



FM Logistic Communication on Progress

June 2018- September 2019



01.

Renewal letter of commitment

FM Logistic renews its commitment on all 10 UN Global Compact principles

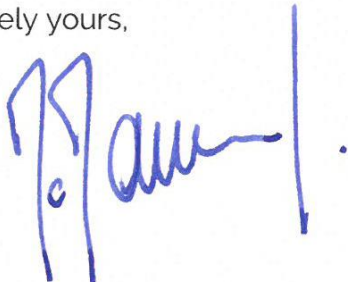
Tuesday, 10th of September 2019

Dear Mr. Secretary-General,

Since 2018, FM Logistic has been a signatory to the United Nations Global Compact and thus is committed to implement and promote its ten principles in the areas of Human Rights, Labour, Environment and Anti-Corruption. As Chief Executive Officer of FM Logistic, I am proud to renew this commitment, which reflects the Group's values and commitments to sustainable development.

We acknowledge that one of the key requirements to be part of the United Nations Global Compact is the yearly submission of a Communication on Progress (COP) that describes our company's efforts to implement the 10 principles and we will continue to report it in a public manner.

Sincerely yours,



Mr. Jean-Christophe Machet
CEO FM Logistic

A decorative graphic consisting of several 3D cubes arranged in a staggered, overlapping pattern. The cubes are rendered with white outlines and some are filled with a dark blue color, while others are white. They are positioned horizontally across the middle of the page, partially overlapping the blue diagonal background.

02. Introduction

Company presentation

Established in France in 1967, FM Logistic has grown to become a leading international player in supply chain services (warehousing and handling, transport, co-packing). Independent and family-owned business, the Group is an expert in the consumer goods, distribution, cosmetics and beauty, industrial and healthcare sectors. Operating in three continents and five major regions, FM Logistic employs 27,200 people and posted revenues of €1.3 billion during the 2018-19 fiscal year, of which 61% abroad. Known for its high-performance solutions, in particular in omni-channel logistics, FM Logistic remains focused on its commitments: achieving sustainable growth and investing in innovation to better serve its customers.

FM Logistic Sustainable Development programme

Our sustainable development programme was collaboratively designed in 2017-2018 and officially launched by our CEO last June 2018 in all countries.

The FM Logistic Group's Sustainable Development Program "Creating sustainable ecosystems together" is structured in 3 major pillars and 8 priorities:

Take care of our people

- Ensure fair and safe working conditions
- Develop people skills
- Create a collaborative culture

Improve the environmental footprint of our activities

- Target neutral impact of logistic activities
- Contribute to limit negative impact of transportation

Develop sustainable supply chain services

- Help our customers to make their supply chain more sustainable
- Share our SD principles with suppliers
- Support sustainable innovation thanks to our collaboration with partners



03.

Human Rights Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses.

Founded more than 50 years ago, FM Logistic is a private independent Group whose history has been shaped by the values of its founders: the respect for others, keeping one's promises, entrepreneurship, teamwork, performance and enthusiasm. The company has become a major international logistics provider with activities in 14 countries and 27,200 collaborators. In this context, the growth and long term success of FM Logistic rely upon the sharing of a common corporate culture and business ethics principles that must guide the actions of all men and women of the company.

5 main actions contribute to guarantee and support the respect of human rights in our company:

- In 2018-2019, in declination of our 3 values, the Group HR department has designed and spread **FM way, the behavioural competency model** to transmit and bring to life a distinctive work culture. 7 core competencies are highlighted in this model, they illustrate the key behaviours that we want to live and encourage in our relations with our colleagues and partners. Those skills will be taken into account in recruitment, training processes, as well as in day to day actions, A ambitious communication has been implemented in order to spread FM Way to all employees.
- Since 2017, FM Logistic complied with the demand of the **Duty of Vigilance French Law** (Law N ° 2017-399 of March 27th, 2017). Large companies, subject to the law, must establish mechanisms to prevent human rights violations and environmental impacts and promote health and safety programs throughout their chain of production. These mechanisms are reported as part of a "vigilance plan." In 2018, FM Logistic performed a mapping of its risks along its value chain and its actions to prevent them. This Vigilance Plan was published in the company's management report.
- In 2018, the company formalized its rules of business ethics through **an Ethics Charter**. FM Group states its commitment to comply with the principles of the Universal Declaration of Human Rights of 1948, and the second article of this charter is directly related to the compliance with labour and human rights legislations. Each employee is responsible for acting in accordance with the rules set out in this charter of ethics. The charter was spread to all collaborators and must be signed by all new incomers. An ethics committee is in charge of monitoring any breaches reported. This alert system is open to all staff and external stakeholders.
- In 2018, FM Logistic focused on **Health and Safety at work**, with the definition and implementation of the Group Health and Safety commitments. As part of the Sustainable Development strategy, the company recruited a health &

well-being at work specialist whose objective will be to work with all countries of operation on improving working conditions. The company obtained the ISO 45001 certification for all its 30 French sites in early 2019, becoming the first logistic provider fully certified.

- FM Logistic is also committed to the **professional insertion** of people in need through the FM Foundation activities. The logistics sector has jobs to offer and everyone is given a chance. Despite this, in many countries the unemployment rate remains high in the under-25 age bracket. FM Foundation seeks to bridge the gap between these young people, particularly those from underprivileged backgrounds, and the professional world. This goal is achieved through training and mentoring.



04.

**Labour
principles**

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 labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Because economic and social performance go hand in hand, FM Logistic makes the integration of its employees, their well-being and their skills development the cornerstone of its strategy. The respect of labour principles was supported this year by the following actions:

- The design and spreading of **the new ethics charter** (described in the previous chapter).
 - The first article is about the *promotion of diversity and fight against discrimination*. Decisions related to recruitment, promotion, training and compensation are based on skills, performance and attitude. FM Group prohibits any kind of discrimination, whether based on gender, age, family situation, origin, sexual orientation, physical fitness or membership of any political, religious or trade union organization. In addition, FM Logistic has a policy of proactively **integrating disabled employees** with a stable commitment going beyond the legal threshold: about 6.5% of staff in France, and an internal structure dedicated to facilitate the recruitment and inclusion of people with disabilities (FMEA : "Entreprise Adaptée" in French).
 - The second article is related to the *compliance with labour regulations*. In this charter, the company undertakes not to use forced or undeclared labour or to refuse or stop immediately to work with providers or suppliers that may be employing people who are working under threat or coercion.
 - It also mentions that the company *refuses the employment of minors*. It undertakes to comply with the minimum age limit applicable in all the countries where it operates. In all cases, this minimum age may never be under 16 years and 18 years for hazardous or particularly difficult work.
 - The fourth article is about the *freedom of association and collective representation rights*.

In order to reinforce the appropriation of these rules in our management rules an e-learning about the ethics charter is being developed.

- One of FM Logistic main priorities in terms of sustainable development is to develop **collective intelligence** within teams. One condition for such development is to provide **collaborative tools**: In 2018, FM Logistic has continued the digital transformation of its HR and internal communication tools, aiming to increase the ability of employees to exchange information and encourage transparency in processes. The deployment of Google Suite in the spring of 2018, the creation of the new intranet and the start, in

December 2018, of the HR IT collaborative tool, under the PEPS program, are three examples of it. PEPS (People empowerment solutions) is a digital HR suite aiming to facilitate and streamline the whole HR process for employees and managers. Available in almost every country, this tool allows each employee to access their personal information in real time and to become autonomous on many HR processes.

- In addition to these tools, FM Logistic top management **empower employees in the company's strategy** with the organization every year of "a Management Day" in every country to inform and share about the current strategy. The CEO and some Executive Committee members directly present information about the results and the vision for the years to come.



05.

**Environmental
principles**

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Our Sustainable Development Program was built collaboratively in 2017-2018 and officially launched by our CEO in June 2018 in all countries. Since then, the company has implemented the following actions:

- The **creation of a dedicated organization** on environmental topics at Group level, in charge of the monitoring and achievement of the 2022 Group objectives. This organization supports countries in the design of their local roadmap with specific environmental objectives contributing to the Group targets. 2018-2019 was also the year of reinforced collaboration with NG Concept (the FM Group subsidiary that builds the platforms) on the roadmaps for eco-designed warehouses and renewable energies, as well as with maintenance network in order to foster energy efficiency. At local level, countries extended the implementation of environmental management systems with the ISO 14 001 in 8 countries.
- The **design and implementation of measurement tools** both for warehousing and transportation. In June 2019, the Group announced a partnership with the Fraunhofer Institute in order to test a new tool called REff to measure Greenhouse Gas (GHG) emissions of logistics facilities, such as warehouses and distribution centres. For transportation, FM Logistic has become member of the GLEC (Global Logistics Emissions Council) framework in order to adopt an international standard to report its worldwide emissions. One of the major achievements this year is the capacity of FM Logistic to provide to their customers their own logistics-related carbon footprint.
- **Regarding warehouses**, FM Logistic and its sister company NG concept announced their adhesion to the Charter for energy efficiency in the public and private tertiary buildings, which is sponsored by the French government. One of the key commitments of both companies is that all new FM Logistic buildings aim for HQE™ (*Haute Qualité Environnementale* = High Quality Environmental standard), or LEED(r) (Leadership in Energy and Environmental Design) certification. 11 warehouses, representing over 733,000m² of warehouses, are already certified. One other objective is the development of renewable energy on warehouses: 1,500m² of solar panels were installed on the french sites of Escrennes and L'Herbergement this year.
- In order to **reduce FM Logistic impacts on transportation**, the Group is relying on 3 main lever:
 - The *mutualization of transportation* between different customers in order to reduce the numbers of trucks. FM Logistic operates for

instance the largest pool in Europe, which is a solution that brings together the logistic and transport processes of several manufacturers. The company has also started in 2019 a research and development project, financed by the ADEME (the French Agency for the Environment and Energy Management) in order to develop sensors to analyse the volumic fulfillment rate of trailers.

- The *development of Citylogin*, the green solution for urban logistics, which is undergoing a strong expansion. In 2018, the company increased its fleet of Citylogin vehicles after signing new contracts with a number of major players in e-commerce. More than 500 zero-or low-emission vehicles now support this city center delivery service available in places including Rome, Paris, Madrid, Moscow, Warsaw and Milan.
 - The *test of alternative energies with our subcontractors*: like in China, where the company is testing deliveries with hydrogen trucks or in Spain and Russia with gas trucks.
- FM Logistic is a leader in the co-packing and co-manufacturing industry. Taking into account the **rising concern about the environment in packaging sector**, the Group has designed a new offer named "Lean Design and Copack". This solution aims at supporting the clients in the design of their co packing solution. This support allows FM Logistic to proactively advice on options to reduce the environmental footprint of a product's logistics, to increase its recyclability, to rethink plastics use, and to eliminate dangerous substances, while still promoting social inclusion (employees).
 - Finally, FM Logistic has a responsibility to **raise awareness about sustainable development stakes in logistics** and especially among future generations of collaborators. In 2019, FM Logistic organized a challenge among students, who proposed innovations to invent the supply chain of tomorrow. Sustainable development was the topic of this edition who gathered more than 600 participants worldwide.



06.

**Anti-corruption
principle**

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

As mentioned earlier, the company's rules of business ethics were formalized in the **ethics charter in 2018**. The article n°13 of this charter is dedicated to the prevention of and fight against corruption. The charter is available on both the intranet and internet website of the company. A whistle-blowing mechanism has been put in place for any question or communication of any breaches in the ethical principles.

In accordance to Sapin II, the French anti-corruption law addressing transparency, anti-corruption and economic modernization, this charter has been completed by a dedicated **anti-corruption code of conducts**. This document has been communicated to executives, managers, employees, customers, suppliers and partners of the Group.



07.

Measurements

FM Logistic will publish this year its first sustainable development impacts report. This report will be available in October 2019 on FM Logistic website.

Please find below the main indicators related to the 10 principles of the UN Global Compact:

| Global Compact principles | 2018-2019 Indicators |
|----------------------------------|---|
| Human Rights | <ul style="list-style-type: none"> • 0 legal proceeding related to human rights issues • 0 breaches reported to the ethical committee related to human rights issues • 100% of new incomers receiving the ethics charter • 896 days of skills sponsorship for FM Foundation projects • 329 beneficiaries |
| Labour | <ul style="list-style-type: none"> • 27,200 employees • + 2,300 new employees (net creation) • 100% of new incomers receiving the ethics charter • 6,5% of disabled employees in FM France • 59% men and 41% women • 500 workplace injuries |
| Environment | <ul style="list-style-type: none"> • 63 000 tonnes of CO2 equivalent on scope 1 & 2 • 576 000 tonnes of CO2 equivalent on scope 3 • 130 M tonnes of PM • 50% of flows Euro 5, 6 and clean energies • -4% of energy consumption since 2017 - 2018 (like for like basis, on all scopes) |
| Anti-Corruption | <ul style="list-style-type: none"> • 0 legal proceeding related to anti-corruption issues • 0 breaches reported to the ethical committee related to anti-corruption issues |