

IMPLEMENTING
UN GLOBAL COMPACT
PRINCIPLES IN
XPO LOGISTICS Europe



Since June 2015, Norbert Dentressangle SA has been XPO Logistics. This document reflects the commitment and actions taken in 2014 by the European operations of XPO Logistics.



STATEMENT OF CONTINUED SUPPORT

To our stakeholders:

I am pleased to confirm that Norbert Dentressangle reaffirms its support of the 10 Principles of the UN Global Compact.

In this annual Communication on Progress, we describe our actions to continually improve integration of the Global Compact and its principles into our business. We also commit to share this information with our stakeholders using our primary channels of communication.

Yours sincerely,

Hervé Montjotin, CEO

PRINCIPLE 1: **BUSINESSES SHOULD SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS**

PRINCIPLE 2: **MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHT ABUSES**



OUR COMMITMENT

- ▶ Operating each and every day, everywhere across our business, while respecting all human rights laws;
- ▶ Promoting, inside our organization, respect of rules, legislation and all human rights;
- ▶ Making sure that our subcontractors operate everywhere while respecting all human rights laws;
- ▶ Promoting within our sector, and increasing customers' awareness of rules, legislation and all human rights.

Code of ethics

All newly hired or integrated (through a new company acquisition) managers are given the Group's "Code of Ethics" and a "Rules and key procedures handbook" which sets out in detail – in the form of a practical guide – the fundamental rules they must respect in the day-to-day performance of their work, particularly on issues concerning ethics, integrity and compliance with the legal and organizational framework.

General common HR principles and policy

Our business is widespread and our model is also based upon external growth. With all that this entails in terms of the integration of new people, with new practices and new values, we have set up common general principles, policies and standards in human resources management, all based on respect of rules, legislation and human rights.

Internal audit

The internal audit department dedicates part of its time to verifying that internal procedures and policies relating to laws, regulations and human rights are fully and efficiently enforced throughout the Group. It also verifies that common HR standards, principles and policies apply across the Group.

Due diligences procedures (for company takeovers)

External growth plays a significant part in our business. Specific due diligence procedures have been set up, including a whole chapter dedicated to human resources management standards and rules, regulations and human rights compliance.

Each time the Group moves into a country where it is as yet unestablished, we systematically consult local legal advisers to ensure that we comply with local rules and regulations.

Sub-contractors' procedure

Our procedure follows a two-step approach:

Make every subcontracted business subject to prior standardized checks to ensure compliance with rules, legislation and human rights.

Encourage every operational manager to certify regular subcontractors and to undertake regular audits.

KEY 2014 OUTCOMES (ACTIONS & PERFORMANCE)

Every year, all Norbert Dentressangle managers receive an updated version of the “Code of Ethics” and “Rules and key procedures handbook”. They must confirm receipt and commit to respecting the rules they contain. In 2014, updated versions were distributed to 1,000 key managers.

A general country audit is completed on average every 2 years, which includes a review of HR processes and assessment of the working environment for employees. In 2014, 99 audits were completed across the Group’s subsidiaries.

100% of newly acquired companies are audited pre- and post-acquisition, and 100% of them are fully aligned with our standards in human resources management, rules, legislation and human rights no later than 6 months after acquisition. In 2014, this was the case with the acquisition and integration of our new operations, including Jacobson in the US, MGF in France and Hopkinson in the UK. In 2015, 13 audits will cover the new US acquisition of Jacobson.

Use of subcontractors is mainly linked to the performance of transport activities, for which it is a common and necessary market practice. A dedicated policy has therefore been introduced and is implemented directly by the Transport Division.

All new Norbert Dentressangle transport subcontractors have to sign the Subcontractors’ Charter and meet the requirements set out in Norbert Dentressangle’s general purchase conditions, which define the quality and safety standards with which any transporter chartered by the Group must comply. The Group’s Transport Division has also set up a “Transport Subcontractors” reference platform, which makes it possible to give preference to partners who have already been screened and approved by its teams. The platform allows ongoing monitoring of compliance by listed subcontractors.

In late 2014, an implementation audit and an awareness campaign were launched to ensure that the Transport Division’s various teams were aware of the importance of these good practices.

PRINCIPLE 3: **BUSINESSES SHOULD UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING**

PRINCIPLE 4: **THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOR**

PRINCIPLE 5: **THE EFFECTIVE ABOLITION OF CHILD LABOR**

PRINCIPLE 6: **THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION**



OUR COMMITMENT

- ▶ Our Group considers its human resources as its first and main asset and is therefore committed to managing them in line with three key values: fairness, respect and trust.
- ▶ Our Group considers differences as an asset and an opportunity and therefore encourages diversity.
- ▶ We guarantee freedom of association and expression of employees' ideas and opinions through social dialogue and close local management.
- ▶ Our Group will never tolerate any form of forced or compulsory labor, nor any form of child labor within our organization or our subcontractors' organizations.
- ▶ Norbert Dentressangle considers that it can play a significant role in social integration (due to the profile of its work) and invest in developing its human resources through training and through a policy of internal promotion.

General common HR principles and policy

HR policies have established proper pre-hire checks and work contracts as the absolute minimum requirement everywhere across the business. To foster internal promotion, our Group gives priority to internal candidates to meet any recruitment needs. Our Group also runs a talent development training program to maximize its chances of receiving internal applications.

Combating discrimination

HR principles clearly set out the restrictive criteria upon which decisions on human resources (hiring, salary increase, promotion, disciplinary sanction, assessment, access to training, etc.) can be based: facts, competences, track record and experience.

The issue of integrating and supporting employees with disabilities is covered by decentralized policies in each country and area of activity. These policies aim in particular to increase the number of people with disabilities employed by the Group.

As regards equivalent posts and skills, the Group's aim is to reduce the pay gap between men and women to less than 10% by 2016, particularly by monitoring this indicator more closely within the framework of pay review cycles.

Management and social dialogue principles

Responsibility for leading social dialogue is given to local operational managers.

By empowering local managers, we provide quick, relevant and appropriate answers to local employees' concerns and issues, in line with the local reality. This guarantees the quality, fairness and efficiency of our social dialogue. Our Group gives its social partners a bigger voice and a broader picture of the Group, its activities, its economic health and its perspectives in terms of activity and employment through a European social dialogue body - the Norbert Dentressangle European Work Council - and through a French social dialogue body covering the whole Group – the Norbert Dentressangle Group Committee.

Code of ethics - Delegation of authority and key procedures

Newly appointed or hired (or integrated) managers, in particular, are made aware of their responsibility to respect and enforce HR principles, standards and policies, as well as regarding the building of quality social dialogue.

Internal audit

Internal audit reviews encompass common HR standards, principles and policies, checking compliance across the Group.

KEY 2014 OUTCOMES (ACTIONS & PERFORMANCE)

Our objective is to have 100% of our managers trained to improve their management, communication and social dialogue skills through a specific training program called “Red Management”. By the end of 2014, more than 2,500 managers in the Group’s various entities had had the opportunity to follow this program.

Every single employee receives at least two days of training every year. This means that every Norbert Dentressangle employee received an average of 16 hours of training during 2014.

Some 60% of our key positions are filled through internal promotion. In Logistics in 2014, for example, more than three team leaders in four, four department managers in five, and more than one operations manager in two were appointed through internal promotion. In both Transport and Logistics, one agency or site manager in two were also appointed through internal promotion.

Most of the countries in which the Group operates have local employees’ representation bodies with whom it has regular and constructive dialogue (the absence of formal employee

representation bodies, in some countries, is due to the very limited number of employees). In 2014, more than 350 negotiations were opened with social partners throughout the Group, nearly half of which (43%) resulted in the signing of an agreement. 75% of the Group’s employees are covered by a collective agreement.

On average, each country is audited at least once every two years. In 2014, 99 audits were completed, covering various countries and processes. In 2015, we are planning to conduct 112 audits. Audit visits include observing whether the procedures in place ensure respect of labor principles in the working environment.

PRINCIPLE 7: **BUSINESSES SHOULD SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES**

PRINCIPLE 8: **UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY**

PRINCIPLE 9: **ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES**



OUR COMMITMENT

- ▶ With the largest owned and operated fleet of heavy goods vehicles in Europe, the Group makes a priority of reducing each lorry's environmental impact and, in particular, its carbon footprint. Having been a partner of the French Environment and Energy Management Agency (ADEME) for the past ten years, our two focuses are constantly improving the CO₂ emissions performance of transport and using innovation to cut emissions.
- ▶ Norbert Dentressangle has also set an exacting standard for the environmental management of its sites, which is applied to all its logistics platforms.
- ▶ Norbert Dentressangle trains its teams and provides itself with the most up-to-date equipment and infrastructures, thus ensuring a very high level of safety, both on the road and in the warehouse, as regards the storage and handling of goods.

Reducing emissions

To meet its commitments, Norbert Dentressangle has introduced an action plan covering the following: cutting a vehicle's gross consumption by using start-stop systems, training drivers in responsible eco-driving, experimenting with new engines using alternatives to diesel such as the diesel-electric hybrid or natural gas (NGV or LNG), and optimizing transport plans with the aim of always using the most appropriate form of transport from a financial and environmental point of view – road, rail, river or short sea.

Environmental management of sites

Our approach as a Group includes complying with regulations; monitoring and measuring energy consumption, discharges into water and noise pollution; recycling and re-using waste; and raising the awareness of our employees and partners.

Safety on the road and in the warehouse

As early as 1991, our Group created its own tool, the "Safe Driving Plan", which provides guided induction, training and work for all employees dealing directly or indirectly with road risks (from drivers to top managers). This tool is used in all of Norbert Dentressangle's European subsidiaries.

Norbert Dentressangle has also been a member since 2009 of the "European Road Safety Charter" supervised by the European Commission.

KEY 2014 OUTCOMES (ACTIONS & PERFORMANCE)

The Group has been measuring its carbon footprint since 2005 and has been committed to curbing CO₂ emissions since 2008 under the “CO₂ Charter” – the first instrument for cutting road transport CO₂ emissions, which was introduced by the French Environment and Energy Management Agency (ADEME). In 2009, the Group introduced its own CO₂ calculator (now part of its service offering), which allows us to calculate carbon footprints for each customer and for each transport operation. In 2014, Norbert Dentressangle once again collaborated with the ADEME in drawing up a new standard to certify transporters’ performance with a “CO₂ Label”.

In 2012, the Group undertook to cut the CO₂ emissions caused by its activities in France by 6% by the year 2015. The global emissions reduction plan implemented by the Transport Division has made it possible to improve Norbert Dentressangle’s performance by 4.6% since 2012, with 2.7% of this being achieved in 2014 (in g/tonne.km).

Norbert Dentressangle’s teams have performed more than 33,000 multimodal transport operations (in Twenty-Foot Equivalent Units – TEU) in 2014, which is an increase of 129% over the number of operations performed in 2010.

Our Group has the most modern and environment-friendly fleet in Europe. The fleet is 95% compliant with Euro V, EEV and Euro VI standards, and each truck is on average 2.5 years old. In 2014, the Group renewed around 1,000 units of its HGV fleet (using Euro VI and EEV models only).

Norbert Dentressangle is engaged in an ISO 14001 certification process to control and meet the highest standard in the environmental field. In 2014, 44% of the Group’s logistics sites were ISO 14001 compliant and certified. Of the Logistics Division’s waste, 94% was treated and 78% recycled. All new sites built by the Group are low-energy buildings or high-performance energy buildings.

Thanks to the Group’s investment in road safety, by the end of 2014, a Norbert Dentressangle driver drove an average of 650,000 km without causing an accident – an improved performance that is much better than the average for the profession. 100% of our drivers are trained under the Safe Driving Plan and to use eco-drive (rational driving) techniques.



OUR COMMITMENT

- ▶ Our Group is committed to opposing any form of corruption inside or outside the Group (by suppliers, customers or any other organization).
- ▶ Our governance rules and procedures include the protection of our Group against corruption and bribery cases.

Code of ethics - delegation of authority and key procedures

Newly appointed or hired (or integrated) managers are especially made aware of the Group's strict rules on any form of corruption, as set out in Norbert Dentressangle's "Code of Ethics" and "Rules and key procedures handbook". This includes a warning as regards any form of gift they might receive from any organization, and they are asked to refuse any gifts over a specified or reasonable amount.

Every decision-making and selection process is submitted to several levels of validation, which helps to prevent any form of corruption.

Commercial policy

The Group's commercial policy featuring in the "Rules and key procedures handbook" clearly prohibits any form of corruption to win new business.

KEY 2014 OUTCOMES (ACTIONS & PERFORMANCE)

No cases of corruption or suspicion of corruption have been detected by the Group to date. Managers have asked for advice on the rare occasion that they have been exposed to potential corruption, showing that they were (and are) sensitive to this issue.

Our commercial policy has been given and explained to 100% of our commercial staff.

A Risk Committee has been set up at group level to ensure the Group's development complies with key rules and procedures.

On average, each country is audited at least once every two years. The audit department reviews processes and procedures in place whilst auditing, and refers to the "Rules and key procedures" company guidance with regards to bribery and corruption.

Following a period of rapid expansion for the Group, including the recent US acquisition, the Group's executive team is actively engaged in reviewing bribery and anti-corruption measures across the business.

Additional measures are being introduced to further increase awareness and to bolster legal and regulatory compliance in this key area, including the addition of anti-corruption as a mandatory item for the Risk Committee, Audit Committee, and high-level executive meetings' agendas to enable constant monitoring and review across the business; the design and roll-out of a dedicated training program aimed at country executive teams (and to be extended to on-site teams as a next step); and the development of specific guidance on facilitation payments for Business Unit Directors.

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