82	82
Balance at 31 December 2016	<b>7,000</b>	<b>(327)</b>	<b>6,673</b>

The subordinated loan of € 7 million concerns a six year termloan from Delta Lloyd Mezzanine Fund to Vos Logistics Beheer B.V. The principal amount is fully subordinated in right of payment to any present or future third party debt.

Main terms and conditions are:

- The annual interest rate applicable is 4% plus Euribor 6 months (with a minimum of 1%) interest payable semi-annually plus 5% interest paid in kind.
- Repayment of the subordinated loan including accrued interest paid in kind in December 2020 ultimately. Prepayments allowed as from December 2017.
- Covenants are applicable based upon Interest Coverage, Net Leverage, Debt Service Cover and Capital Expenditure. The company is meeting the covenants requirements.
- Shares of Vos Logistics Beheer B.V., Vos Logistics Nederland B.V. and Vos Logistics International B.V. are pledged to secure the subordinated loan.
- A non-dilutable warrant is granted, to be exercised upon full repayment of the subordinated loan.
- The warrant provides the warrant holder the right to be issued 42,101 ordinary shares in Vos Logistics Beheer B.V. against an issue price of 0.01 euro.
- Alternatively the warrant can also be settled through a cash payment by the company or its direct shareholder upon and on top of full repayment of the subordinated loan.
- In such scenario the amount of the warrant obligation shall be calculated as EBIT times a multiplier minus net debt. The calculated value as per 31 December 2016 amounts to € 0.4 million.
- The (non-subordinate) transaction costs are amortized to interest costs over a period of 6 years.

## 11. Long-term liabilities other

<i>in thousands of euros</i>	<b>Bookvalue 31 December 2016</b>				<b>31 December 2015</b>
	Total	Term until 5 years	Term more than 5 years	Interest rates 2016	Total
Bank loans	754	754	-	10%	374
Lease contracts	23,632	20,142	3,490		23,221
Other long-term liabilities	819	819	-	2-8%	1,111
	<b>25,205</b>	<b>21,715</b>	<b>3,490</b>		<b>24,706</b>

Long-term liabilities concern loans provided by external lenders to individual companies.

Short-term repayments of the loans and the leases amounting to € 6.6 million are recognized at the current liabilities.

The bank loans are non-subordinate interest payables from the subordinated loan. Repayment December 2020 ultimately.

The Company has concluded financial lease and hire-purchase arrangements for trucks and trailers. The lower of the fair value of the asset and the present value of the minimum lease payments (including residual value) under those arrangements are mentioned above.

The residual value subject to purchase options amounts to € 1.2 million.

## 12. Liabilities to financial institutions

<i>in thousands of euros</i>	<b>31 December 2016</b>	<b>31 December 2015</b>
Factoring	23,491	24,568
Bank loans and other loans	275	302
Lease contracts	6,604	6,151
	<b>30,370</b>	<b>31,021</b>

Factoring concerns financing in the Netherlands, Belgium and France against a pledge of trade receivables. Interest rates are based upon Euribor plus a surcharge from 0.8% till 2.1% plus applicable liquidity surcharges. Also a factoringfee over the pledged revenues is applicable.

The current Dutch and Belgian factoring arrangement ends March 2017. A new arrangement, that expires December 2019, has been agreed upon.

A bank guarantee facility is made available by ABN AMRO Bank N.V. amounting to € 1.0 million.

Apart from the above mentioned € 1.0 million bank guarantees other external institutions provided payment guarantees for € 1.2 million on behalf of the Company.

## 13. Other liabilities

<i>in thousands of euros</i>	<b>31 December 2016</b>	<b>31 December 2015</b>
Liabilities to shareholder	-	104
Taxes and social insurance contributions	7,686	5,448
Pension fund	391	500
Other liabilities, accruals and deferred income	8,864	8,660
	<b>16,941</b>	<b>14,712</b>

The basic pension plan for Dutch employees is administered by an industrial pension fund. This concerns a collective pension plan that is classified as a defined benefit plan which is administered by the industrial pension fund "PVF Nederland Stichting Bedrijfstakpensioenfondsvervoer over de weg". At 31 December 2016 the pension fund had a coverage ratio of 101.4%.

The required coverage ratio is 120% and the long-term ambition is higher. To improve this ratio the pensions are not indexed for the next year. The premium payable by the employer will remain the same in 2017.

## Commitments not disclosed in the balance sheet

The Company forms part of a fiscal unity for corporate income tax purposes, of which the parent Company is Vos Logistics Beheer B.V. Under the standard conditions, the Company is jointly and severally liable for the corporate income tax and VAT due by the fiscal unity.

In order to acquire vehicles several operational lease commitments have been agreed upon.

Future minimum rental payments for these lease commitments with a term of more than one year as of 31 December 2016, are as follows:

< 1 year	€	9,520
> 1 year but within 5 years	€	11,111
> 5 years	€	68
		<hr/>
Total obligations	€	20,699
		<hr/> <hr/>

Long-term rental commitments exist among others regarding property at Oss (NL), Helmond (NL), Born (NL), Oevel (BE), Meer (BE), Goch (DE) and Lyon (F).

Future minimal rental payments for these properties and other objects with a term of more than one year as of 31 December 2016 are as follows:

< 1 year	€	8,630
> 1 year but within 5 years	€	24,368
> 5 years	€	10,315
		<hr/>
Total obligations	€	43,313
		<hr/> <hr/>

In 2016 the Company contracted an investment and lease agreement for new trucks and trailers. These obligations are expected to become effective in 2017 and 2018. Total not yet effective obligations amount to € 48 million. The subordinated loan has a warrant agreement as described under note 10.

## Financial Risks

### Interest rate fluctuations

The euro interest rates are currently fluctuating at a low level. Vos Logistics has several forms of financing which could be impacted by the interest rate fluctuations, as financing from factoring and the subordinate loan include an Euribor base. The interest rate risk to Vos Logistics for financing from leasings is limited as they are based on a fixed rate. The Euribor rate is not hedged.

### Debtor risks

Vos Logistics faces two types of debtor risk. The risk that the debtor cannot fulfill its obligations and the cash flow risks of late payments. Vos Logistics mitigates these risks by means of credit checks, credit insurance and active monitoring and collection.

### Liquidity risk

Transport in general, and Vos Logistics in particular, is capital intensive with a fairly fixed cost base. The transport and logistics markets are cyclical. Liquidity risk is mitigated, by maintaining liquidity buffers, as well as long-term banking arrangements (until the end of 2020) and factoring arrangements (until the end of 2019). Financing of the asset base is secured by long-term leasing. The financing required for the intended investment programs is secured. Management of debtor risks (see above), utilization of a flexible non-committed capacity shell, use of temporary workers as well as periodic exit possibilities of own capacity further mitigate liquidity risks.

### Foreign exchange risk

As the Group includes Polish and Romanian companies, its balance sheet may be influenced by movements in the Polish zloty and the Romanian leu against the euro. The Group is also exposed to foreign exchange risks arising from purchase and sales transactions denominated in a currency other than the Group's functional currency. It is our policy is not to hedge these risks. The potential impact of financial risks on the result and financial position is low.

# NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

## 14. Net turnover

<i>in thousands of euros</i>	<b>2016</b>	<b>2015</b>
International network	169,301	157,271
Logistics & transport solutions	106,929	101,975
	<b>276,230</b>	<b>259,246</b>

The segmentation of net turnover is based on the organizational structure of the Company.

<i>Geographical segment information</i>	<b>2016</b>	<b>2015</b>
The Netherlands	191,742	178,960
France	36,727	37,139
Belgium	23,871	19,584
Germany	10,577	10,896
Other	13,313	12,667
	<b>276,230</b>	259,246

## 15. Personnel costs

<i>in thousands of euros</i>	<b>2016</b>	<b>2015</b>
Wages and salaries	65,996	59,349
Social security charges	7,897	7,438
Pension expenses	3,330	3,106
Other personnel costs	5,697	5,058
	<b>82,920</b>	<b>74,951</b>

## 16. Depreciation and amortization

<i>in thousands of euros</i>	<b>2016</b>	<b>2015</b>
Amortization of intangible fixed assets	647	646
Depreciation of tangible fixed assets	9,613	8,258
Total depreciation and amortization	<b>10,260</b>	<b>8,904</b>

## 17. Other operating expenses

<i>in thousands of euros</i>	<b>2016</b>	<b>2015</b>
Transport costs	73,212	71,123
Warehouse costs	11,725	11,750
Housing costs	777	1,248
Other indirect costs	7,848	7,192
	<b>93,562</b>	<b>91,313</b>

In transport costs an amount of € 10.4 million is included for operational lease charges of trucks, trailers and other equipment. Also included in transport costs are costs for fuel, tires and repair and maintenance. In other indirect costs an amount of € 127 is included for currency translation differences.

## Audit fees

Total fees payable by the Group to EY for work performed in respect of the audit provided to the Company and its subsidiary companies during the period amount to € 277 (2015 € 262).

<i>in thousands of euros</i>	Annual report	Other assurance and advice	Tax	Total
EY the Netherlands	139	3	77	219
EY the rest of Europe	138	0	11	149
	<b>277</b>	<b>3</b>	<b>88</b>	<b>368</b>

## Employees

Vos Logistics Beheer B.V. and its Group companies employed at year-end on a full-time basis 2,092 FTE  
 Previous year 1,920 FTE

The FTEs are employees that are on the Company's payroll; excluding temps and self-employed staff. The number of foreign employees on a full-time basis amounts to 1,510 at year-end 2016. The average number of employees was 2,047 in 2016 (2015: 1,858) on a full-time basis.

The employees can be specified by sector as follows:

	<b>2016</b>	<b>2015</b>
International network	1,431	1,308
Logistics & transport solutions	661	612
	<b>2,092</b>	<b>1,920</b>

## Remuneration of the Board of Management

*in thousands of euros*

	2016	2015
Remuneration of the Board of Management amounts to	723	948

## 18. Financial income & expense

*in thousands of euros*

	2016	2015
Interest income	75	31
Interest expenses	(2,938)	(3,111)
	<b>(2,863)</b>	<b>(3,080)</b>

## 19. Corporate income tax

*in thousands of euros*

	2016
<b>Result before taxes</b>	4,039
Tax charge at nominal tax rate 25.0%	(1,010)
Additional taxes previous years	14
Permanent differences	166
Not recognized prior losses	(102)
Effect tax rate foreign countries	(237)
Effective tax rate	29% <b>(1,169)</b>

The difference between effective and nominal tax rate is caused by:

- Permanent differences
- Not fully recognizing of (fiscal) losses
- Taxes previous years

# COMPANY BALANCE SHEET

(After appropriation of the result)

<i>in thousands of euros</i>	Ref. note	31 December 2016	31 December 2015
<b>ASSETS</b>			
<b>Fixed assets</b>			
Financial fixed assets	20	15,065	15,321
		<b>15,065</b>	<b>15,321</b>
<b>Current assets</b>			
Receivables	21	13,052	13,731
		<b>13,052</b>	<b>13,731</b>
<b>Total Assets</b>		<b>28,117</b>	<b>29,052</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
	22		
Issued capital		800	48,000
Share premium		-	72,548
Share premium cumulative preferent shares		4,450	4,450
Legal reserve		30	490
Revaluation reserve		1,119	1,154
Reserve for translation differences		2,796	2,876
Other reserves		11,380	(110,859)
		<b>20,575</b>	<b>18,659</b>
<b>Long-term subordinated loans</b>	23	6,673	6,591
<b>Long-term liabilities other</b>	24	754	374
<b>Current liabilities</b>	25	115	3,428
<b>Total shareholders' equity and liabilities</b>		<b>28,117</b>	<b>29,052</b>

# COMPANY PROFIT AND LOSS ACCOUNT FOR 2016

<i>in thousands of euros</i>	2016	2015
Profit/(loss) after taxation	(164)	(205)
Share in profit/(loss) of participating interests	2,640	4,082
Net result	<b>2,476</b>	<b>3,877</b>

# NOTES TO THE COMPANY BALANCE SHEET AND THE COMPANY PROFIT AND LOSS ACCOUNT

## General

The accounting policies are the same as to those used in the consolidated financial statements. In accordance with Section 402 of Book 2 of the Dutch Civil Code an abbreviated Company profit and loss account is presented.

## 20. Financial fixed assets

<i>in thousands of euros</i>	<b>31 December 2016</b>	<b>31 December 2015</b>
Subsidiaries	14,736	14,849
Deposits	-	10
Receivable on shareholder	329	462
	<b>15,065</b>	<b>15,321</b>

The Group's investments in its subsidiaries are valued according to the equity method on the basis of net asset value. Investments in subsidiaries in which the Company has significant influence are accounted under the equity method on the basis of net asset value. Significant influence is presumed to exist if at least 20% of the voting shares is owned. Investments in subsidiaries in which the Company has no significant influence are accounted for at their acquisition costs. Financial fixed assets are revaluated in case of any permanent impairment.

Receivable on shareholder relates to costs made by the Company on behalf of Elephantus B.V. for the acquisition of the Company. During the 2014 sales proces Vos Logistics pre-financed the expenses involved on behalf of sellers & buyers. Following the agreement with the new shareholders and with the Company, these expenses shall be borne by Elephantus B.V. Consequently a long-term receivable is accounted for. The loan is provided for an indefinite period of time and no interest is charged.

No securities are provided.

Movements in subsidiaries are mentioned in below scheme.

## Subsidiaries

<i>in thousands of euros</i>	<b>31 December 2016</b>	<b>31 December 2015</b>
Financial fixed assets at 1 January	14,849	12,804
Result for the year	2,640	4,082
Other movements	(2,753)	(2,037)
Net book value at 31 December	<b>14,736</b>	<b>14,849</b>

Movements in receivable on shareholder are mentioned in scheme on the next page.



## Receivable on shareholder

*in thousands of euros*

**Total**

Balance at 31 December 2015	462
Net payments/receipts	(578)
Dividend cumprefs.	445
Balance at 31 December 2016	<b>329</b>

## 21. Receivables

*in thousands of euros*

**31 December 2016**    **31 December 2015**

Receivables from Group companies	12,675	13,396
Corporate income tax	54	68
Value added taxes	315	261
Other receivables, prepayments and accrued income	8	6
	<b>13,052</b>	<b>13,731</b>

The receivables from Group companies have no repayment schedule and 3% interest is charged annually.

Vos Logistics Beheer B.V. is part of the Group's cash pool facility with the banks. This current account position is part of the Group's net cash position of € 19.5 million (receivable).

## 22. Equity

	Issued capital	Share premium	Share premium cumulative preferent shares	Legal reserve	Revaluation reserve	Reserve for translation differences	Other reserve	Equity
Movements during 2016								
Opening balance	48,000	72,548	4,450	490	1,154	2,876	(110,859)	18,659
Conversion to other reserves	(47,200)	(72,548)					119,748	-
Realization				(460)			460	-
Release for the year and realization to P&L					(35)			(35)
Currency translation difference for the year						(80)		(80)
Dividend Cumprefs.							(445)	(445)
Result for the financial year							2,476	2,476
<b>Closing balance</b>	<b>800</b>	<b>-</b>	<b>4,450</b>	<b>30</b>	<b>1,119</b>	<b>2,796</b>	<b>11,380</b>	<b>20,575</b>

There are 800,000 shares with nominal capital of € 1.- per share.

The Company holds 500 cumulative preferent shares with a nominal capital of € 0.01 and premium capital of € 9,999.99

In October 2016 the nominal capital was reduced from € 60.- to € 1.- per share and relating the share premium fully reduced.

The share capital and share premium have been converted to other reserves.

No warrants or comparable rights were issued or exercised during the year under review.

The revaluation reserve is used to record increases in the fair value of property and other tangible fixed assets.

Part of the other tangible fixed assets has been valued at the lower recoverable value.

The reserve for translation differences concerns foreign exchange adjustments as a result of consolidation.

## 23. Long-term subordinated loans

<i>in thousands of euros</i>	Principal amount	Transaction costs	Total
Balance at 31 December 2015	7,000	(409)	6,591
Changes transaction costs	-	82	82
Balance at 31 December 2016	<b>7,000</b>	<b>(327)</b>	<b>6,673</b>

The subordinated loan of € 7 million concerns a six year termloan from Delta Lloyd Mezzanine Fund to Vos Logistics Beheer B.V. The principal amount is fully subordinated in right of payment to any present or future third party debt.

Main terms and conditions are:

- The annual interest rate applicable is 4% plus Euribor 6 months (with a minimum of 1%) interest payable semi-annually plus 5% interest paid in kind.
- Repayment of the subordinated loan including accrued interest paid in kind in December 2020 ultimately. Prepayments allowed as from December 2017.
- Covenants are applicable based upon Interest Coverage, Net Leverage, Debt Service Cover and Capital Expenditure. The company is meeting the covenants requirements.
- Shares of Vos Logistics Beheer B.V., Vos Logistics Nederland B.V. and Vos Logistics International B.V. are pledged to secure the subordinated loan.
- A non-dilutable warrant is granted, to be exercised upon full repayment of the subordinated loan.
- The warrant provides the warrant holder the right to be issued 42,101 ordinary shares in Vos Logistics Beheer B.V. against an issue price of 0.01 euro.
- Alternatively the warrant can also be settled through a cash payment by the company or its direct shareholder upon and on top of full repayment of the subordinated loan.
- In such scenario the amount of the warrant obligation shall be calculated as EBIT times a multiplier minus net debt. The calculated value as per 31 December 2016 amounts to € 0.4 million.
- The (non-subordinate) transaction costs are amortized to interest costs over a period of 6 years.

## 24. Long-term liabilities other

<i>in thousands of euros</i>	Bookvalue 31 December 2016			31 December 2015
	Total	Term until 5 years	Term more than 5 years	Total
Bank loans	754	754	-	374
	<b>754</b>	<b>754</b>	<b>-</b>	<b>374</b>

The bank loans are non-subordinate interest payable from the subordinated loan. Repayment December 2020 ultimately.

## 25. Current liabilities

<i>in thousands of euros</i>	<b>31 December 2016</b>	<b>31 December 2015</b>
Current account banks	-	2,944
Trade payables	36	15
Payable to shareholder	-	104
Other debts	79	365
	<b>115</b>	<b>3,428</b>

---

Oss, 30 March 2017

*Board of Management, Vos Logistics Beheer B.V.*

**F.J.M. (Frank) Verhoeven, CEO**

**G. (Ben) Vos, CFO**

---

Other  
information

---



# COMBINED INDEPENDENT AUDITOR'S REPORT ON THE 2016 FINANCIAL STATEMENTS AND THE KPI DASHBOARD

To: the shareholders and Board of Management of  
Vos Logistics Beheer B.V.

## OUR CONCLUSIONS

We have audited the financial statements 2016 of Vos Logistics Beheer B.V. (hereinafter: Vos Logistics) in Oss. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Vos Logistics as at 31 December 2016 and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code
- The accompanying company financial statements give a true and fair view of the financial position of Vos Logistics as at 31 December 2016 and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code

We have performed a reasonable assurance engagement with respect to the KPI dashboard as included in chapter 5. 'About this report' of the Integrated financial and sustainability report 2016 of Vos Logistics.

In our opinion the data in the KPI dashboard is properly prepared, in all material respects, in accordance with the reporting policy of Vos Logistics as described in chapter 5. 'About this report'. We believe these criteria are suitable for the purpose of our assurance engagement.

## BASIS FOR OUR CONCLUSIONS

We conducted our audits in accordance with Dutch law, including the Dutch Standards on Auditing and the Dutch Standard 3000, "Assurance engagements other than audits or reviews of historical financial information". Our responsibilities under those standards are further described in the section Our responsibilities in this report.

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Our independence

We are independent of Vos Logistics in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence)" and other relevant independence regulations in the Netherlands. This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics)".

Ernst & Young Accountants LLP is a limited liability partnership incorporated under the laws of England and Wales and registered with Companies House under number OC335594. The term partner in relation to Ernst & Young Accountants LLP is used to refer to (the representative of) a member of Ernst & Young Accountants LLP. Ernst & Young Accountants LLP has its registered office at 6 More London Place, London, SE1 2DA, United Kingdom, its principal place of business at Boompjes 258, 3011 XZ Rotterdam, the Netherlands and is registered with the Chamber of Commerce Rotterdam number 24432944. Our services are subject to general terms and conditions, which contain a limitation of liability clause.

## **OUR SCOPE**

### **Our engagements scope**

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2016
- The following statements for 2016: the consolidated income statement, the consolidated statements of comprehensive income and cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:

- The company balance sheet as at 31 December 2016
- The company profit and loss account for 2016
- The notes comprising a summary of the accounting policies and other explanatory information

The KPI dashboard comprises:

- Kg CO<sub>2</sub> emission per ton/km
- Kg CO<sub>2</sub> emission premises per m<sup>2</sup>
- Multimodal transports
- Fleet's average (euro standard trucks)
- Sickness Absence
- Lost Time Injury Rate (LTIR)

### **Limitations in our scope**

We have not performed assurance procedures on any other sustainability information as included in the Integrated financial and sustainability report 2016, nor with respect to references to [www.voslogistics.com](http://www.voslogistics.com) or external websites.

## **OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT**

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The report of the board of management
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements or in our review of the Sustainability Information.

Management is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

## RESPONSIBILITIES

### Responsibilities of the board of management

The board of management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The board of management is also responsible for the preparation of the KPI dashboard in accordance with the reporting policy as developed by Vos Logistics as described in chapter 5. 'About this report'.

Furthermore, the board of management also is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements and the KPI dashboard that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

### Our responsibilities

Our objective is to plan and perform the audits in a manner that allows us to obtain sufficient and appropriate audit evidence for our conclusions.

Our audit of the financial statements and KPI dashboard has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Reasonable assurance is a high, but not absolute level of assurance, which means we may not have detected all material errors and fraud. Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements and the KPI dashboard. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We apply the "Nadere voorschriften accountantskantoren ter zake van assurance opdrachten (RA)" and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Engagement

We were engaged by the board of management as auditor of Vos Logistics on October 18, 2016, as of the audit for the year 2016 and have operated as statutory auditor ever since that date.

Eindhoven, 30 March 2017  
Ernst & Young Accountants LLP

Subject matter expert sustainability

signed by R.T.H. Wortelboer

Independent auditor

signed by W.J.C.A. Weijers

# Annex to the combined independent auditor's report

## WORK PERFORMED

We have exercised professional judgment and have maintained professional skepticism throughout the audits, in accordance with Dutch Standards on Auditing and the Dutch Standard 3000, "Assurance engagements other than audits or reviews of historical financial information", ethical requirements and independence requirements.

Our audit to obtain reasonable assurance about the financial statements (consolidated and corporate) included the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Our engagement to obtain reasonable assurance about the KPI Dashboard included the following:

- Evaluating the acceptability of the reporting policies as developed by Vos Logistics and their consistent application.
- Assessing the information contained in the KPI Dashboard on the basis of the reporting principles as included in the reporting policy of Vos Logistics.
- Obtaining an understanding of the design and operation of the systems and methods used to collect and process the reported information, including the consolidation process.
- Identifying inherent risks relating to the reliability of the information and investigating the extent to which these risks are limited by internal controls.
- Assessing the concerning internal controls for their operating effectiveness, insofar as this was relevant for our assurance engagement.
- Perform based on a risk analysis further procedures related to the KPI Dashboard, by a combination of:
  - Interviews with relevant staff on all KPIs combined with quantitative analyses to assess the quantitative data.
  - Reconciliations with audited financial statements and underlying environmental and social data systems.
  - Detailed checks of the data themselves on a test basis, using internal and external sources of information to substantiate the reliability of the information provided.



Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Board of Management regarding, among other matters, the planned scope and timing of the assurance procedures and significant findings, including any significant findings in internal control that we identify during our assurance procedures.

We provide the Board of Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of management, we determine those matters that were of most significance in the audit of the financial statements and the review of the Sustainability Information of the current period and are therefore the key audit and review matters. We describe these matters in our combined auditor's report and assurance report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

## ARTICLES OF ASSOCIATION PROVISIONS GOVERNING RESULT APPROPRIATION

Following Article 17.3 of the Articles of Association the result appropriation will be at the disposal of the Annual General Meeting of Shareholders.

Article 17.4 states that, if possible, the cumulative preferent shares will receive dividend over their nominal and premium share value.

## PROPOSED RESULT APPROPRIATION

The Board of Management proposes to pay € 445 dividend to the holders of the cumulative preferent shares and add the remainder of the 2016 net profit of € 2,031 to the other reserves. Anticipating the resolution of the General Meeting of Shareholders, the financial statements have been drawn up on the assumption that the proposed appropriation of profit will be adopted.

## RELATED PARTY TRANSACTIONS

The shareholder Elephantus B.V. is rendering services to the group against a fee of € 100 per annum.

There are immaterial transactions at arm's length with transport companies belonging to the Scheybeek Group (one of the shareholders of Elephantus B.V.).

## SUBSEQUENT EVENTS

There are no relevant subsequent events in 2017 to report.

# PRINCIPAL PARTICIPATING INTERESTS AT 31 DECEMBER 2016

## Group companies

In cases in which less than 100% of the ordinary shares are held, the interest is stated.

### THE NETHERLANDS

Vos Logistics International B.V., Oss \*

Vos Logistics Nederland B.V., Oss \*

Vos Logistics Oss B.V., Oss \*

Vos Distri Logistics Oss B.V., Oss \*

Vos Logistics Uithoorn B.V., Uithoorn \*

Vos Logistics Helmond B.V., Helmond \*

Vos Logistics Breukelen B.V., Breukelen \*

Vos Logistics Services B.V., Oss \*

Vos Forwarding Logistics B.V., Oss \*

Nederlands Cement Transport Cetra B.V. (50%), Uithoorn

Vos Bulk Logistics Oss B.V., Oss \*

Vos Management and Logistical Development B.V., Oss \*

Vos Logistics Roosendaal B.V., Oss \*

Vos Logistics Trailerpool B.V., Oss \*

\*) Statement of joint and several liability issued by Vos Logistics Beheer B.V.

### BELGIUM

Vos Logistics Holding Belgium N.V., Pittem

Vos Cargo Logistics Belgium N.V., Pittem

Vos Logistics België N.V., Oevel-Westerlo

### GERMANY

Vos Logistics Holding Germany GmbH, Goch

Vos Logistics Deutschland GmbH, Goch

Nedex Internationale Spedition GmbH, Mönchengladbach

Vos Logistics Goch GmbH, Goch

H.P. Lutz GmbH, Wülfrath (50%)

Silotransporte H.P. Lutz GmbH, Wülfrath (50%)

### FRANCE

Vos Logistics Holding France S.A.S., Saint-Fons

Vos Logistics France S.A.S., Gerzat

Vos Logistics Lyon S.A.S, Saint-Fons

### POLAND

Vos Logistics Polska Sp. z o.o, Warsaw

Vos Logistics Forwarding Poland Sp. z o.o, Warsaw

### SPAIN

Vos Logistics Holding Spain S.L., Barcelona

Vos Logistics Barcelona S.A., Barcelona

Zozaya Cisternas SL, Barcelona (55%)

Zozaya Gas SL, Barcelona (55%)

### SLOVAKIA

Vos Logistics Slovakia sro, Bratislava

### PORTUGAL

Vos Logistics Iberica UL, Matosinhos

### ROMANIA

Vos Logistics Romania SRL, Cluj-Napoca

Vos Logistics Cargo SA, Cluj-Napoca

Vos Logistics Bulk SA, Cluj-Napoca



VOS

Logistics

VOS Logistics

VOS Logistics

62-BV

MITZ