

## Chapter 3

# Germany: The HOYER Group and an Early Passion for Safety/Security, Health, Environment and Quality (SHEQ)

*Stefan Prigge and Eric Schlichter*

The HOYER Group is a 100% family-owned logistics company founded and based in Hamburg, Germany. With more than 6,000 employees it offers its services on all five continents. Logistics in general is a dirty and dangerous industry. It is dirty, e.g. because of the emissions of the vehicles used for transportation (see Fig. 1). It is dangerous, e.g. because the drivers of the vehicles might be involved in accidents or accidents might happen in the case of storage services for hazardous substances, threatening people and the environment (see Fig. 2). In this setting, the HOYER Group has become an early mover in terms of sustainability in the logistics industry, beginning as early as the early 2000s with its focus on sustainability.

### Introduction

In the introductory part of HOYER's Code of Conduct from 2022, it reads: 'We attach great importance to identification with HOYER as a family company' (HOYER Group, 2022, p. 5). What does it mean for the HOYER Group to operate in such a difficult industry as a family company? Their answer to this question is SHEQ. SHEQ stands for Safety/Security, Health, Environment and Quality. SHEQ is a corporate centre at Hoyer Group. It started in the early 2000s, building upon an ISO 9001 certification in the mid-1990s. SHEQ became a powerful state of mind at HOYER Group, covering those aspects for which later the term sustainability became generally known. In this case, we describe how SHEQ became such an eminent topic for the HOYER Group so early on and then present the SHEQ activities that relate to SDG#12 with a special focus on sustainable production patterns.

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Attaining the 2030 Sustainable Development Goal of Responsible Consumption and Production, 21–33



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Fig. 1. HOYER Truck. *Source:* Photo was taken from the photo stock on HOYER's website (<https://www.hoyer-group.com/en/press/media/photos>).



Fig. 2. Cleaning in the HOYER Logistic Center in Dormagen, Germany. *Source:* Photo taken from the photo stock on HOYER's website (<https://www.hoyer-group.com/en/press/media/photos>).

## Vision and Mission

Vision as of 2022: ‘We are the leading provider of logistics solutions for liquid bulk products in the chemical, petroleum, gas, and food industries’ (HOYER Group, 2022b, slide 8).

The core values of the HOYER Group are: striving for excellence, cooperation, integrity, responsibility, safety and sustainability. The core value of safety and sustainability is a long-term commitment to HOYER’s employees, their partners and the environment. ‘We think and act on a generational scale’ (HOYER Group, 2021, p. 10).

## Services Offered by HOYER Group

- global transport of liquid bulk
- global on-site logistics
- global warehousing
- global container repair and cleaning
- global dangerous goods storage

## Background to HOYER Group

The HOYER Group is 100% family-owned. Currently, the four members of the second generation (Thomas Hoyer – see Fig. 3 – and his three sisters) and their 12



Fig. 3. Thomas Hoyer. *Source:* Photo taken from the photo stock on HOYER’s website (<https://www.hoyer-group.com/en/press/media/photos>).

children hold all the shares. The company was founded in 1946 in Hamburg by Walter Hoyer, the father of the second generation. He called the company 'Bruno Hoyer Internationale Fachspedition', taking the company's name from his father, Bruno Hoyer, who operated a significant milk wholesale business in Hamburg from 1922 onwards. In 1960, HOYER internationalised by founding its first foreign subsidiary in Rotterdam, The Netherlands, followed by its first overseas company, HOYER USA, New York, in 1980. The first succession took place in 1991 when Walter Hoyer became Chairman of the Advisory Board, and Thomas Hoyer took over as CEO. Walter Hoyer died in 2002.

Being rather aware of family governance topics and succession problems, Thomas Hoyer decided to switch HOYER Group to a non-family management approach as the third generation was still rather young when he stepped down as CEO in 2006. Since then, he has still been the patriarch of the company and the Chairman of the Advisory Board. Apart from non-family members, there are also family members on the Advisory Board, i.e. two of Thomas Hoyer's sisters attend the meeting in an alternating manner and, since recently, there is also a member of the third generation on the Advisory Board. Ortwin Nast as CEO and Gerd Peters as CFO were the 'first generation' of non-family executives who shaped the company's fortunes from the mid-2000s to the early 2020s. They were succeeded by Björn Schniederkötter as CEO in 2021 and Torben Reher as CFO in 2022.

Over the years, HOYER Group has become one of the world's leading bulk logistics providers, offering comprehensive national and international transport services and complex logistics solutions to the chemical, food, gas and petroleum products industries.

For the fiscal year 2021, HOYER reported employing some 6,469 employees and generated sales of €1.292 billion. Total assets were €936 million, with an equity ratio of 45.3%. Fixed assets included 50,142 intermediate bulk containers, 37,608 tank containers, 2,621 road tankers and 2,209 truck units (see Fig. 4 for further numbers). HOYER Group has representatives in more than 115 countries (see Fig. 5).

As part of the recent generation change, i.e. that of non-family CEO and non-family CFO, the strategic direction was also reconsidered and sharpened. The influence and binding nature of the values and strategic goals in day-to-day business have increased significantly through the use of the Progressmaker software. The six Guiding Principles (see Fig. 6) to which HOYER has committed itself are themselves strategy modules in Progressmaker, broken down further into Cornerstones and Puzzle Pieces. At this point, it is sufficient for this case study to highlight one Guiding Principle: Sustainability.

Nowadays, there are hardly any companies in the industrialised nations that have not adopted sustainability as their watchword. Often this is a new development in the respective company, in some cases, it is more greenwashing than genuine work on the sustainability of the company. This is not the case at the

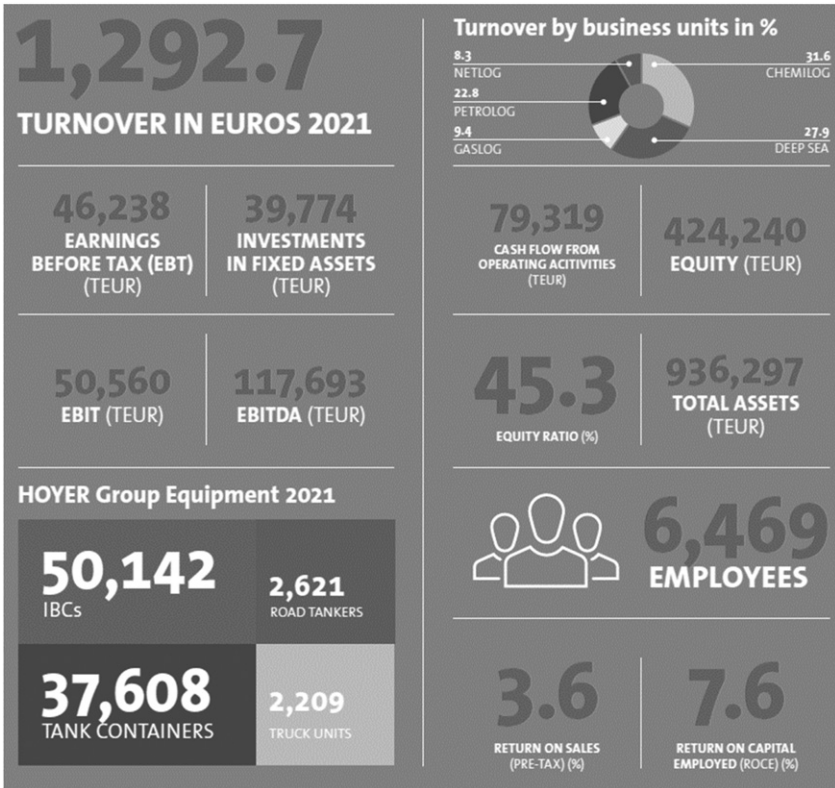


Fig. 4. The World of HOYER 2021 in Figures (HOYER Group, 2022, p. 3).

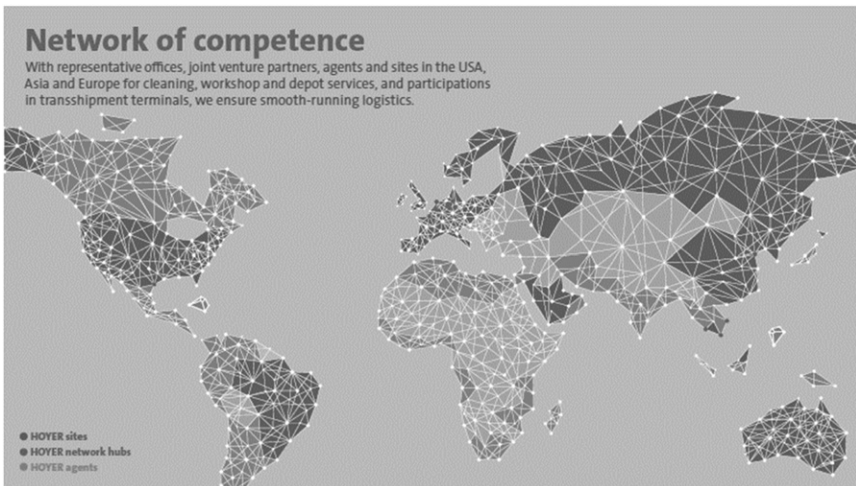


Fig. 5. Global Network of the HOYER Group (HOYER Group, 2022, p. 31).



Fig. 6. HOYER's Six Guiding Principles (HOYER Group, 2022, p. 11).

HOYER Group, where attention was paid to sustainability at an unusually early stage. This is evidenced by the following excerpt from HOYER's annual report (HOYER Group, 2007, p. 15):

Sustainability – A principle lived in the HOYER Group. Only economically sound companies can invest sustainably in social tasks and in the protection of the environment. Such investments are inconceivable without sufficient earning power. Conversely,

it follows that only those companies that practice the SHEQ system out of inner conviction will be successful in the long term. For precisely this reason, sustainability in entrepreneurial thinking and action has become a lived principle in the HOYER Group.

What sounds like a very modern statement actually comes from the 2006 Annual Report. This shows that sustainability has really been the focus of the HOYER Group for a very long time. It was already the case when Thomas Hoyer handed over the CEO post to non-family hands, and it has been deepened ever since. Behind the acronym SHEQ lies the centre of sustainability activities in the HOYER Group. SHEQ stands for Safety/Security, Health, Environment and Quality.

SHEQ is a corporate centre based on the CFO. Long-time CFO Gerd Peters recalls that when he joined the HOYER Group in 2008, the issue of sustainability was already well established. The development of SHEQ was driven from many sides. He says that the long-time head of the SHEQ department, Ms Sabrina Robba, played an important role here, followed in 2014 by Mr Mark Binns. Another strong supporter Gerd Peters remembers is a non-family member of the Advisory Board who was himself part of a logistics family business and who saw the HOYER Group's sustainability focus as very important. As a result, SHEQ became the first agenda item in Advisory Board meetings by default, ahead of financial topics or other issues, underscoring its importance. The discussion on SHEQ topics is often more intense than on financial topics, says former CFO Gerd Peters. He adds that the family also supports this course, and that patriarch Thomas Hoyer is convinced that companies that are good at SHEQ also have good financial performance. What is more, for family members who are not so deeply rooted in business life, the SHEQ area would be more easily accessible, for example in accident protection, so that support is also given from this side.

It fits into the picture that HOYER was among the very first logistics companies to publish its first Sustainability Report back in 2015, although it was not obliged to do so at the time (and still is not) and although family-owned companies typically avoid publicity. This was a direct contribution to SDG#12.6.

The timing means that the HOYER Group had already been involved with sustainability for some time when the SDGs were adopted in 2015. Therefore, the HOYER Group did not start its sustainability activities with the SDGs, but rather mapped its already existing sustainability activities to the SDGs a few years after the SDGs were adopted, i.e. used the SDGs as a communicative framework. As a result, this mapping to the SDGs is aligned with HOYER's understanding and interpretation, which does not always correspond to the UN's interpretation as expressed in the SDGs' sub-targets and indicators.

## **SDG #12 (Ensure Sustainable Consumption and Production Patterns) and the HOYER Group**

Every penny saved is a penny gained. Even though HOYER is a globally operating family business, this old Hanseatic wisdom is also firmly established in the company. But HOYER recognised early on that the right way to save is not being cheap but sustainable. The responsible use of their resources became an important part of the business DNA. This was written down early on in the Code of Conduct for Employees. The Code of Conduct is derived directly from the Family Constitution of the Hoyer family. After the UN Goals were adopted by the United Nations on 25 September 2015, it was a matter of time before HOYER thought about what goals they were already serving and how they could be interpreted and publicly implemented and presented. By the end of 2017, the SHEQ managers in the SHEQ Forum (consisting of the Heads of SHEQ of the different Business Units and the Head of Corporate SHEQ as a link to the Executive Board) had advanced the idea for the first time. The issues were reviewed and analysed, and in July 2020, together with the SHEQ Forum and the Executive Board, it was then determined which of the goals to commit to. Thus, in the 2020 Sustainability Report ([HOYER Group, 2021](#)), HOYER publicly announced for the first time which areas the company would touch on and further promote. Even though it was clear to those involved that the UN's requirements often described larger goals, they nevertheless translated and interpreted the goals for themselves and adapted them to the company's activities. Not with the claim 'we have to implement this 100%', but with the statement of intent 'every little bit counts'. The Executive Board has declared itself in favour of this, and the family, in consultation with the Advisory Board, has declared the idea to be a very good one. The Advisory Board, consisting of members of the family and representatives from business and industry, also responded with interest to the proposal and supported the approach.

And so, step by step, measures are now being taken in greater depth. The sustainability topic is, of course, shared with all employees. It is certainly not always directly linked to the SDG in communication, but the associated values are communicated, top down. And as it should be, the best suggestions always come from the field, i.e. bottom up. Everything is examined, and everything is taken seriously. And when potentials are identified, they are taken seriously. Both in the normal teams and special committees and working groups, the topic of sustainable use of resources is considered and discussed time and again.

The sustainability topic has also received a whole new impetus with the new Executive Board, which has been at the executive helm of the company since 2021 (CEO) and 2022 (CFO). New strategic goals have been defined for the company, and these are also being consistently implemented. And the topic of sustainability as an umbrella term for daily actions is one of six Strategic Guiding Principles. And here, too, the topic of efficient use of resources as required in SDG#12.2 finds its place.

Unlike many companies, where a strategy is just a fancy buzzword, at HOYER the strategy is implemented systematically and in a controlled manner



with measurable results and impact-oriented actions. And this is done with the involvement of the employees. In the beginning, the module teams described various strategic goals, with each strategic goal being a module. These were then subdivided into individual Corner Stones, and subordinate Puzzle Pieces were then drawn. Subsequently, so-called OKR teams (Objective Key Results) are formed, which complete a sub-objective in a six-month sprint. The measurement is not in input/output, but in outcome and impact, which leads to the fact that neither paper nor presentations are generated, but actual implementations of topics with measurable results are presented. These goals are monitored monthly by the Operating Board and intervened if necessary.

Progress in the working groups is documented in software specially designed for this method of working, which means that here, too, people do not have to deal with long PowerPoint presentations for each topic, but instead each module and its progress can be viewed and discussed directly in the so-called Progress-maker software. In this way, it is also possible to recognise at an early stage if a group is unable to meet its goals in the allotted time and to react flexibly to changing circumstances.

## **Business Model and SDG #12 (Ensure Sustainable Consumption and Production Patterns)**

Every little bit counts. It is not the guiding principle, but an important approach that HOYER constantly pursues. As a logistics provider and transporter, the company does not have the opportunity to completely switch resources. And that is why resource conservation at HOYER does not consist of one action, but success lies in the implementation of many small actions, which add up to something big. The levers and tools that are used to make this world a better place to live in are just as varied as the offers from the logistics company's product range. The greatest consumption of natural resources is generated by fuel. It has long been clear that HOYER cannot do without diesel in either the short or medium term. As a transporter of hazardous goods, electric tractors are already eliminated by law. In 2021, the company covered an incredible 174,666,896 km with its vehicles. For their part, the subcontractors of HOYER drove another 86,903,464 km. With an average consumption of between 29.5 and 31 litres per 100 km, the fuel adds up to dizzying heights. It is clear that the company's steady growth does not play into the hands of consumption reduction, but the company has nevertheless found ways of using resources more sustainably.

Intermodal transportation means that at least two means of transportation are involved, e.g. truck and train. Intermodal transportation is an important and big step if you want to reduce fuel consumption. And the solution sounds so simple. But the shift to rail and barge requires customers to change their ordering, production and storage behaviour. Just-in-time delivery works but with much longer lead times. Using barge and rail, a shipment within Europe can easily take two to three weeks, instead of one to three days when travelling by truck, even for long distances. HOYER has therefore entered into dialogue with key customers to evaluate just such

routes. The company changed its mindset early on, offering logistics solutions rather than mere transport. The driver for this was not just the conservation of resources but in particular the reduction of CO<sub>2</sub> emissions. Every year, the share of intermodal transport is increasing. The big challenge, especially in global transport, is recognising changing flows of goods and how the company responds to them. Making the link to the SDGs, these kinds of logistics solutions answer the call for sustainable production patterns in SDG#12.1 as well as the request for ‘the sustainable management and efficient use of natural resources’ raised in SDG#12.2.

Nevertheless, HOYER is and remains a transporter with its large fleet of vehicles. Emissions are unavoidable for transport services for the time being. That’s why it is important to find methods of using resources sparingly. This is where Eco-Drive training for drivers plays a significant role. These training courses are offered by the truck manufacturers in each case, tailored to the vehicle type, and the HOYER Masterdrivers are trained by the manufacturers. The Masterdrivers then ensure that the knowledge is disseminated to the entire driver population at HOYER. Eco-driving is an integral part of regular training sessions. Eco-driving behaviour is recorded and evaluated centrally via vehicle telematics. And there are even parts in the HOYER group where the drivers themselves have started an internal competition, and at regular intervals choose the most fuel-efficient driver. This shows very well that this strategic orientation of HOYER is not an isolated project of the management but is lived by the entire company. In this case, it directly addresses SDG#12.2 requiring efficient use of natural resources.

There are other accompanying measures in this area: The vehicle fleet is being developed so that all vehicles meet the highest EURO class 6; this goal is 98% complete. All tractor-trailers are sealed off at 80 km/h. Trucks will be converted to alternative fuels, i.e. eFuels (HVO (Hydrotreated Vegetable Oil), GTL (Gas to liquid based on biogas)). LNG trucks are being converted to bio-LNG trucks. Small vans for gas cylinder transport are currently being tested as hydrogen-powered.

## **SDG#12, the HOYER Group, and Its Stakeholders**

In this section, we will discuss how different stakeholders have been linked to HOYER’s policy related to sustainability and SDG#12.

Within the *family*, it has a second-generation family member, Thomas Hoyer, who is a strong facilitator of HOYER’s early orientation towards sustainability. According to Gerd Peters, CFO for many years, the third generation’s receptiveness to this topic is somewhat greater, but not by much.

*Customers* can probably be considered the most important external stakeholders. Former CFO Gerd Peters says that European Chemical Transport Association (ECTA) represents what customers want. And sustainability is a core issue for customers, he adds. Therefore, he says, the issue within HOYER is also driven by sales. The bronze medal in the EcoVadis sustainability rating that HOYER achieved in 2021 should also be seen in this context. EcoVadis is one of the biggest providers of sustainability ratings in the world and assesses companies based on international sustainability standards such as the Global Reporting

Initiative, the United Nations Global Compact and ISO 26000. HOYER was particularly proud of this result as more than 40% of the logistics companies that took part in an EcoVadis evaluation received no award at all (HOYER Group, 2021a). The main consumers of EcoVadis' ratings are global players such as Merck, Evonik, Beiersdorf and BASF, who are also key customers of HOYER. HOYER's customers are increasingly driven by sustainability. Accordingly, they need information from their logistics service providers. In addition to such ratings, which present the big picture and facilitate HOYER's access to such key customers, customers are demanding much more detailed information. A major driving force in the European Union (EU) for this demand for information is the EU Directive on Corporate Sustainability Reporting which became effective recently. It will require about 50,000 companies in the EU to report rather specific KPIs inter alia on their environmental impact. And this includes not only the company's own production site but also its supply chain including logistics. That's why HOYER has developed a CO<sub>2</sub> dashboard for its customers. With this dashboard, customers can determine the CO<sub>2</sub> emissions of services that have already taken place for their accounting purposes. In addition, the dashboard also enables simulations, i.e. CO<sub>2</sub>-based planning of the procurement of future logistics services. Thus, the dashboard supports HOYER's customers in their activities towards 'the sustainable management and efficient use of natural resources' (SDG#12.1) and in providing a meaningful sustainability reporting (SDG#12.6).

Since HOYER is 100% family-owned, there are external *capital providers* only in the debt area. Gerd Peters reports that the investor presentation contains SHEQ topics by default. This is a strength of HOYER, he says, where they have front-runner status. However, this has not yet been actively requested by debt capital investors. However, this is likely to change considerably now given the regulatory and other upheavals in terms of sustainability in the financial markets. Banks are starting to look deeply into the sustainability report, and credit terms will become more and more ESG-driven. HOYER, therefore, plans to implement the ISO 26000 Standard principles to be able to map everything systematically.

Among *employees*, it is especially younger employees and job applicants who ask about HOYER's sustainability activities. Employees feel more secure and satisfied with how HOYER does business. A case in point is the example Masterdrivers mentioned above, where drivers started on their own with a competitive ranking on driver efficiency. HOYER considers its sustainability approach as another reason why employees are loyal, and as another reason why there are many long tenures at HOYER.

## **Challenges of Working With SDG #12 (Ensure Sustainable Consumption and Production Patterns)**

Continuous improvement is the greatest challenge. HOYER opened up to the public early on. It has been publishing annual reports for more than 15 years, although it is not obliged to do so. The same applies to the sustainability reports that HOYER has been publishing voluntarily since 2015, thus, being an early

adopter of SDG#12.6. When you open up to the public, they want to know more and more, new topics and stories are always expected of them. Continuous improvement is boring and unspectacular, but it is the way HOYER can drive its sustainability forward with a particularly great impact. The pattern that corporate transparency leads to demand for further corporate transparency nicely illustrates the impact power of transparency and thus of SDG#12.6.

Another challenge is that HOYER is tied to the state of the art. Progress is not as fast as they would like. The climate crisis has been known for a long time, and hydrogen has been known as a solution for a long time, but still, hydrogen trucks will not be ready for serial production before 2030. In the summer of 2022, there are 38 refuelling stations with biofuels in Germany; that is far too few. HOYER complains that politicians are calling for rapid changes but are doing little themselves to develop the infrastructure needed for alternative drives, making them one of the limiting factors.

## **Business and Greater Good**

The activities within the HOYER Group generate a lot of experience and knowledge, which HOYER also shares by participating in various formats. On a European level, HOYER is a member of ECTA. ECTA is the association in which the European chemical transport companies have joined forces. The association is intended to represent their interests but is also a forum for cooperation on pressing industry issues, one of which is undoubtedly the reduction of resource consumption and emissions. HOYER is actively working on these issues within ECTA. Mr Thies Grage from the Innovation & Sustainability department within HOYER regularly gives presentations at ECTA on innovative sustainability topics.

Germany-wide, HOYER's involvement in the 'Pathways to Paris' project ([www.pathwaystoparis.com](http://www.pathwaystoparis.com)) can be cited. The project is led by World Wide Fund for Nature (WWF) and PwC and funded by the German Federal Ministry of Economics and Climate Protection. This project aims to support the transformation of the German economy towards a more climate-friendly economy and thus contribute to the achievement of the Paris climate targets. The project brings together representatives from the real economy, the financial sector and academia. The ultimate goal is to develop user-oriented, sector-specific guidelines and a web-based transformation tool by the end of 2022. These tools will enable companies to examine the greenhouse gas savings and costs associated with various measures. This should put companies in a better position to decide which reduction path is optimal for them. HOYER is one of 50 companies actively participating in Pathways to Paris, plus 40 companies from the financial sector.

## **What Next for HOYER Group and SDG #12 (Ensure Sustainable Consumption and Production Patterns)**

There are ambitious projects on the agenda for 2023 and beyond. One big endeavour concerns ISO 50001 on efficient energy management. It includes a set

of many undertakings, inter alia heat recovery (e.g. from the hot water cleaning system for large tanks), power-saving lighting and solar panels. The package of measures is to be implemented at the European sites in 2023 and certified there. The remaining sites will follow thereafter. Another major project concerns alternative fuels. They and their scarcity have already been mentioned above. In the meantime, some of HOYER's customers have eFuels and even make their use a condition for HOYER's transport services. Furthermore, HOYER has succeeded in acquiring a larger contingent of HVO (Hydrotreated Vegetable Oil) in the Netherlands. All these measures will further improve HOYER's performance with regard to SDG#12.1 and SDG#12.2.

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