



# COMMUNICATION ON PROGRESS 2017

## Flash Group

United Nations Global Compact



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## Statement of Continued Support

Since its creation, our Group has sought to build long term relationships with all of its stakeholders, based on sustainable development, transparency, honesty and mutual trust. The same has often gone for M&A made over the last few years, that have been conducted in the context of respectful practices. Group's participation to the Lean & Green program, creation of Core Values, commitment of the Group's management to ethical practices in business were among main initiatives that has been launched ..... Although all our previous initiatives were going in the right direction, we decided to go further to ensure that our growth and sustainable development advance hand-in-hand.



Therefore, as part of our process of continuous improvement and to deal with increasingly demanding stakeholders in terms of Corporate and Social Responsibility (CSR) and in search of transparency and ethics, we decided to strengthen our CSR approach. Our group decided to create in 2016 a dedicated position to CSR in order to integrate the effects of our activity on the environment and on our stakeholders into the management of our business. This commitment was evidenced notably by the formalization of a CSR strategy, by setting our improvement targets and by definition of a road map by 2020. Our CSR strategy has been designed to meet the challenges of Flash's core business but also of its digitalization by involving all its employees and business partners in a responsible approach. In this context, joining the Global Compact was an obvious continuation of the Group's strategy.

As Chief Executive Officer of the Flash Group, I am pleased to confirm our continued support for the United Nations Global Compact and renew our ongoing commitment to the initiative and its 10 principles on Human Rights, Labour, Environment and Anti-Corruption.

This first Communication on Progress aims to share with you the efforts we made since our membership to the UN Global Compact to improve our CSR performance by making its 10 principles part of our strategy, culture and day-to-day operations.

Enjoy the reading!

Sincerely yours,

**Philippe HIGELIN**  
Chief Executive Officer

## About Flash Group

Flash Group is the European leader in same-day and time-sensitive premium freight. It started as a single company in 1981 in Metz (France). Step by step, through organic growth and external acquisitions, Flash has become the European leader for on demand delivery, present in 18 countries with 49 offices. As a freight forwarder, Flash uses its network of carriers to find the best shipping solution according to its clients needs.

In 2015, Flash partnered with Eurazeo to support its international expansion as well as its digital strategy. Flash has been digitalizing its activity: disintermediating and automating the order intake while launching and incubating seven digital startups, offering a wide range of online services around on-demand delivery.

The Group now employs more than 630 people throughout Europe and continues recruiting to sustain its growth. The Group is majority owned by its employee, with the participation of Eurazeo PME, investment company.

In March 2018, to better reflect its entire portfolio of activities and services, Flash Group has formed and become part of Redspher which incorporates all its companies and startups within one digital platform. As of today, Flash Europe International, Schwerdtfeger, Upela, Easy2Go, Easy4Pro, Genius Academy, Easy2Trace, Roberts.eu and Yoctu are now all part of Redspher, covering a wide spectrum of services in on-demand delivery. Redspher, as a platform, opens new opportunities in terms of partnerships to further increase the quality of services offered to its clients, while benefiting each individual company through strengthened synergies.

### Flash Private Equity Partner

In 2015, Eurazeo PME, an investment firm and subsidiary of Eurazeo SA has invested in Flash Group. Eurazeo PME is convinced that CSR is an essential factor for company's transformation, sustainable growth, and thus value creation. Eurazeo PME also believes that the implementation of a CSR approach is an integral part of its role as a responsible shareholder. Therefore, Eurazeo provides its portfolio companies with all of the financial, human and organizational resources they need for a sustained transformation, and guides them in creating sustained and responsible growth. This commitment is formalized and deployed through a CSR policy.

## Flash CSR Strategy

### What is our CSR Strategy?

- to improve the sustainability of Group development path by reinforcing its attractiveness and being competitive.

### What we stand for?

- to become a great place to work for and with in our market.

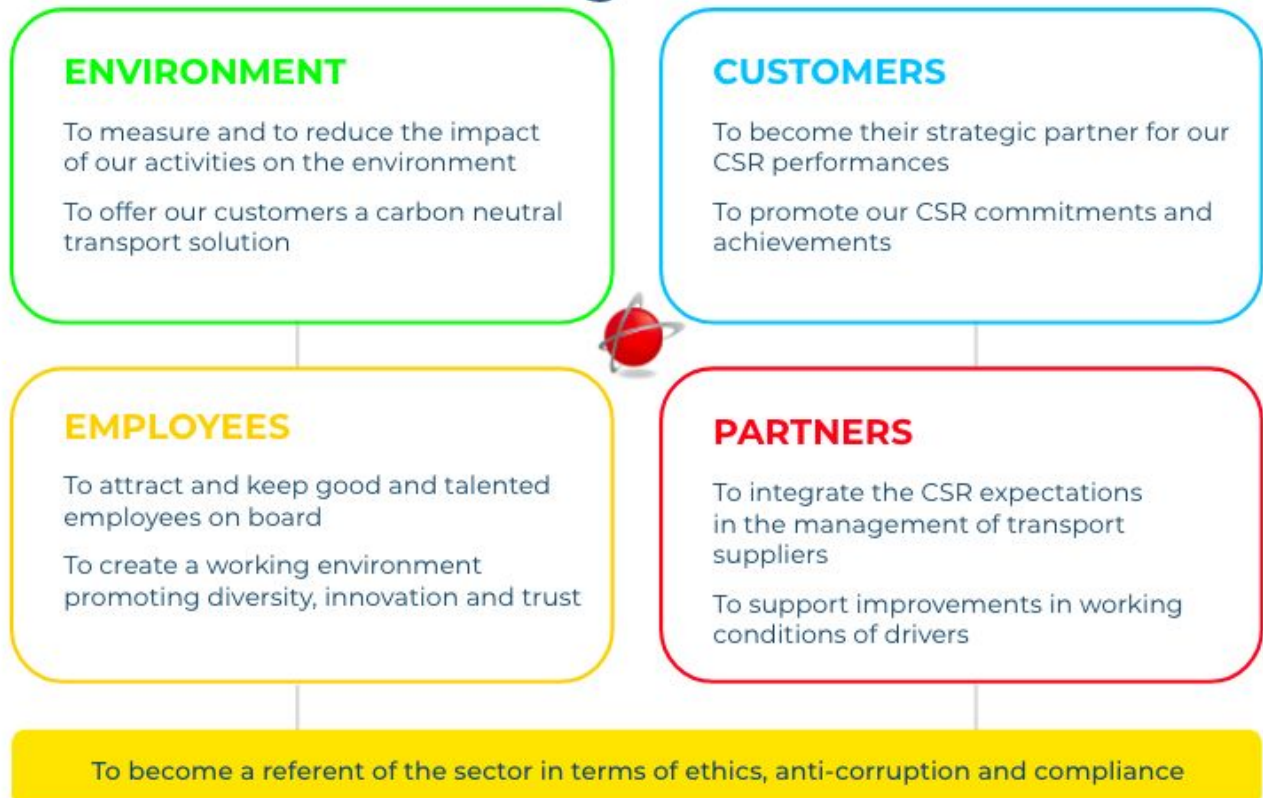
### Our priorities are:

- to reduce our environmental footprint,
- to improve our social footprint,
- to create sustainable value.

### What are our key levers:

- innovation,
- training
- fair business practices.

## Strategic CSR Goals



## The 10 principles of UN Global Compact



### Human Rights:

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. Make sure that they are not complicit in human rights abuses.



### Labour:

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labour;
5. The effective abolition of child labour
6. The elimination of discrimination in respect of employment and occupation.



### Environment:

7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.



### Anti-corruption:

10. Businesses should work against corruption in all its forms, including extortion and bribery.

## Flash Group Communication on Progress

This report presents Flash efforts and progress to implement the 10 principles of the UN Global Compact since joining the initiative. Actions specifically related to companies acquired in 2017 have not been taken into account in this report. They will be addressed in our next Communication on Progress.



Flash pays close attention to the respect of Human Rights. Flash operates in 18 countries - International expansion, both organic or external, is one of the pillars of the Group's growth strategy. Flash requires that the same policy, a comparable level of ethics and identical operational processes are applied in all its agencies in order to ensure the Group's worldwide reputation and quality of service.

### ■ Implementation of a Code of Conduct for the Group's employees

Following the signing of the United Nations Global Compact, Flash decided to create its own Code of Conduct which defines the Groups commitments in terms of ethics and business practices beyond the laws of each country which it fully adheres to. Each member of the Group, whatever its status (employees, temp, interns, ...) is required to fully adhere to it. This Code of Conduct defines the commitment for which Flash stands, particularly with regard to respect for Human Rights and for ILO principles. Several topics relative to the respect of Human Rights are addressed in the document, such as child labour, forced labour, anti-discrimination policy and prohibition of harassment in the workplace. It ensures the commitment of all employees to respect Human Rights, national and international labor conventions and anti-corruption laws. Each Manager is guarantor of the respect of the Code of Conduct principles in its team. Given the Group's geographic footprint, having a Code of Conduct applicable on the Group level, is an essential tool to ensure that Human Rights are consistently respected in all our agencies, regardless of the country of operation. The e-learning training program for Group's employees dedicated to CSR highlights the main clauses of the Code of Conduct.

### ■ Reporting procedure for concerns or unethical behaviors

Each employee should be active in preventing and detecting any risk of ethics breach within the Group. In case of doubt regarding a potential violation of the Group's Code of Conduct, each employee is asked to consult his or her manager or the Group CSR Manager to discuss the matter. A reminder on the reporting procedure for concerns or unethical behaviors is made in the e-learning training program for Group's employees dedicated to CSR. No incidents has been reported since the implementation of this procedure.

### ■ Employee satisfaction survey

Every year, with an independent organization, Flash performs a satisfaction survey for its employees in order to know their satisfaction level, their expectations and ideas of improvement. Flash considers these survey as an useful tool for enforcing the respect of Human Rights, especially the freedom of expression and opinion within the Group. Employee satisfaction has increased by 0.5 percentage points between 2016 and 2017.



Human Resources management is one of the top priorities of the Group. Flash is concerned with the continuous improvement of its quality of service and the satisfaction of its customers which goes together with:

- employees loyalty,
- a significant investment in training
- the promotion of internal mobility
- career and talent management
- the use of communities and new technologies
- the development of its employer brand.

The Group is committed to honesty and transparency in its relations with employees.

#### ■ **Implementation of an employee Code of Conduct**

The Flash Group of the Code of Conduct defines the Group's commitments in terms of ethics and business practices. Every employee of the Group has been required to fully adhere to it and constantly refer to it. This Code of Conduct defines the commitment for which Flash stands, particularly with regard to respect for national and international labor conventions, for staff fundamental rights and health and safety.

#### ■ **Training, career and talent management**

All the Group's employees are trained to corporate standards and tools through the Group's e-learning platform GeniusAcademy. It's accessible at any time and from any location. Employees can conduct online training on diverse topics such as Flash transport management system, the AEO status, business tools, applications deployed by the Group, supplier management, CSR and customer complaint management. Employees are advised to take time during their working hours to complete those trainings. 5060 online trainings have been completed by Flash's employees in 2017, which represents approximately 1900 training hours. On top on online training, the Flash HR department organizes individual trainings based on request from managers. The topics of these trainings mostly cover security, job training, project management, on-boarding and language classes.

To train the Group's employees on Flash CSR objectives, Flash created a CSR training and awareness program on the Group's e-learning platform. The aim of this training program is to contribute to a better understanding of the subject by the employees and to raise their awareness on CSR topics by:

- ✓ Defining the concept of Corporate Social Responsibility (CSR)
- ✓ Presenting the Group CSR approach, commitments & latest initiatives
- ✓ Encouraging employees to adopt an eco-friendly behaviour and promoting acceptance of diversity at work
- ✓ Explaining what corruption is and what the risks for the Group and its employees are



Flash attaches particular importance to the respect of equal opportunities within the Group and gives each employee the opportunity to develop through training, temporary assignments in other subsidiaries or participation in transversal projects. In this context, the group strongly encourages internal mobility at the vertical, horizontal and geographical levels and offers its employees diversified career paths across the Group. Flash considers the internal mobility of its employees as a strategic issue. Indeed, internal mobility constitute an excellent way of retaining, motivating and developing quality staff. The Group has many successful examples of internal mobility, enabling the employees concerned to gain skills, take upper management positions or make progress in languages. In 2017, we had 17 internal mobilities within the Group, 4 of which enabled the employees concerned to move to management positions.

As far as possible, Flash encourages internal recruitment rather than external one. In order to favor internal mobility, we recently launched a monthly internal newsletter for internal vacancies. It gives our employees insight on their possible career path and what positions they could apply to.

As talent management is considered as essential for the Group, Flash decided to create in September 2017, the role of Group Recruitment & Talent Manager. This person plays a key role in the Group's growth and is responsible for designing and deploying the Group's talent recruitment and attraction strategy.

#### ■ Promotion of diversity and equal opportunities

In its Code of Conduct Flash requires from its employees not to engage in any act of discrimination. In addition, as an international player, diversity management is a key topic for Flash, as mentioned in the Group's core values, "the Group believes in cultural diversity as an enrichment". In fact, Flash promotes cultural diversity. As a proof: 6 nationalities are represented within the EXCOM and 25 culturally and linguistically diverse communities are represented in the Group. The management is convinced that the success of the Group's international expansion is due to the adaptation of the business to local cultures.

The Group treats equally women and men during the recruitment process. Job offers are open to women and men, and the criteria for selecting candidates are based solely on their skills and qualifications.

The percentage of women in the total workforce of is 11 % higher than the sector average (*source: Eurostat 2017*). Women are represented in different management positions within the Group (Country Manager, Credit Manager, HR Manager, Group Recruitment & Talent Manager, etc.). The Group ensures that organized training activities benefit both men and women. The elements of vocational assessment and career guidance are identical for women and men. They result from the recognition of the skills, experience, performance and quality of each employee's work. The Group applies the principle of equal pay for the same position between men and women. The periods of absence of employees for maternity leave, adoption leave or parental leave have no impact on the evolution of the employees' remuneration.

In February 2017, a woman joined the Group's Executive Committee as a result of the Cross Mentoring Program organized by Eurazeo, one of the Group's shareholders. The mentees and mentors of the Eurazeo Cross-Mentoring program are all management team members and deputy executive committee members. Initiated as part of Eurazeo Pluriels, the Eurazeo network devoted to promoting diversity, the program seeks to introduce male-female mentor/mentee pairings as much as possible.

The Group has an employment policy open to employees with disabilities. Flash strives to apply equal treatment to disabled workers within the Group. We currently have 3 disabled workers in the Group, 2 of whom hold positions of responsibility. One of them has a special purpose vehicle.

### ■ **Work environment, health and safety of employees**

The Group guarantees to all its employees a working environment with good conditions of safety, hygiene and health for each of them.

Flash pays particular attention to the working conditions of its employees and seeks to create a healthy and stimulating work environment for them. As proof, Flash chose "The Contern Campus" to establish its Luxembourg agency. The Contern Campus offers particularly attractive working conditions for site employees such as:

- Free access to a fitness room
- catering facilities on the Campus
- bicycle parking
- defibrillator and a first aid kits in each building
- charging stations for electric vehicles powered by solar panels,
- The Contern Campus benefits from an interior ecosystem, which guarantees to its occupants a clean and healthy environment and an air as pure as in the forest,
- The Contern Campus buildings are BREEAM certified (Building Research Establishment Environmental Assessment Method) at the Excellent level attesting to the very good energy performance of the building, but also efforts made to maximize health, well-being, comfort and safety of users.

In France, a program of compliance of premises and working conditions within the agencies is underway, under the responsibility of Safety and Security Manager.

In 2018, Maastricht office, which is the Group biggest agency, will move into a high energy performance building, equipped with solar panels and configured in order to improve employees well-being and foster interactions among staff.

### ■ **Dialogue with Group's employees**

Attracting and retaining talented employees is a priority for the Group. In this context, communication with current and potential employees is an important issue for the Group.

The main communication channels to employees are:

- The Group intranet
- Internal newsletters
- Google + Communities
- Action team building
- Direct communications from managers
- Social networks like twitter and linkedIn.

The internal Newsletter allows Flash to foster the unity of the group, sharing business news but also news about the employees, what has been going on in the group. As the group works in many different locations, the newsletter presents the work of other teams to make sure everyone feels part of the group and has a voice.

Flash realizes every year, with an independent organization, satisfaction surveys for its employees in order to know their satisfaction level, their expectations, their opinion on ongoing projects and ideas of improvement. Every year, an analysis of the results is carried out and an improvement plan is defined and followed. Employee satisfaction has increased by 0.5 percentage points between 2016 and 2017.



## Environment

According to the European Commission, the transports industry is responsible for almost a quarter of Europe's greenhouse gas emissions. Flash is aware that transport sector is a major contributor to climate change (GHG emissions). Therefore, Flash decided to place respect of the environment at the heart of its strategy in order to minimize its environmental footprint and to take concrete measures to respond to this major concern.

The logistic market is highly competitive. Therefore, Flash focused on solutions that would improve our competitiveness while reducing our greenhouses gas emissions.

The Group defined two priority areas for action, that were both intended to reduce its carbon emissions while also improving its efficiency:

- Reduction of dead mileage
- Increase of co-loading

Transport optimization is particularly challenging for Flash because it deals with on demand deliveries where most shipments are urgent in order to avoid any interruption in the production line. Optimizing transports where time is of critical value is not the same as optimizing regular transports with fixed quantities at fixed times. For this reason, it requires good planning, cooperation, quality management and innovation. To overcome this challenge, Flash continuously improve its digital tools to offer a better support for its operational team.

Flash's goal for the coming year is to further increase the percentage of co-loading to keep reducing its carbon footprint. To go green is a long term commitment. Flash is working on it and will keep looking for sustainable solutions for growth in the coming years.

### ■ Flash's environmental footprint measure

Flash calculated in 2017 its carbon footprint on the basis of the figures for 2016, in order to measure and control the main sources of greenhouse gas emissions resulting from its activity.

The key results of this study are the following:

- The execution of organized expedites per Flash has been identified as the main source of GHG emissions (scope 3).
- Scope 3 represents more than 99% of Flash's emissions.
- Road activities are accountable for approximately 97% of those emissions. The emissions generated by upstream activities (business travels, employees commuting, capital goods, ...) have comparatively a negligible impact (<1%).

The results of this assessment supported the Group's action plan for 2020.

Flash is currently working on the build up of a measurement system of GHG emissions linked to its activity in order to ensure a regular follow up of the defined KPIs.

## ■ Lean & Green 1st Star award



Flash is committed to environmental issues. As a proof, Flash has been awarded in October 2015 with the 1st Lean & Green Star award. This certification attests that the Group reduced its CO2 emission by 20% for all its road related activities, over a consecutive period of 5 years. CO2 performance figures have been validated by an external third party.

### ✓ What is the Lean & Green program?

The Lean & Green program was launched by an independent network of companies and authorities that promotes the improvement of sustainable mobility in the first instance the Netherlands at the time of starting this initiative.

### ✓ Why Flash decided to qualify for this program?

- **High profile of the program:** Lean & Green has a significant reputation in Europe and more and more countries are covered and committed their participation to the initiative
- **Targeted CO2 emissions reduction:** The Lean & Green Program enable to Flash to act in a targeted manner and on a continuous relative basis on the most important CO2 emissions source for the Group: CO2 emissions generated by the transport it organizes for its customers. This program is interesting as it fully embraces the role of our carriers in the carbon footprint by reducing their fuel consumptions.

### ✓ What is Flash action plan?

In order to achieve the targeted CO2 emissions reduction, Flash issued a detailed action plan which consists in following these main measures:

- to encourage our carriers to use cleaner & lower consumption engines and new equipments
- to optimise the use of drivers' empty returns capacity
- to combine shipments through additional loading and cross-docking

### ✓ Next step...

Flash has for objective to achieve an additional 20% relative CO2 reduction in order to qualify for the Lean & Green 2<sup>nd</sup> Star by 2020 at the latest.

## ■ Optimization and reduction of empty mileage thanks to innovative and digital new solutions

### ✓ Development & improvement of optimization tools

In order to minimize its environmental impact without compromising the effectiveness and the quality of its services, Flash developed applications and solutions such as neural algorithms in order to facilitate the optimization of transport planning and the reduction of empty mileage. These applications and tools are improved continuously on basis of feedbacks, experiences, technological advances.

### ✓ Creation of an optimization center

A dedicated unit to the optimization of transport and co-loading has been created in 2017 by the Business Unit Automotive & Industry. The optimization center task it to maximize the group's efforts in terms of transport optimization by finding synergies between shipments and optimize it by using Flash's tracking application algorithms.

## ■ Easy2Go electric car program

In order to lower the impact of its activities on the environment and on society, the Group looked for alternatives to the use of vehicles with combustion engines.

Easy2Go, Group's startup specialized in urban logistics solutions, launched in France in September 2017 a milkrun delivery program based on full electric vehicles. The main goal of this project is to be able to offer a more qualitative and sustainable service. Indeed, in France, given the origin of the electricity mix, the carbon footprint of electric vehicles is lower than that of thermal engines. In addition, the use of electric vehicles also allows Easy2Go to have a positive impact on society, since they do not generate noise pollution (silent engine) and reduce air pollution in cities where vehicles are used. Finally, given its urban delivery activity and the context of regulatory strengthening in terms of air and noise pollution in France, this allows Easy2Go not to be subject to traffic restrictions and to access to areas where thermal vehicles are not allowed.

Actually, Easy2Go employs 10 electric vehicles and is willing to develop quickly this activity by creating new partnerships with environmentally friendly carriers. From September to December 2017, 9 tCO<sub>2</sub>e has been saved as compared to an equivalent combustion vehicles fleet.

## ■ Actions taken to improve energy efficiency and increase the use of renewable energy

Since June 2015, the offices of Flash Luxembourg entity are located on Campus Contern, which offers the following advantages:

- BREEAM (Building Research Establishment Environmental Assessment Method) Excellent certification (Comfort of residents + building & ecofriendly materials)
- a purifying indoor ecosystem (180 invisible trees) that ensures a clean and healthy environment inside buildings
- charging stations for electric vehicles powered by solar panels

In 2018, Maastricht office will move into a high energy performance building, equipped with solar panels.

The choice of these premises was motivated by the Management's desire to improve working conditions of the employees, but also to choose energy-efficient buildings.

#### ■ Measures taken for Green IT

Flash chose a green hosting provider, committed to reduce energy consumption in its data centers. For the renewal of the Group's computers, which are the main working tool of the Flash employees in view of our activity, Flash take into account environmental selection criteria in the choice of IT material and exclusively buy computers from manufacturers which pay particular attention to the protection of the environment. IT equipment purchased by the Group as well as the multifunction copiers used have the "Energy Star" label.

#### ■ Actions towards our employees

Through the Group Code of Conduct, all the Group's employees are asked to act in an environmentally responsible manner in their work activities they perform for Flash by:

- adopting an eco-friendly behaviour
- limiting the number of business trips - Flash encourages the use of high technologies and provides to its employees states of the art communication tools.
- choosing the most eco-friendly mode of transport for business trips that can not be avoided.

In 2017, Flash developed on the Group's e-learning platform GeniusAcademy a training program dedicated to CSR and the fight against corruption. This training program, which is mandatory for all employees, includes an "Eco-friendly behaviors module" where we encourage our employees to promote the use of public transport, cycling, walking, or carpooling for commuting. Other topics covered by this training program are the awareness to environmental issues linked with Flash activity, the limitation of business trips and eco-friendly behavior at work.

The Group car policy for company cars has been improved in 2017 by supporting clean and energy-efficient vehicles. In addition, a limit in terms of CO2 emissions has been set. Flash objective is to reduce the number of vehicles emitting more than the fixed limit in 3 years when the fleet of company car vehicles will be completely renewed. Since the roll out of this new car policy, the percentage of hybrid company car has increased.

Other initiatives have been undertaken by Flash for the waste management, such as:

- the donation of office furniture and computer equipment that are no longer used to associations, to schools or to the Group employees to avoid throwing them,
- the installation in the Group's main agencies of a water filtration solution to reduce the use of plastic water bottles,
- the recycling of used cartridges in France and in Luxembourg.

Moreover, the Group's Code of Conduct and on-line CSR training program requires Group's employees to sort waste, recycle electrical equipment and batteries.



## Anti-corruption

The Group Management believes that opposing any kind of corruption and maintaining a high level of business ethics is essential to the sustainable growth of the Group.

### ■ Business Ethics Statement

The Group has formalized a business ethics statement, signed by Excom members and that is applied in all subsidiaries. Trust, transparency, and honesty are the core of the Business Ethics of Flash.

### ■ Implementation of a Code of Conduct for Employees

At Flash we commit to work in compliance with the law and in accordance to our own Code of Conduct. Flash Code of Conduct mainly focuses on the following topics: gifts given and received, conflict of interests, relationships with suppliers, and the prevention of money laundering, fight against corruption.

### ■ Implementation of a reporting procedure

In case of doubts concerning a potential violation of the Code of Conduct, in case of fraud or corruption risk, each employee is asked to consult his or her immediate supervisor or the CSR Department to discuss the matter.

### ■ Dedicated e-learning module to the fight against corruption

In order to raised awareness of the Group's employees on anti-corruption issues, Flash developed a training module on the Group's e-learning platform, GeniusAcademy. The objective of this module is to explain what corruption is and what the risks for the Group and its employees are. This module refers in particular to Transparency International's Corruption Perception Index for evaluating corruption risk in business dealings per country. A special focus on the French anti-corruption law Sapin II is made. This module includes case studies and a quiz in order to ensure the good comprehension by the trainee.