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LEGAL AUDIT REPORT
LAW ON THE DUTY OF VIGILANCE

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Summary

- 1. Kuehne + Nagel Participations SARL is required to establish and effectively implement a vigilance plan relating to its activity and the activity of all its subsidiaries.**
- 2. The vigilance plan has been developed with diligence on the part of each of the stakeholders.**
- 3. Risk mapping, regular procedures to evaluate the situation of subsidiaries, subcontractors of suppliers as well as appropriate actions to mitigate risks or prevent serious violations will be carried out in association with the stakeholders of the company.**
- 4. The alert and report collection mechanism will be published on the public website of Kuehne + Nagel France.**
- 5. The monitoring of the measures implemented and the evaluation of their effectiveness will be put on the Executive Board's agenda by Jean-Luc Ripert, Compliance Officer, at least once a year.**
- 6. The vigilance plan and report on its effective implementation (Appendix 4) will be made public and included in the management report of Kuehne + Nagel Participations SARL.**
- 7. To ensure that the company complies with these obligations, it will be necessary to check if a Decree of the Conseil d'État, specifying the measures of vigilance, has been adopted.**

Section 1 Reminder of the legal obligations

Law No. 2017-399 of March 27, 2017 *relating to the duty of vigilance of parent companies and contracting companies* (hereinafter “**the Law**”) is an extension of companies’ obligations in the field of corporate social responsibility (CSR).

The Law requires that a vigilance plan be established and effectively implemented.

This plan includes specific measures of reasonable vigilance to identify risks and prevent serious violations of:

- (i) human rights and fundamental freedoms,
 - (ii) the health and safety of individuals,
 - (iii) the environment,
- resulting from
- (a) the activities of the company and those of the companies it controls, directly or indirectly.
 - (b) the activities of subcontractors or suppliers with which an established commercial relationship is maintained, when these activities are attached to this relationship.

The vigilance plan and report on its effective implementation are made public and included in the company’s management report.

The vigilance plan includes the five following measures:

- (i) risk mapping to identify, analyse and prioritise the risks;
- (ii) procedures for the regular evaluation of the situation of the subsidiaries, subcontractors or suppliers with which an established commercial relationship is maintained, in view of the risk mapping;
- (iii) appropriate actions to mitigate risks or prevent serious violations;
- (iv) an alert mechanism for the collection of reports relating to the existence or realisation of risks, established in consultation with the representative trade union organisations in the company;
- (v) a mechanism for monitoring the measures implemented and the evaluation of their effectiveness.

The Law provides that a Decree of the Conseil d’État may supplement the measures of vigilance and specify the procedures for the development and implementation of the vigilance plan. No Decree has been adopted for the moment.

When a company which has been given formal notice to put in place a vigilance plan that meets the requirements of the Law fails to do so within a period of 3 months, the competent court may, at the request of any person with an interest to act, instruct it, if necessary subject to a fine, to comply with these requirements.

The President of the Court, acting in chambers, can be seized for the same purposes.

Section 2 Method

This report has been developed according to the following method (for details of the interviews, see Appendix 2):

- (i) review of the interview guide by Kuehne + Nagel (Appendix 1),
- (ii) two interviews with corporate officers of the company,
During these interviews, we made proposals for the implementation of additional procedures, discussed these proposals with Kuehne + Nagel and adapted these proposals.
- (iii) preparation of a draft annual report of the company relating to the vigilance plan,
- (iv) proposal for a vigilance plan in the form of a table incorporating concrete proposals for its implementation, and
- (v) review and finalisation of the report.

The plan is intended to be developed in association with the company's stakeholders.

The alert mechanism must be established in consultation with the representative trade union organisations in the company.

The purpose of report is to ensure that Kuehne + Nagel France complies with these legal provisions relying on the existing procedures and changing them as needed.

Timetable

The vigilance plan must be implemented as of 2017. By way of derogation, the obligation to publish the plan and report on its implementation applies for the annual report relating to financial year 2018¹.

Our mission began in late February 2018 and ended on June 30, 2018.

¹ Article 4 of the Law

Section 3 Companies concerned

Companies subject to the establishment of a vigilance plan

The Law applies to any company which employs, at the close of two consecutive financial years:

- (a) *“at least 5,000 employees within the company and in its direct or indirect subsidiaries whose registered office is located on the French territory;*
- (b) *or at least 10,000 employees within the company and in its direct or indirect subsidiaries whose registered office is located on the French territory or abroad.”*

The controlled companies or subsidiaries which exceed the thresholds referred to in the first paragraph are deemed to meet the obligations laid down in this Article when the company that controls them establishes and implements a vigilance plan relating to the activity of the company and of all the subsidiaries or companies it controls.

Kuehne + Nagel Participations SARL is the parent holding company of 6 subsidiaries: Alloin Holding SAS, Kuehne + Nagel Solutions SASU, Kuehne + Nagel Insitu SASU, Kuehne + Nagel SAS, Kuehne & Nagel SAS Morocco and Kuehne + Nagel Investments SL Spain (Appendix 7).

According to the documentation made available to us, Kuehne + Nagel Participations SARL and its subsidiaries have more than 10,000 employees on the French territory and abroad and Kuehne + Nagel SAS (subsidiary of Kuehne + Nagel Participations SARL) has at least 5,000 employees on the French territory.

Consequently, the two companies would have the obligation to establish a vigilance plan.

However, to the extent that Kuehne + Nagel Participations SARL establishes a vigilance plan concerning its activity and that of all its subsidiaries, Kuehne + Nagel SAS is exempted from this obligation.

Companies covered by the vigilance plan

The vigilance plan must focus on *“the activities of the company and those of the companies it controls within the meaning of II of Article L.233-16, directly or indirectly, as well as the activities of subcontractors or suppliers with which an established commercial relationship is maintained, when these activities are attached to this relationship.”*

- The controlled companies

We understand from our exchanges of March 29, 2018 that Kuehne + Nagel Participations SARL exercises no control within the meaning of II of Article L. 233-16 of the Commercial Code over Kuehne + Nagel Investment SL (holding the operational companies of Kuehne + Nagel in Spain, Italy, Portugal and Malta).

In contrast, the other companies, listed in Appendix 7 and held by Kuehne + Nagel Participations SARL, must be included in the vigilance plan.

- The subcontractors and suppliers

The vigilance plan must include the activities of subcontractors or suppliers with which an established commercial relationship is maintained, when these activities are attached to this relationship.

In our opinion, at this stage and unless the administration and doctrine take a contrary position, the concept of established commercial relationship covers the subcontractors and suppliers with which Kuehne + Nagel maintains a repeated commercial relationship and should not include second-tier subcontractors and suppliers, in particular to the extent where they are not known by Kuehne + Nagel.

The concept of established commercial relationship is already used by Articles L.420-2 and L.442-6 of the Commercial Code and is characterised by its regularity, significant character and stability².

² The Government, in its observations on the law on the duty of vigilance of parent companies and contracting undertakings specifies that *“The concept of established commercial relationship is already used by Articles L.420-2 and L.442-6 of the Commercial Code and is characterised by its regularity, significant character and stability”*. In addition, reference is made to the judgement of the Court of Cassation (Court of Cassation, Commercial Division, September 15, 2009, No. 08-19200, Bull. IV, No. 110), in which it was held that *“the qualification of an established commercial relationship within the meaning of Article L.442 6 I 5° of the Commercial Code is not conditioned by the existence of a permanent and continuous exchange between the parties and a succession of one-off contracts may be sufficient to characterise an established commercial relationship”*. Doctrine notes that these commercial relations *“extend beyond simple contractual relations and cover all forms of business relationships, whether or not the subject of a written contract.”*

Section 4 Whistleblower

The Law imposes an alert mechanism for the collection of reports relating to the existence or realisation of risks, established in consultation with the representative trade union organisations of the company.

Definition of stakeholders for the development of the alert mechanism

The first step for the establishment of the alert mechanism is the definition of the stakeholders for the development of the alert mechanism.

The Law specifies that the alert mechanism is established in consultation with the representative trade union organisations of the company.

In the light of its activities and its risks, Kuehne + Nagel has chosen to include representative and credible stakeholders in the development process³.

Kuehne + Nagel has decided to favour the feedback of information via an online form available on the Kuehne + Nagel website and accessible by any interested party.

Articulation between the general alert mechanism and the alert mechanism provided for by the Law

It is up to each company to determine the legal instrument best able to respond to the obligation to establish an alert mechanism. In its recommendations, the French Anti-corruption Agency states that it is possible to put in place a single alert mechanism.

The Law does not provide any more details on the implementation of this alert mechanism.

Since the alert mechanism put in place within the framework of the Sapin II Law (Expolink) is only open to the company's employees, Kuehne + Nagel has decided to create another alert mechanism.

Therefore, an online form as well as a presentation of the alert mechanism will be published on the Kuehne + Nagel France public website.

Chapter 2 (Articles 8 to 16) of Law No. 2016-691 of December 9, 2016 on *transparency, the fight against corruption and the modernisation of economic life* and Decree No. 2017-564 of April 19, 2017 on *procedures for the collection of reports issued by whistleblowers within public law or private law legal entities or State administrations*, in that they give a general status of protection to the whistleblower, are applicable.

The areas covered by the alert mechanism

Reports may focus on the existence or the materialisation of risks relating to serious violations of:

- (i) human rights and fundamental freedoms,
- (ii) the health and safety of individuals, as well as
- (iii) the environment, resulting from the activities of the company and all of the subsidiaries or companies it controls.

The Law does not determine of reference texts to which companies will have to refer, in order to take account of the evolving nature of these concepts.

³ International Organization for Standardization, ISO 26000 Art 5.3.2 "All organisations are advised to control the representativeness and credibility of the groups who claim to speak on behalf of specific stakeholders or defend specific causes."

The Constitutional Council notes the *“broad and indeterminate character of the mention of human rights and fundamental freedoms”*⁴.

The Parliamentary works indicate that it is appropriate to refer to the *“international commitments entered into by France in the matter which appear, in effect, sufficiently detailed and complete”*⁵. The Government adds that *“a significant number of firms within the 150 companies concerned already identify and deal with these risks within the framework of procedures related to the corporate responsibility of companies, based on guidelines and standards from international institutions such as the guiding principles of the OECD”*⁶.

The report procedure

The procedure must comply with the provisions laid down by Decree no. 2017-564 of April 19, 2017 on *the procedures for the collection of alerts issued by whistleblowers in public or private law entities or State administrations*.

This concerns in particular the terms of formalisation of the report by the whistleblower and those put in place by the organisation in charge of dealing with the report (the referent), to notify the receipt and processing of the report and guarantee confidentiality.

The whistleblower

The whistleblower is a physical person (and in no case a legal person).

He must have personal knowledge of the facts (which precludes speculation and hearsay). He must also be disinterested and act⁷ in good faith.

Protection of the whistleblower

The protection granted to the whistleblower is defined by the Sapin II Law⁸.

The whistleblower is protected against possible criminal liability for breach of a secret protected by law. This may include the violation of professional secrecy, the secrecy of correspondence or even trade secrets.

However, this exemption from criminal liability is guaranteed only to the extent that the disclosures materialising the breach of secrecy are necessary and proportionate to safeguard the interests concerned by the alert.

In addition, the whistleblower's exemption from criminal liability may not apply in the event of a violation of national defence secrecy, medical secrecy or the secrecy of the relationship between a lawyer and his client. Therefore, the whistleblower may in no case issue alerts on matters falling under national defence secrecy, medical secrecy or the secrecy of the relationship between a lawyer and the company.

Within the framework of his working relationship, the whistleblower is protected against any discrimination that may be linked to the issuance of an alert.

⁴ Decision No. 2017-750 DC of March 23, 2017

⁵ National Assembly Report No. 4242 by Mr. Dominique Potier

⁶ Government's comments on the Law

⁷ This condition is only applicable in France.

⁸ Articles 6 to 16 of Law No. 2016-1691 of December 9, 2016 on *transparency, the fight against corruption and the modernisation of economic life*

The identity of the whistleblower is strictly confidential so that the whistleblower suffers no prejudice by making the alert.

Sanction in case of non-respect of the whistleblower's rights

The fact of disclosing any confidential element collected during the alert (in particular, the identity of the whistleblower, the persons concerned by the report, information collected) is punishable by two years' imprisonment and a fine of 30,000 Euros.

Also, anyone who obstructs the transmission of the report may be punished by one year's imprisonment and a fine of 15,000 Euros.

START OF THE QUOTE

“Following the Rana Plaza collapse in Bangladesh in April 2013, the legislator (Law No. 2017-399 of March 27, 2017 on the duty of vigilance of parent companies and contracting companies) intended to require certain companies to establish a vigilance plan with reasonable measures of vigilance, to identify the risks and prevent serious violations of human rights and fundamental freedoms, the health and safety of individuals and the environment, resulting from the activities of the company and those of its subsidiaries.

The establishment of the vigilance plan includes 5 measures: risk mapping, procedures for the regular evaluation of the situation of subsidiaries, subcontractors or suppliers, actions to mitigate risks or prevent serious violations, an alert and report collection mechanism and a mechanism for monitoring the measures implemented and the evaluation of their effectiveness.

Kuehne + Nagel France, which has always strived to carry out its activities in accordance with the law and ethics, is fully committed to this process.

Our alert and report collection mechanism includes an online form, allowing any interested person to report situations or behaviour that may constitute a risk or a serious violation of human rights and fundamental freedoms, the health and safety of individuals and the environment.

The recipients of this completed form are the members of the Vigilance Reporting Cell composed of the QSHE Director and the Compliance Officer.

In this form, you must specify the facts, information, elements that lead you to make a report and, if necessary, attach the corresponding evidence (photograph, document of any kind)

Upon receipt of this form, an email marked "confidential" will be sent to you acknowledging receipt of the form.

In addition, you will be informed by email marked "confidential", within 2 months, of the admissibility, the action taken following the report, along with the persons concerned by the report, and its possible closure.

You are guaranteed the strict confidentiality of the contents of this file: your identity, that of the persons possibly involved and the facts of the report will be treated confidentially, including in case of their communication to third parties strictly limited to the needs of verification or processing of the report.

In addition, spontaneous disclosure to the judicial authority of any element of a nature to allow your identification will be subject to obtaining your prior consent.

This form, as well as the elements of the report file and their copies will be destroyed at the end of the report file if no follow-up should be given to the report.

⁹ For the implementation of the alert and report collection mechanism, we have chosen the option of a minimum system, by only showing, in the report collection procedure, the mandatory information under Law No. 2016-691 of December 9, 2016 on *transparency, the fight against corruption and the modernisation of economic life* and Decree No. 2017-564 of April 19, 2017 on *procedures for the collection of reports issued by whistleblowers within public law or private law legal entities or State administrations*. It will be necessary to check if the procedure should be amended in the case where a Decree of the Conseil d'État is adopted or if case law provides clarification on the terms of implementation of this alert and report collection mechanism.

->Access the report form

->Access the vigilance plan”

END OF THE QUOTE

Section 5 Risk mapping

The Law requires companies which fall within its scope to establish a risk mapping to identify, analyse and prioritise the risks and prevent serious violations against human rights and fundamental freedoms, the health and safety of individuals and the environment.

We conducted several interviews with the Legal Director and Compliance Officer, the QSHE Director, the Risk Manager, the legal officer of Kuehne + Nagel Road and a lawyer of Kuehne + Nagel to identify the risks facing Kuehne + Nagel France.

The Law makes no mention of the persons responsible for implementing the text. Nevertheless, the person in charge of risk mapping and monitoring should be clearly identified.

Jean-Luc Ripert holds the position of Legal Director and Compliance Officer.

Dominique Jennequin holds the position of QSHE Director France.

1 Human rights and fundamental freedoms

Kuehne + Nagel SARL Participations and its subsidiaries in France

We consider that the sole respect for French laws makes it possible to ensure that the company respects human rights and fundamental freedoms.

Consequently, as Kuehne + Nagel SARL Participations and its French subsidiaries respect the French regulations in this area, there is no particular risk of serious violation of human rights and fundamental freedoms.

To limit or prevent this risk, Kuehne + Nagel has put a code of conduct in place, in which exemplary professionalism is expected of each employee. It is expressly stated that the violation of the Law or the code of conduct has serious professional consequences. The Kuehne + Nagel Group assumes corporate responsibility and seeks to ensure an excellent working environment. Classroom training on the understanding of this code of conduct as well as the regular sending of emails to the managers and administrative staff of Kuehne + Nagel makes it possible to ensure compliance with the code of conduct by the employees of Kuehne + Nagel.

Furthermore, in order to assess compliance with these rules, an independent internal audit structure checks the proper application of the code of conduct. In addition, an internal alert system, through an external company, Expolink, allows employees to escalate any violations of the code of conduct they may be aware of.

Kuehne + Nagel Morocco

The Kuehne + Nagel Morocco has 12 employees exercising an exclusively tertiary activity. The employees are subject to the same regime as the employees of Kuehne + Nagel France. The code of conduct for the employees of Kuehne + Nagel applies in the same way.

Compliance with the local laws and the code of conduct helps to ensure that the Kuehne + Nagel Morocco subsidiary respects human rights and fundamental freedoms.

Therefore, there is no particular risk of a serious violation of human rights and fundamental freedoms within the Kuehne + Nagel Morocco subsidiary.

The actions to mitigate the risks or assess compliance with the rules apply in the same way as for Kuehne + Nagel SARL Participations and its subsidiaries in France.

Suppliers and subcontractors

Kuehne + Nagel France deals with 15,000 suppliers and subcontractors in France.

Kuehne + Nagel has made the choice to distinguish between two types of suppliers and subcontractors: those operating in countries that are not at risk and those operating in countries at risk. The list of countries at risk are those shown in colour on the map relating to human rights prepared by Verisk Maplecroft in Appendix 6. The Sigwatch website, which follows campaigns of the NGOs worldwide and indicates the risks related to human rights by country and industry, may also be relevant.

1. Regarding suppliers and subcontractors in countries that are not at risk:

Compliance with local laws helps to ensure that suppliers and subcontractors respect human rights and fundamental freedoms.

To limit or prevent this risk, Kuehne + Nagel provides each of its suppliers and subcontractors with a code of conduct which contains a section relating to employment:

“Suppliers undertake to respect the internationally recognised rights of workers:

- 1- Child labour: Suppliers must not employ children under the age of 15. If the national laws and regulations allow children aged between 13 and 15 to perform light work, this is not allowed in all cases when this work prevents a child from attending school or mandatory training, or if this work may be detrimental to their health or development (Convention 138 of the ILO).*
- 2- The free choice of employment: Suppliers must not use forced labour or bonded or involuntary prison labour.*
- 3- Working time and compensation: Suppliers must comply with local laws and regulations relating to working time, wages and benefits.*
- 4- Non-discrimination: Suppliers must provide their employees with a workplace free from harassment or discrimination. Discrimination on the grounds of race, colour, age, sex, sexual orientation, ethnic origin, disability, religion, political affiliation, the belonging to a union or marital status is not tolerated.*
- 5- Freedom of association: Suppliers must recognise the right of free association of employees and never promote nor discriminate against a member of a staff association or employee affiliated to a trade union”.*

This code of conduct must be returned signed by the supplier. An independent internal audit structure checks the proper application of the code of conduct.

In addition, the SMT (Supplier Management Tool) references all the Kuehne + Nagel suppliers and subcontractors. The purpose of this tool is to educate in the long term all suppliers and subcontractors with which a commercial relationship can be established and, a contrario, list those with which no commercial relation must be established.

2. Regarding suppliers and subcontractors in countries which are at risk:

Non-respect for working conditions could lead to a violation of human rights and fundamental freedoms. Indeed, the press has reported several scandals concerning the maritime transport sector following the discovery of the working conditions of the crew members on some vessels¹⁰.

Maritime transport is exposed to the risk of violation of human rights and fundamental freedoms. This risk is less present on air transport, as the standards of the International Air Transport Association (IATA) apply.

To limit or prevent this risk and in the same manner as previously, suppliers must return a signed copy of the supplier code of conduct. They are thus referenced.

Recommendations:

Since the risk is greater in countries at risk, Kuehne + Nagel may, initially, strengthen the “Integrity Due Diligence” by incorporating human rights and fundamental freedoms for the most important subcontractors and suppliers.

Kuehne + Nagel may then put contracts in place with integrity clauses for the most important and regular subcontractors and suppliers.

The SMT tool should develop a systematic reminder function concerning the signing of the code of conduct by suppliers and subcontractors. An annual control of compliance with this measure may be put in place.

2 Health and safety of individuals

Kuehne + Nagel SARL Participations and its subsidiaries in France

Concerning the situation of the company and its subsidiaries located in France, several risks are identified. The three main risks relate to (1) the transportation of hazardous products or illicit materials, (2) the safety of warehouses and (3) the hygiene and safety of food.

To limit or prevent these risks, Kuehne + Nagel has several procedures: Kuehne + Nagel has a code of conduct that stipulates that Kuehne + Nagel undertakes to provide the best levels of safety and hygiene to individuals.

In addition, Kuehne + Nagel has a single electronic document called AST* which allows the identification and prioritisation of risks relating to the health and safety of individuals by establishment. The software integrates the preventive measures. This document applies to all subsidiaries.

At the level of the Kuehne + Nagel Group, a “No Harm to People” policy has been put in place allowing a managerial accompaniment to limit incidents.

Finally, several Kuehne + Nagel safety procedures have been implemented and are listed in a document issued by Risk Management. For example, Kuehne + Nagel provides for an HACCP (Hazard Analysis Critical Control Point) analysis for all establishments storing fresh products.

In addition, the OHSAS 18001 certification offers a continuous improvement approach, which supplements the obligations laid down by the Law.

¹⁰ Equaltimes “La tolérance zéro à l’égard de l’esclavage moderne doit régner au sein de l’industrie du transport maritime », Observatoire des multinationales « Pavillons de complaisance : Comment la France contribue au dumping social sur les océans ».

Kuehne + Nagel Morocco

Concerning the Kuehne + Nagel subsidiary in Morocco, it is exposed to the same risks as those existing for the company and its subsidiaries located in France. The risks nevertheless remain limited due to the exclusively tertiary activity of Kuehne + Nagel Morocco.

To limit or prevent these risks, Kuehne + Nagel Morocco is subject to the same code of conduct as that applicable in France. Kuehne + Nagel Morocco is also subject to the *No harm to people* policy and also has safety procedures.

In addition, Kuehne + Nagel Morocco is governed, as any Moroccan company, by the National Profile for Occupational Safety and Health, published by the Kingdom of Morocco.

Suppliers and subcontractors

Kuehne + Nagel has made the choice to distinguish between two types of suppliers and subcontractors: those operating in countries that are not at risk and those operating in countries at risk. The list of countries at risk are those shown in colour on the map relating to occupational health and safety prepared by Verisk Maplecroft in Appendix 6.

1. Regarding the situation of subcontractors and suppliers in countries that are not at risk:

The same risks as those mentioned regarding the situation of Kuehne + Nagel SARL Participations and its French subsidiaries exist.

To limit or prevent these risks, Kuehne + Nagel has put in place a code of conduct providing for compliance with the standards relating to the health and safety of individuals:

“Suppliers must comply with the regulations on safety and health at work and provide a healthy and safe work environment allowing good health, so as to preserve the health of their employees and prevent occupational accidents, injuries and diseases”.

Suppliers are referenced before entering into a business relationship with Kuehne + Nagel.

In addition, in order to assess compliance with these rules, an independent internal audit structure checks the proper application of the code of conduct.

2. Regarding the situation of subcontractors and suppliers in countries that are at risk:

The risks and risk mitigation and assessment measures are the same as those mentioned above. Added to this is the risk due to non-respect for working conditions which may be detrimental to the health and safety of subcontractors.

To limit or prevent these risks, Kuehne + Nagel has put in place a code of conduct providing for compliance with the standards relating to the health and safety of individuals.

Recommendations:

On a supplementary basis, Kuehne + Nagel may, initially, strengthen the Integrity Due Diligence by integrating provisions relating to health and safety for the most important subcontractors and suppliers.

Kuehne + Nagel may then put contracts in place with integrity clauses for the most important and regular subcontractors and suppliers.

In addition, in order to assess compliance with these rules, an independent internal audit structure checks the proper application of the code of conduct. Kuehne + Nagel may then check that the code of conduct has been signed and send reminders to subcontractors and suppliers if this is not the case.

3 Environment

There are two types of risks that are applicable to the entire group and to suppliers and subcontractors regarding the environment: the risk related to transport (for third parties and employees) or the risk on site.

Kuehne + Nagel SARL Participations and its subsidiaries in France

To limit or prevent these risks, Kuehne + Nagel has a code of conduct which incorporates provisions relating to the environment. Thus, Kuehne + Nagel undertakes to offer ecological, sustainable and innovative logistics solutions which continually reduce the impact on the environment.

In addition, Kuehne + Nagel has put in place the procedure P809 and its variations on the storage and transport of hazardous goods. It is a procedure which is intended to apply to the entire Kuehne + Nagel group. This procedure includes an analysis of risks. Many institutions have the ISO 14001 certification, allowing to provide guarantees in the field of control of environmental impacts in the company.

Finally, Kuehne + Nagel communicates its policy and environmental objectives to employees and subcontractors.

In addition, in order to assess compliance with these rules, Kuehne + Nagel is subject to compliance with the ICPE legislation with the performance of environmental, dangers, health and safety impact studies, within the framework of operating authorisation applications. Kuehne + Nagel has put in place a tool to assess the CO2 emissions from its transport operations as well as the facilities it operates. Kuehne + Nagel has also determined objectives aimed at reducing its CO2 emissions.

Kuehne + Nagel is part of the *Carbon Disclosure Project* (CDP), a non-profit organisation aimed at studying the impact of major global companies listed on the stock exchange on climate change. Kuehne + Nagel is also part of the *Clean Cargo Working Group* aimed at reducing CO2 emissions in the maritime field.

Kuehne + Nagel Morocco

Concerning the Kuehne + Nagel subsidiary in Morocco, as the activity is tertiary, the risks are limited.

Kuehne + Nagel Morocco is subject to the carbon footprint procedure.

Suppliers and subcontractors

Kuehne + Nagel has made the choice to distinguish between two types of suppliers and subcontractors: those operating in countries that are not at risk and those operating in countries at risk. [The list of countries at risk is the same as that relating to the risks associated with health and safety].

1. Regarding the situation of subcontractors and suppliers in countries that are not at risk:

Kuehne + Nagel has integrated provisions related to respect for the environment in the code of conduct:

“Suppliers must comply with all laws, standards and regulations relating to environmental law. Suppliers are encouraged to preserve natural resources, to avoid, when this is possible, the use of hazardous materials and to encourage the use of environmentally sound technologies that respect life cycles”.

The procedure P809 and its variations are applicable when Kuehne + Nagel employees are unable to use suppliers or subcontractors without checking compliance with this procedure as the contracting company. Environmental objectives are imposed on suppliers and are referenced.

In addition, in order to assess compliance with these rules, Kuehne + Nagel has put in place a tool to assess CO2 emissions from its transport operations as well as the facilities it operates. Kuehne + Nagel has also determined objectives aimed at reducing its CO2 emissions.

2. Regarding the situation of subcontractors and suppliers in countries that are not at risk:

The issues and mitigation and assessment measures are the same.

Recommendations:

Kuehne + Nagel may, initially, strengthen the Integrity Due Diligence by incorporating provisions on the environment for the most important subcontractors and suppliers and then put in place contracts with environmental clauses for the most important and regular subcontractors and suppliers.

An audit, conducted by an independent internal audit structure, checks the application of the code of conduct. Kuehne + Nagel can check that the code of conduct has been signed and send out reminders if necessary.

Section 6 Draft annual report of the company relating to the vigilance plan

The Law requires that the vigilance plan and report on its effective implementation are made public and included in the company's management report mentioned in Article L.225-102 of the Commercial Code.

The Law provides no details on the publication of the vigilance plan and the report on its effective implementation.

Some consider that the required publicity must be carried out by a publication on the company's website¹¹ and not simply by filing with the registry of the commercial court¹².

Attention should be paid to how the other companies publish their vigilance plan or if a Decree of the Conseil d'État clarifying the terms of application of the Law is adopted.

The annex to the company's annual report

START OF THE QUOTE

Annex to the management report on the financial statements for the year ended [●] to the annual ordinary general meeting of [●]

This annex is intended to supplement the Kuehne + Nagel Participations annual report with Law No. 2017-399 of March 27, 2017 on the duty of vigilance of parent companies and contracting companies.

This law requires companies to publish the vigilance plan and report on its effective implementation and to include them in the management report.

The vigilance plan includes 5 measures: the establishment of risk mapping, procedures for the regular evaluation of the situation of subsidiaries, subcontractors or suppliers, actions to mitigate risks or prevent serious violations, an alert and report collection mechanism and a mechanism for monitoring the measures implemented and the evaluation of their effectiveness.

I. The vigilance plan

The plan has been developed in association with the company's stakeholders.

[The vigilance plan should be included in Appendix 4]

II. The report on its implementation

[This part should be completed in 2019, as of the annual report of the Board of Directors presented to the General Meeting in 2019, on financial year 2018.]

END OF THE QUOTE

¹¹ By analogy, we note that with regard to the general right of alert provided for by the Sapin II Law, open to employees and external and casual workers, implementing decree No. 2017-564 of April 19, 2017 provides in Article 6 that "*The organisation disseminates the report collection procedure that it has established by any means, in particular by notification, display or publication, where appropriate on its website, under conditions that make it accessible to members of its staff or its agents, as well as to its external or casual workers. This information can be carried out by electronic means.*"

¹² An article written by CMS Francis Lefebvre on March 29, 2017 on the application of the Law notes that "*The required publication must clearly be carried out by publication on the company's website and not by a simple filing with the registry of the commercial court, by analogy with the provisions on regulated agreements in listed companies (Commercial Court, Articles L. 225-42-1 and R. 225-34-1).*"

Section 7 Procedures for the regular assessment of the situation of the subsidiaries, subcontractors or suppliers with which an established commercial relationship is maintained, in view of the risk mapping

Procedures should be implemented for the assessment of the situation of the subsidiaries, subcontractors or suppliers with which an established commercial relationship is maintained, in view of the risk mapping;

This involves taking reasonable steps to ensure that they present no serious risk in respect of the violation of human rights and fundamental freedoms, the health and safety of individuals and the environment.

This process implies for Kuehne + Nagel Participations SARL that each subsidiary, supplier or subcontractor concerned provides it with all the information necessary to ensure their internal processes for the prevention of the risks involved.

The Law does not specify the type of procedures that can be put in place. They could be procedures based on the same model as the procedures provided for by the Sapin II Law: questionnaires or verification of information based on public information or entrusted to specialised companies.

Procedures

The procedures for each risk are presented in Section 5 “Risk Mapping” and in Appendix 4 “Vigilance Plan”.

Section 8 Appropriate actions to mitigate risks or prevent serious violations

Appropriate actions to mitigate risks or prevent serious violations should be implemented. The Law provides no details as to the content of these actions.

The Government, in its observations¹³, nonetheless specifies that the Law provides for a best-efforts obligation to implement the vigilance measures laid down by the Law, and it cannot be regarded as a results-based obligation.

Procedures

We have included this part in Section 5 “Risk Mapping”.

¹³ Observations of the Government on the Law on the duty of vigilance of parent companies and contracting companies of March 28, 2017

Section 9 Internal mechanism to control and evaluate the measures implemented.

It is necessary to implement an annual monitoring mechanism.

We suggest that the Compliance Officer puts this issue on the agenda of the Executive Committee at least once a year.

Prior to that, the Compliance Officer should:

1. analyse the alerts triggered within the framework of the Law. For the sake of efficiency, this analysis could be conducted with an analysis of all alerts triggered in the company;
2. update the vigilance plan according to the evolution of risks and the evolution of the company's activities;
3. analyse the audits to test the effectiveness of the procedures for the regular evaluation of subsidiaries, subcontractors or suppliers as well as appropriate actions to mitigate risks or prevent serious violations;
4. check employees' adherence to the compliance rules and check with the HR manager if sanctions have been imposed in the areas laid down by the Law.

Appendix 1 Interview guide

Risk mapping

- Is there a mapping of the risks related to serious violations of:
 - (a) human rights and fundamental freedoms?
 - (b) the health and safety of individuals?
 - (c) the environment?
- If so, does this mapping also cover the activities of subcontractors or suppliers?
- If so, does this mapping identify, analyse and prioritise these risks?

Human rights and fundamental freedoms

- If not, the sole respect for French laws makes it possible to ensure that the company respects human rights and fundamental freedoms.
- Does the procedure for referencing subcontractors or suppliers make it possible to ensure that they respect human rights and fundamental freedoms¹⁴?
- Otherwise, would it be possible to amend it in order to provide for this obligation?
- Otherwise, would it be possible to identify the suppliers and subcontractors from the countries at risk (in the field of human rights and fundamental freedoms)?

Risks to the health and safety of individuals and the environment

- Concerning the risks to health and safety of individuals and the environment, the sole respect of French laws makes it possible to ensure that the company complies with these obligations.
- Has the company put in place procedures/measures which go beyond the legal obligations in the field of health and safety of individuals and the environment?
- Who are the people and/or functions potentially exposed?
- Are some areas of activity more exposed?
- Have some cases already been escalated, making it possible to identify areas of risk?
- Do these people know the applicable standards?
- Are certain geographical areas risk factors?
- Do certain activities or segments of activities have a direct impact on the health and safety of individuals?
- Has the Group been the subject of allegations or convictions for facts relating to serious violations of human rights and fundamental freedoms, the health and safety of individuals and the environment?
- Do the subsidiaries have the same control procedures?

¹⁴ This obligation appeared in particular after the emotion raised following the death of more than 1,000 people during the collapse of the Rana Plaza in Bangladesh.

- The procedure for referencing of sub-contractors or suppliers allows it to ensure that these do not present a risk of serious health and safety of persons and the environment?
- Otherwise, would it be possible to amend it in order to provide for this obligation?
- Otherwise, would it be possible to identify the suppliers and subcontractors from the countries at risk (health and safety of individuals and the environment)?
- Have the subcontractors or suppliers been the subject of allegations or convictions for facts relating to serious violations of human rights and fundamental freedoms, the health and safety of individuals and the environment?
- Have you performed a search on the references of the third party regarding its experience and expertise?
- Are some third parties at risk in respect of environmental standards? (Road transport, maritime)
- Are procedures for the verification of third parties reinforced in some countries?
- Does the third party submit to procedures imposed by the company?

Regular assessment procedures

- The Law imposes the establishment of “procedures for the regular evaluation of the situation of the subsidiaries, subcontractors or suppliers with which an established commercial relationship is maintained, in view of the risk mapping”.
- Are the current procedures existing within the company frequent? Annual?
- Is the procedure for referencing subcontractors or suppliers conducted once during the initial referencing or is it periodically renewed?

Actions to mitigate risks or prevent serious violations

- Are risks identified in the field of human rights and fundamental freedoms with subcontractors or suppliers? If so, what actions are carried out to mitigate or prevent these risks?
- Are risks identified in the field of health and safety of individuals within the company and the group? If so, what actions are carried out to mitigate or prevent these risks?
- Are risks identified in the field of health and safety of persons with subcontractors or suppliers? If so, what actions are carried out to mitigate or prevent these risks?
- Are risks identified in the area of the environment within the company and the group? If so, what actions are carried out to mitigate or prevent these risks?
- Are risks identified in the area of the environment with subcontractors or suppliers? If so, what actions are carried out to mitigate or prevent these risks?

Appendix 2

List of interviewees

For the preparation of this report, we conducted two interviews with Jean-Luc Ripert (Head of Legal and compliance), Dominique Jennequin (QSHE Director France), Pierre Digelmann (Risk Manager), Thierry Marcelino (Legal Manager Kuehne + Nagel Road) and Céline Varaldo (Lawyer Kuehne + Nagel) on the following dates:

- (i) March 29, 2018 from 4 pm to 6:30 pm
- (ii) April 18, 2018 from 10 am to 12 pm
- (iii) and June 25, 2018 from 5 pm to 6:30 pm. .

We also exchanged by email and by phone on many occasions.

Appendix 3

List of documents reviewed

- Documents provided by Kuehne + Nagel France:
 1. Sustainability Report 2016 of Kuehne + Nagel International AG
 2. Annual management report of Kuehne + Nagel France SAS for the financial year ended December 31, 2016
 3. Establishment of a Vigilance Plan (PDD)
 4. Corporate presentation of Kuehne + Nagel
 5. Kuehne + Nagel code of conduct (version 02.00)
 6. Kuehne + Nagel supplier code of conduct
 7. Alert Management System - Frequently Asked Questions in English (version of February 25, 2013)
 8. Alert Management System - Frequently Asked Questions in French (version of February 25, 2013)
 9. Example of a list of participants for training
 10. Graphic entitled "*France Area ICS Performance monitoring 2017*" (November 28, 2017)
 11. Introductory Memo on the Expolink Work Alert System, September 2, 2013
 12. Internal memo concerning the implementation of a professional alert system - the application of ethical rules in all circumstances: compliance with the code of conduct (September 2013)
 13. Organisational chart showing the legal organisation of Kuehne + Nagel Europe
 14. Organisational chart showing the legal organisation of Kuehne + Nagel France
 15. Organisational chart showing the operational organisation of Kuehne + Nagel France
 16. Group presentation dated October 24, 2017
 17. Kuehne + Nagel Ethics and Compliance Program
 18. Frequently asked questions about the professional alert applicable in France (June 2013)
 19. KUEHNE + NAGEL Logistic internal rules (2012)
 20. KUEHNE + NAGEL Road internal rules (2017)
 21. KUEHNE + NAGEL SAS internal rules (2013)
 22. Rules for the management of professional alerts (version May 3, 2013)
 23. Confidential Alert / Reporting System - Information Pack - Works Council (February 13, 2013)
 24. Confidential professional alert system - Information / consultation - Central Works Council (June 12, 2013)
 25. Table showing the ICS controls for the year 2017

26. Guide "Orientation and protection of whistleblowers", Defender of the rights of the French Republic, July 2017
- Other documents reviewed by Linklaters:
 1. Law No. 2017-399 of March 27, 2017 on the duty of vigilance of parent companies and contracting companies
 2. Law No. 2016-1691 of December 9, 2016 on transparency, the fight against corruption and the modernisation of economic life (in particular Chapter II on the protection of whistleblowers);
 3. Decree no. 2017-564 of April 19, 2017 on the procedures for the collection of alerts issued by whistleblowers in public or private law entities or State administrations
 4. Decision No. 2017-750 DC of March 23, 2017 of the Constitutional Council on the duty of vigilance of parent companies and contracting companies
 5. Observations of the Government on the Law on the duty of vigilance of parent companies and contracting companies of March 28, 2017
 6. Law No. 2012-387 of March 22, 2012 on the simplification of the law and administrative steps
 7. Methodological guide of the Medef CSR reporting, extra-financial declaration of performance
 8. A Guide to risk assessment related to human rights for the managers of the EDH (Entreprises pour les Droits de l'Homme)
 9. Opinion on the recommendations of the French Anti-corruption Agency to help public and private law legal entities prevent and detect acts of corruption, influence peddling, extortion, illegal acquisitions of interests, misappropriation of public funds and favouritism
 10. Revue Juriste d'entreprise Magazine No. 30
 11. Dalloz article by François Barrière "*Les lanceurs d'alerte*"
 12. CMS Francis Lefebvre article "*Loi relative au devoir de vigilance des sociétés mères et des entreprises donneuses d'ordre*"
 13. International Organization for Standardization, ISO 26000 Social Responsibility
 14. National Profile for Occupational Safety and Health, Edition September 2017, published by the Kingdom of Morocco

Appendix 4 Vigilance plan

Typology of risks	The entities concerned	Identification	Analysis	Prioritisation ¹⁵	Appropriate actions to mitigate risks or prevent serious violations	Procedure for the regular assessment of the situation of the subsidiaries, subcontractors or suppliers with which and established commercial relationship is maintained
Human rights and fundamental freedoms	Kuehne + Nagel France and its subsidiaries in France	N/A (the sole respect for French laws makes it possible to ensure that the company respects human rights and fundamental freedoms)	N/A	1	Code of conduct "COC" (in that it specifies that the activity of Kuehne + Nagel is subject to compliance with the law and regulations of each country) Classroom training on the understanding of the COC Sending of emails to managers and administrative personnel of Kuehne + Nagel to recall the rules contained in the code of conduct	Audit by an independent internal audit structure which checks the application of the code of conduct. Expolink internal alert system Annual emailing for (1) reading (2) adhesion to the COC
	Kuehne + Nagel Morocco subsidiary ¹⁶	N/A (compliance with local law helps to ensure that Kuehne +	N/A	1	Identical to the box above	Identical to the box above

¹⁵ The risk has been prioritised according to the following scale: 1 (very low), 2 (low), 3 (likely) and 4 (real). The prioritisation already takes into account the actions adapted to risk mitigation or prevention of serious violations for the establishment of risk mapping.

¹⁶ Because of its exclusively tertiary activity and low number of employees (12), the Kuehne + Nagel Morocco subsidiary presents few risks related to its activity.

Typology of risks	The entities concerned	Identification	Analysis	Prioritisation ¹⁵	Appropriate actions to mitigate risks or prevent serious violations	Procedure for the regular assessment of the situation of the subsidiaries, subcontractors or suppliers with which and established commercial relationship is maintained
		Nagel Morocco respects human rights and fundamental freedoms)				
	Subcontractors or suppliers ¹⁷					
	1. For countries not at risk	N/A (compliance with local laws helps to ensure that subcontractors and suppliers respect human rights and fundamental freedoms)	N/A	1	Supplier code of conduct ¹⁸ (in that it specifies that suppliers undertake to respect the internationally recognised rights of workers), which must be returned signed KN procedure for referencing suppliers duplicated worldwide - SMT + IDD	Audit by an independent internal audit structure which checks the application of the code of conduct. SMT (Supplier Management Tool) to reference all suppliers and subcontractors. It indicates all the suppliers and subcontractors with which no commercial relationship must be established
	2. For countries at risk	Non-respect for working conditions which could lead to a violation of	Sporadic risks related to the sector The assessment	2	Supplier code of conduct (in that it specifies that suppliers undertake to respect the internationally recognised rights of workers), which must be returned signed	Audit by an independent internal audit structure which checks the application of the code of conduct. Check that the code of conduct has been signed before entering into a business relationship and

¹⁷ We have distinguished between the countries at risk and other countries to assess the risk relating to human rights and fundamental freedoms, according to the mapping established by Maplecroft "Human Rights risk index 2016" contained in Appendix 6 of the report.

¹⁸ Note that the "Kuehne+Nagel supplier code of conduct" applies to suppliers in the strict sense and to subcontractors

Typology of risks	The entities concerned	Identification	Analysis	Prioritisation ¹⁵	Appropriate actions to mitigate risks or prevent serious violations	Procedure for the regular assessment of the situation of the subsidiaries, subcontractors or suppliers with which and established commercial relationship is maintained
		human rights and fundamental freedoms	<p>of the risk is different depending on the sector: concerning maritime and air transport, for the majority of cases, Kuehne + Nagel only deals with large companies; concerning the road sector, there are a multitude of actors of different sizes.</p> <p>Each sector is governed by its own rules: for</p>		<p>Supplier referencing procedure</p> <p>The two following actions can also be implemented:</p> <p>First, strengthen the <i>Integrity Due Diligence</i> by integrating human rights and fundamental freedoms for the most important subcontractors and suppliers</p> <p>Second, put contracts in place with integrity clauses for the most important and regular subcontractors and suppliers</p>	<p>send out a reminder if necessary, for all subcontractors and suppliers</p> <p>Check annually that these two measures have been respected</p>

Typology of risks	The entities concerned	Identification	Analysis	Prioritisation ¹⁵	Appropriate actions to mitigate risks or prevent serious violations	Procedure for the regular assessment of the situation of the subsidiaries, subcontractors or suppliers with which and established commercial relationship is maintained
			example, the air transport sector is less affected since the International Air Transport Association (IATA) standards apply.			
Health and safety of individuals	Kuehne + Nagel France and its subsidiaries in France	Transport of hazardous products or illicit materials Reliability of warehouses Food safety	Realisable risks	2	Code of conduct (in that it specifies that Kuehne + Nagel undertakes to provide the best levels of safety and hygiene to individuals) Single AST* document (mapping of risks and mitigation measures) "No Harm to People" policy Kuehne + Nagel safety procedures (single document, HACCP - Hazard Analysis Critical Control Point analysis, environmental analyses, etc.)	OHSAS 18001 certification
	Kuehne + Nagel Morocco	N/A due to the tertiary activity of the subsidiary	N/A	1	Code of conduct (in that it specifies that Kuehne + Nagel undertakes to provide the best	Audit by an independent internal audit structure

Typology of risks	The entities concerned	Identification	Analysis	Prioritisation ¹⁵	Appropriate actions to mitigate risks or prevent serious violations	Procedure for the regular assessment of the situation of the subsidiaries, subcontractors or suppliers with which and established commercial relationship is maintained
	subsidiary				<p>levels of safety and hygiene to individuals)</p> <p>“No Harm to People” policy</p> <p>Kuehne + Nagel safety procedures (single document, HACCP - Hazard Analysis Critical Control Point analysis, environmental analyses)</p>	
	Subcontractors or suppliers ¹⁹					
	1. For countries not at risk	<p>The same risks existing for Kuehne + Nagel and its subsidiaries in France exist for subcontractors and suppliers.</p> <p>Non-compliance with the rules by</p>	<p>Realisable risks</p> <p>Realisable risks</p>	<p>2</p> <p>2</p>	<p>Supplier code of conduct (in that it specifies that suppliers must comply with the regulations on safety and health at work and provide a safe and healthy work environment)</p> <p>Supplier referencing procedure</p>	<p>Audit by an independent internal audit structure which checks the application of the code of conduct.</p>

¹⁹ We have distinguished between the countries at risk and other countries to assess the risk relating to the health and safety of individuals, according to the mapping established by Maplecroft “Health and Safety Risk Index 2010” contained in Appendix 6 of the report.

Typology of risks	The entities concerned	Identification	Analysis	Prioritisation ¹⁵	Appropriate actions to mitigate risks or prevent serious violations	Procedure for the regular assessment of the situation of the subsidiaries, subcontractors or suppliers with which and established commercial relationship is maintained
		temporary employment agencies concerning personal protective equipment				
	2. For countries at risk	<p>The same risks existing for Kuehne + Nagel and its subsidiaries in France exist for subcontractors and suppliers.</p> <p>Non-respect for working conditions which could be detrimental to health and safety</p>	<p>Realisable risks</p> <p>Realisable risks</p>	<p>2</p> <p>2</p>	<p>Supplier code of conduct (in that it specifies that suppliers must comply with the regulations on safety and health at work and provide a safe and healthy work environment)</p> <p>Supplier referencing procedure</p> <p>The two following actions can also be implemented:</p> <p>First, strengthen the <i>Integrity Due Diligence</i> by integrating health and safety standards for the most important subcontractors and suppliers</p> <p>Second, put contracts in place with integrity clauses for the most important and regular subcontractors and suppliers</p>	<p>Audit by an independent internal audit structure which checks the application of the code of conduct.</p> <p>Check that the code of conduct has been signed and send out a reminder if necessary, for all subcontractors and suppliers</p> <p>Check annually that these two measures have been respected</p>
Environment	Kuehne + Nagel France	Risk related to transport (CO2	Realisable risks	2	Code of conduct (in that it specifies that Kuehne + Nagel undertakes to	Performance of health, safety and operating authorisation studies (in accordance with the

Typology of risks	The entities concerned	Identification	Analysis	Prioritisation ¹⁵	Appropriate actions to mitigate risks or prevent serious violations	Procedure for the regular assessment of the situation of the subsidiaries, subcontractors or suppliers with which and established commercial relationship is maintained
	and its subsidiaries in France	emissions) Risk on site (pollution of the site)			reduce its impact on the environment) Procedure P809 on the storage and transport of goods Establishment of policies and environmental objectives for employees and subcontractors ISO 14001 certification for many establishments	ICPE legislation) Tool for calculating CO2 emissions
	Kuehne + Nagel Morocco subsidiary	N/A due to the tertiary activity of the subsidiary	N/A	N/A	N/A	Tool for calculating CO2 emissions
	Subcontractors or suppliers ²⁰					
	1. For countries not at risk	Risk related to transport (CO2 emissions) Risk on site (pollution of the site)	Realisable risks	2	Supplier code of conduct (in that it specifies that suppliers must comply with all laws, standards and regulations relating to environmental law) Supplier referencing procedure Establishment of policies and environmental objectives for employees and subcontractors	Tool for calculating CO2 emissions

²⁰ We have distinguished between the countries at risk and other countries to assess the risk relating to the health and safety of individuals, according to the mapping established by Maplecroft "Health and Safety Risk index 2010", contained in Appendix 6 of the report.

Typology of risks	The entities concerned	Identification	Analysis	Prioritisation ¹⁵	Appropriate actions to mitigate risks or prevent serious violations	Procedure for the regular assessment of the situation of the subsidiaries, subcontractors or suppliers with which and established commercial relationship is maintained
	2. For countries at risk		Realisable risks	2	<p>Supplier code of conduct (in that it specifies that suppliers must comply with all laws, standards and regulations relating to environmental law)</p> <p>Supplier referencing procedure</p> <p>Establishment of policies and environmental objectives for employees and subcontractors</p> <p>Procedure P809 on the storage and transport of goods</p> <p>The two following actions can also be implemented:</p> <p>First, strengthen the Integrity Due Diligence by integrating provisions on the environment for the most important subcontractors and suppliers</p> <p>Second, put contracts in place with integrity clauses for the most important and regular subcontractors and suppliers</p>	<p>Tool for calculating CO2 emissions</p> <p>Audit by an independent internal audit structure which checks the application of the code of conduct.</p> <p>Check that the code of conduct has been signed and send out a reminder if necessary, for all subcontractors and suppliers</p> <p>Check annually that these two measures have been respected</p> <p>Software assessing energy consumption in transport with the aim of reducing CO2 emissions</p>

Mechanism for monitoring the measures implemented and the evaluation of their effectiveness.	Report on the effective implementation of the plan
<p>Jean-Luc Ripert, Compliance Officer, will be responsible for putting this issued on the agenda of the Executive Committee at least once a year.</p> <p>[To be completed in 2019, following the establishment of the vigilance plan for financial year 2018]</p>	<p>[To be completed in 2019, as of the annual report of the Board of Directors presented to the General Meeting in 2019, on financial year 2018]</p>

Appendix 5

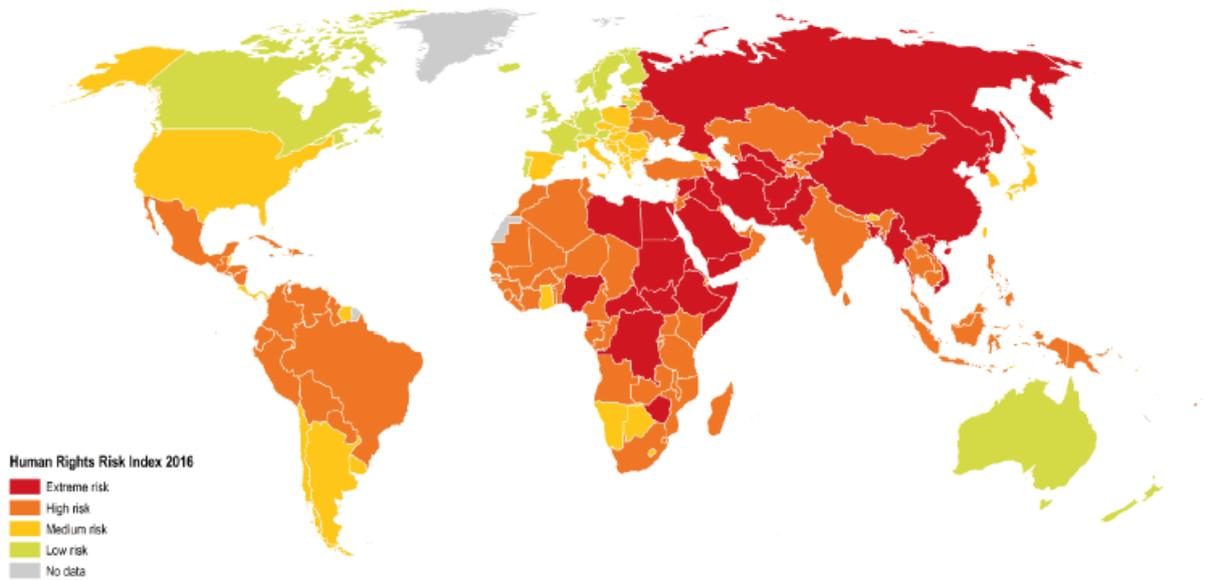
Reference texts

- (i) Law No. 2017-399 of March 27, 2017 on the duty of vigilance of parent companies and contracting companies;
- (ii) Law no. 2016-1691 of December 9, 2016 on transparency, the fight against corruption and the modernisation of economic life (in particular Chapter II on the protection of whistleblowers);
- (iii) Decree No. 2017-564 of April 19, 2017 on the procedures for the collection of alerts issued by whistleblowers in public or private law entities or State administrations;
- (iv) Decision No. 2017-750 DC of March 23, 2017 of the Constitutional Council on the duty of vigilance of parent companies and contracting companies;
- (v) Observations of the Government on the Law on the duty of vigilance of parent companies and contracting companies of March 28, 2017
- (vi) Law No. 2012-387 of March 22, 2012 on the simplification of the law and administrative steps.

Appendix 6 Risk mapping established by Maplecroft

- 1 “Human Rights Risk Index 2016” risk mapping aimed at identifying the countries at risk regarding the risks relating to human rights and fundamental freedoms

Human Rights Risk Index 2016 - Q4



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The five **worst performing countries**

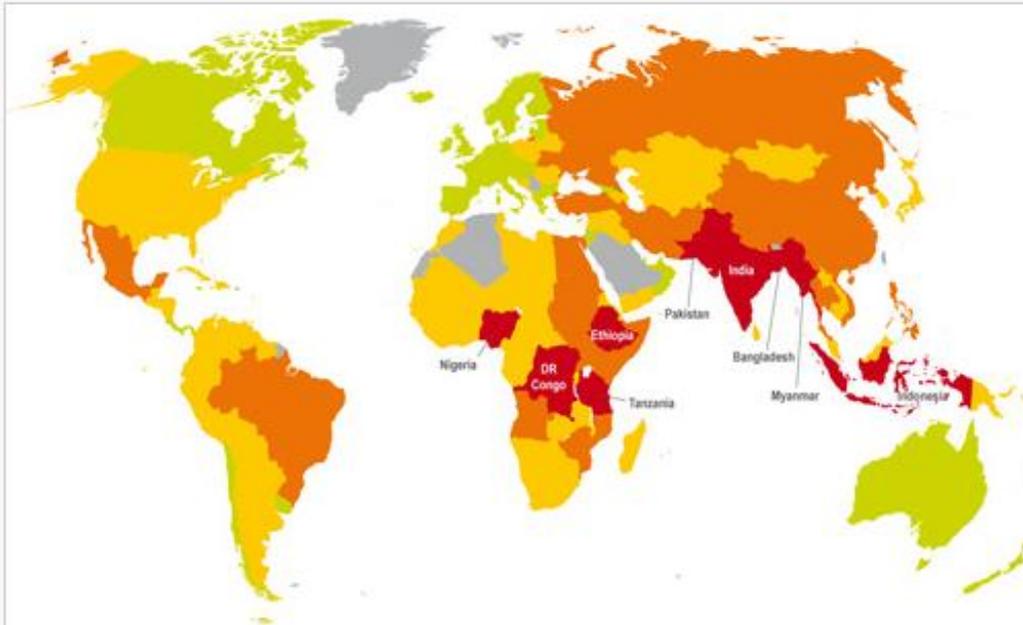
Rank	Country	Region	Score	Category
1	North Korea	Asia	0.61	Extreme
2	Somalia	Africa	0.68	Extreme
3	Syria	MENA	0.69	Extreme
4	South Sudan	Africa	0.82	Extreme
5	Sudan	Africa	0.90	Extreme

The five **best performing countries**

Rank	Country	Region	Score	Category
198	Denmark	Eurasia	9.49	Low
197	Finland	Eurasia	9.26	Low
196	Luxembourg	Eurasia	9.13	Low
195	Norway	Eurasia	9.11	Low
194	San Marino	Eurasia	8.95	Low

- 2 “Health and Safety Risk Index 2010” risk mapping aimed at identifying the countries at risk regarding the risks relating to health, safety and the environment

Health and Safety Risk Index 2010



Legend	Rank	Country	Category	Rank	Country	Category
Extreme risk ■	1	DR Congo	Extreme	6	Pakistan	Extreme
High risk ■	2	Nigeria	Extreme	7	India	Extreme
Medium risk ■	3	Ethiopia	Extreme	8	Tanzania	Extreme
Low risk ■	4	Bangladesh	Extreme	9	Indonesia	Extreme
No Data ■	5	Myanmar	Extreme	10	Viet Nam	High

Nigeria (2), Bangladesh (4), Pakistan (6), India (7) and Indonesia (8) performed particularly badly and appear in the extreme risk category.

The issue is of particular importance to companies because a healthy and safe workforce ensures better productivity, less absenteeism, less need to replace and train workers, improved morale, and ultimately a more efficient and profitable business.

© Maplecroft 2010

Appendix 7

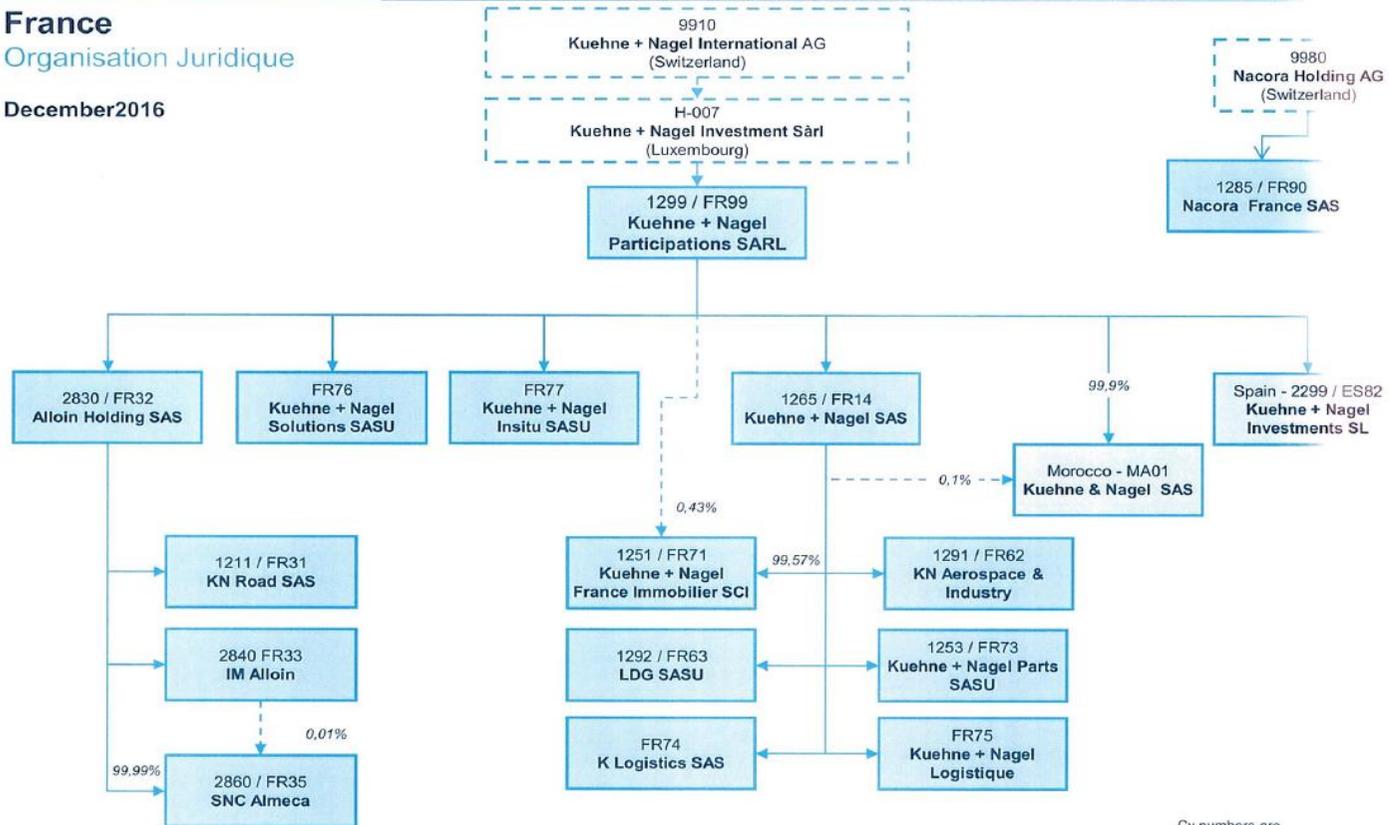
KUEHNE+NAGEL



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December 2016



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Legal organisational chart of the companies in France