QUALITY, HEALTH, SAFETY AND ENVIRONMENT

QHSE PRESENTATION

LINDSAY ZINGG | CORPORATE | 04 MAY 2018
**QHSE AT A GLANCE**

**Panalpina’s internal audits verify the conformity of our daily business to our systems, instructions and processes.**

- **677** Subcontractor Audits 2016-2017
- **60%** reduction in injuries to staff since 2013
- **35%** less paper used since 2013
- **20%** less internal CO$_2$ emitted since 2013

**Panalpina’s health risk assessment is organized in a global manner. It allows us to accurately identify, describe and manage potential risks for our employees and act accordingly.**

**Panalpina’s offices and sites reduce their CO$_2$ emissions and their environmental impact in a rigorous manner.**
QUALITY, HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT

Panalpina is the first in the industry to achieve global certification for

Quality Management
ISO 9001

Customers are at the heart of Panalpina’s business

Health & Safety
OHSAS 18001

Panalpina is devoted to the highest standards

Environment Management
ISO 14001

We are committed to minimize our environmental impact
Quality
Panalpina’s worldwide quality management organization supervises local quality improvement programs to enhance operational excellence in all countries.

Our quality standards are certified globally in all locations to ISO 9001.
OUR MANAGEMENT COMMITMENT

- Management commitment starts with our QHSE Policy and gives the basis of our management system.
- The management of Panalpina forges and enacts all the objectives of our Integrated Management System.
- All necessary responsibilities, authorities and resources to implement, to uphold and continuously improve the system are delegated to our fully trained QHSE responsible staff members.
GUIDELINES AND STANDARDS FOR ALL PARTIES INVOLVED

Our Integrated Management System (IMS) is the foundation on which our certifications are based. This system details all the documentation for our organizational and operational work. This IMS also stands as a vital tool for basic and advanced employee trainings.
Panalpina’s internal audits verify the conformity of our daily business to our systems, instructions and processes.

Our quality standards are certified globally in all locations to ISO 9001
INTERNAL AUDIT

Our internal audit functions independently and systematically review our management system and all aspects of QHSE.

Our internal audits verify the conformity of our daily business to our systems, instructions and processes.

They are an ideal platform for the knowledge transfer between Panalpina entities.
INCIDENT HANDLING

This process is one of the cornerstones of our quality management system.

We understand our process concerning the handling of incidents as the foundation for continual improvement and striving for a minimization of incidents and accidents.

Our incident management process is designed to define and implement appropriate and immediate corrective actions.

It is of utmost importance to record and analyze the incidents in a systematic way and to carry out a thorough root cause analysis.
Panalpina established a relentless process for corrective action. The following steps characterize this process:

- Analysis of the problem’s root cause
- Division and execution of appropriate measures
- To stop the recurrence of the problem
- Ensuring that our corrective action was effective
- Share lessons learnt throughout the company
PanCIP: Panalpina’s Continuous Improvement Program to support in the continuous improvement of our quality of processes.

A proven method that helps to structure the daily management task of checking operational processes.

It increases our overall competence and efficiency.

It creates transparency and enables our staff to actively manage processes and move away from the entrapments of emergency planning.

LEAN is an operating philosophy that focuses on accelerating given processes by reducing waste – in the broadest sense of the word – in all forms.

Six Sigma on the other hand focuses on the reduction of variations in any process designed to solve process and business problems.
Health and Safety
Panalpina’s health risk assessment is organized in a global manner. It allows us to accurately identify, describe and manage potential risks for our employees and act accordingly.

Our health and safety standards are certified globally in all locations to OHSAS 18001.
Panalpina is the first logistics company to have a Health & Safety Management System that is globally certified to OHSAS 18001 with all sites around the world included in this certification.

All Health & Safety global standards were documented in compliance with OHSAS 18001, incorporated into Panalpina’s Integrated Management System and rolled out for worldwide implementation.
# COMMITTED TO HEALTH AND SAFETY

<table>
<thead>
<tr>
<th>Health and safety performance</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>First-aid incidents</td>
<td>54</td>
<td>69</td>
<td>47</td>
</tr>
<tr>
<td>Medical treatment incidents</td>
<td>35</td>
<td>29</td>
<td>28</td>
</tr>
<tr>
<td>Restricted work cases</td>
<td>9</td>
<td>5</td>
<td>8</td>
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<tr>
<td>Near misses</td>
<td>706</td>
<td>574</td>
<td>548</td>
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<tr>
<td>Lost-time incidents</td>
<td>53</td>
<td>41</td>
<td>46</td>
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<tr>
<td>Reportable Incident Cases</td>
<td>19</td>
<td>22</td>
<td>22</td>
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<tr>
<td>Lost Work Days</td>
<td>843</td>
<td>798</td>
<td>1,009</td>
</tr>
<tr>
<td>Fatalities</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Subcontractor HSE violations</td>
<td>172</td>
<td>148</td>
<td>118</td>
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<tr>
<td>Inspections</td>
<td>2,892</td>
<td>2,698</td>
<td>2,488</td>
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</table>

**11% reduction in total number of injuries to staff**

**2,488 health and safety inspections in 2017**

**2,000 employees took online safety courses in 2017**
Continuous improvement of safety standards globally have contributed to the reduction of injuries to staff and lost work days due to accidents.

Injuries to staff have reduced by over 50% since 2013.
Panalpina’s health and safety risk assessment and management allows us to accurately identify, describe and manage potential risks in our working environment.

Should we identify a new risk for our employees and our subcontractors, we take immediate action to eliminate or at least minimize it.

Information is an essential element where health issues are involved. For this reason Panalpina circulates specific documentations and reports on health risks and appropriate preventive measures to all our employees and subcontractors.
Panalpina’s employees and subcontractors are thoroughly informed about hazards in their specific line of work and trained periodically in the correct use of their personal protective equipment (PPE).

Our health and safety standards are certified globally in all locations to OHSAS 18001.
SAFE WAREHOUSING AND TRANSPORT

Panalpina globally observes all local codes of practice and all legal standards regarding warehousing and transport.

We also act in compliance with the regulations of IATA (International Air Transport Association) and IMO (International Maritime Organization).
PERSONAL PROTECTIVE EQUIPMENT

If hazards cannot be completely eliminated, Panalpina provides Personal Protective Equipment (PPE) of the highest quality.

All our employees and subcontractors are thoroughly informed about hazards in their specific line of work and trained periodically in the correct use of the PPE.
SAFE EQUIPMENT

- All equipment and machinery used at Panalpina must be regularly checked and verified as safe and fit for use.

- A safe work equipment program is applied as part of the risk assessment and competence processes.
SAFE BEHAVIOR

- Employee behavior has a strong impact on occupational health and safety. We see it as an ongoing task to promote a health-and-safety-minded culture.

- Panalpina aims to create an open atmosphere allowing for problems and risks to be identified and resolved.

- Integrating management and staff, emphasizes the importance of the right behavior and assists in the improvement of our overall safety performance.

- Our behavioral safety program called O.O.P.S. (Observation of Performance Standard) ensures staff members actively participate in the process of providing relevant feedback and information in surveys, interviews, workshops etc. and use the opportunities to report their observations of performance standards.
Panalpina’s QHSE Managers audit subcontractors to ensure that our own high standard of health & safety is preserved throughout the supply chain.

Subcontractor staff training and toolbox talks completed at project level to reinforce Panalpina safety standards, identify hazards and assess risks.
The aim of Panalpina’s emergency readiness program is to minimize injuries, casualties and material losses should an incident occur. We ensure a fast and appropriate response to any kind of emergency situation.

Our health and safety standards are certified globally in all locations to OHSAS 18001.
Should any extended service outages arise, our Business Continuity Plan (BCP) will enable Panalpina to restore its services to the widest extent as soon as possible.

Our BCP Covers:

- Dangerous goods spills
- Natural disasters
- Turmoil/strikes
- Plane crashes
- Vessel accidents
- Epidemics/diseases
- Economic crisis
- Sabotage
HEALTH & SAFETY WEEK 2017

- Approximately 500 awareness sessions held globally!
- 25% of sessions focused on health related topics including:
  - Stress symptoms and contributing risk factors
  - Prevention of burn out
  - Prevention of musculoskeletal disorders
  - Relaxation and breathing techniques
  - Promotion of positive mental health through exercise
  - Walking & running challenges and stretching exercises.
  - Various healthy eating promotions
  - Flu vaccinations for staff and family members
- Subcontractors also invited to attend in safety awareness sessions throughout the Regions.
RECAP – ALL THE ELEMENTS OF QUALITY …… ARE CONTINUOUSLY ANALYZED AND IMPROVED.

Environment
Panalpina’s offices and sites reduce their CO₂ Emission and their environmental impact in a rigorous manner.

Our environmental standards are certified globally in all locations to ISO 14001:2015.
COMMITTED TO SUSTAINABLE ACTION INTERNALLY

Reducing the environmental impact of Panalpina’s activities

Improvements from 2013 to 2017

36% less water used

35% less paper used

Management (B) second-highest score level from the Carbon Disclosure Project reporting

19.6% reduction in CO₂ emissions since 2013

<table>
<thead>
<tr>
<th>Year</th>
<th>Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>63,398</td>
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<tr>
<td>2014</td>
<td>59,725</td>
</tr>
<tr>
<td>2015</td>
<td>57,696</td>
</tr>
<tr>
<td>2016</td>
<td>53,760</td>
</tr>
<tr>
<td>2017</td>
<td>50,949</td>
</tr>
</tbody>
</table>
Enviromental Management

Panalpina has a strong sustainability foundation...

- As of 2009 global ISO 14001 Environmental Mgmt Certification
- Panalpina reports its sustainability performance according to the Global Reporting Initiative, the world’s standard in non-financial reporting.
- Panalpina established capability to report CO2 from subcontracted transportation to its customers through inhouse tool.
- Panalpina shares its internal CO2 performance annually to global investors through the Carbon Disclosure Project (CDP).
- Panalpina uses web-based tool to measure and monitor all of its internal EH&S data, and report bi-annually to the EB.
ENVIRONMENTAL MANAGEMENT

AND IT CONTINUES TO BUILD ON THIS…

2013

- Panalpina continues publication of sustainability content in annual report according to GRI G3 guidelines

2014

- First Panalpina Global Environment Day
- Panalpina launches integrated GHG reporting tool for customer data

2015

- Panalpina completes first standalone CSR report according to GRI G4 guidelines
- Panalpina completes second standalone CSR report according to GRI G4 guidelines
- Certified to ISO14001:2015

2016

- Panalpina receives Lufthansa Cargo Award for Climate Change Awareness
- Panalpina is one of only 32 companies worldwide with GHG emissions targets approved by the Science Based Targets Initiative.
ENVIRONMENTAL MANAGEMENT

AND IT CONTINUES TO BUILD ON THIS…

2017

Carbon Disclosure Project: Panalpina achieved a Management (B) score, the second-highest level

Panalpina and Cardiff University awarded major grant for Circular Economy research

Panalpina switches to the new state of the art HSE data collection and analysis tool Sulytics.

2018

Panalpina moves to Integrated Management Reporting

Sustainability pact signed with CMA CGM

Year-over-year CO₂ emissions continue to fall

Year-over-year CO₂ emissions continue to fall

Tons CO₂

2015 2014 2013 2016 2017
COMMITTED TO SUSTAINABLE ACTION INTERNALLY

Reducing the environmental impact of Panalpina’s activities

Panalpina began reporting to the Carbon Disclosure Project in 2009. In 2017, Panalpina achieved a score **Management B**.

Companies at **Management** level are taking further steps to effectively reduce emissions, indicating more advanced environmental stewardship. This good result signals that Panalpina is measuring and managing its impact and has developed a policy and strategic framework within which to take action and reduce negative climate change impacts.

Alberto Carrillo Pineda, Director, Science-Based Targets and Renewable Energy at CDP:

“We applaud Panalpina for having their emission reduction targets validated by the Science Based Targets initiative. By taking this step, they are not only climate-proofing their operations and boosting their competitive advantage in the transition to a low-carbon economy, but also helping to reduce emissions among customers using its services globally. This shows what widespread impact corporations like Panalpina can have in leading the way to a low-carbon future.”
COMMITTED TO SUSTAINABLE ACTION EXTERNALLY

Helping our customers and suppliers reduce their environmental impacts

**EcoTransIT platform**
Customers receive reports on greenhouse gas emissions associated with their shipments

**Science-based targets**
Panalpina was the first logistics provider globally with officially approved science-based targets for the global reduction of GHG emissions.

**Supplier management**
Suppliers are chosen based on their fuel efficiency and commitment to sustainable performance
COMMITTED TO SUSTAINABLE ACTION EXTERNALLY

Helping our customers and suppliers reduce their environmental impacts

EcoTransIT platform
Customers receive reports on greenhouse gas emissions associated with their shipments

Customer-focused Reporting: On demand GHG reports
- Customers increasingly request GHG and energy data on shipments
- Panalplina built an integrated tool – allows for on-demand reports by trade lanes, mode and impact
- Pulls data from Panalplina Shipment communication platform, performs calculations, and prepares comprehensive reports.

www.ecotransit.org

calculations in accordance with NF EN 16258 standard
CUSTOMER ON DEMAND EMISSION CALCULATION

- Customers increasingly request emission information during the RFI or RFQ process and also demand detailed pre analysis on lane and mode basis

- "EcoTransIT Mass calculator" has been subscribed by PA: Using this solution PA will be enabled to calculate emissions on a shipment / lane / transport type level, enabling us to provide a comparative analysis on how and using which modal combinations emissions can be reduced and to give information as needed for RFI purposes.

  - This tool performs detailed calculations, and prepares comprehensive reports covering all gases as per EN 16258 standard
COMMITTED TO SUSTAINABLE ACTION EXTERNALLY

Helping our customers and suppliers reduce their environmental impacts

Science based targets
Panalpina has joined 105 companies with approved science based targets for the global reduction of GHG emissions.

Committed to science-based targets at COP21:

One of the first in the logistics sector to do so.

- State-of-the-art approach for companies to combat global warming
- Targets are set according to GHG budget – preventing the planet from warming beyond 2º C

<table>
<thead>
<tr>
<th>Emissions source</th>
<th>KPI</th>
<th>Required reduction by 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings; Electricity use and heating</td>
<td>CO₂/m²</td>
<td>-27%</td>
</tr>
<tr>
<td>Passenger cars</td>
<td>CO₂/km</td>
<td>-32%</td>
</tr>
<tr>
<td>Heavy duty trucks</td>
<td>CO₂/CHF (gross profit, currency adjusted)</td>
<td>-35%</td>
</tr>
<tr>
<td>Business flights</td>
<td>CO₂/FTE</td>
<td>-13%</td>
</tr>
<tr>
<td>Subcontracted transport (air, ocean, road)</td>
<td>CO₂/CHF (gross profit, currency adjusted)</td>
<td>-22%</td>
</tr>
</tbody>
</table>
COMMITTED TO SUSTAINABLE ACTION EXTERNALLY

Helping our customers and suppliers reduce their environmental impacts

Subcontractor management

Suppliers are chosen based on their fuel efficiency and commitment to sustainable performance

- Active supplier engagement – partnering for sustainability performance
- Performance in all aspects monitored through scorecards and business reviews
- Regular audits, internal and external, are a key part of subcontractor management
- ISO14001:2015 reinforces this approach
- 2016 programs will include pilot projects, such as EURO 6 and/or electric vehicle deployment for last mile deliveries
COMMITTED TO OUR COMMUNITIES

2017 Global Sustainable Action
Employees worldwide took part in close to 400 activities for Global Sustainable Action Week.

2017 UNICEF relief flight to SUDAN
In its fifth yearly flight in support of UNICEF, Panalpina donated a charter flight to UNICEF that brought 80 tons of relief supplies to South Sudan.
A RECOGNIZED STRONG CULTURE & COMMITMENT TO SUSTAINABILITY

An Engaged, Committed and Well Trained Team

Highly qualified and committed workforce

- Annual charity flights
- Sustainable Action Program
- Nearly 400 local environmental, community or volunteer activities organized globally
- High-degree of internal communication – sharing of ideas and approaches for sustainability
- High participation in training and certifications on Environmental program, Compliance, IMS system for all employees
UN SUSTAINABLE DEVELOPMENT GOALS

- Announced September 2015
- Replaces previous Millennium Development Goals
- 17 topics, 169 indicators

Panalpina has aligned Sustainable Action Program with the SDG’s!

Which SDG’s align with Panalpina’s corporate interests?

- Good Health and Well-Being
- Decent Work and Economic Growth
- Industry, Innovation and Infrastructure
- Sustainable Cities and Communities
- Climate Action
- Partnerships for the Goals
Panalpina’s modal shift program is a proven method to reduce emission. Shifting cargo from trucks to more energy-efficient modes of transportation – such as rail and vessel or from air to ocean makes a big difference.

Our environmental standards are certified globally in all locations to ISO 14001.
CARGO CONSOLIDATION

With our approved methods such as co-loading with other suppliers, joint delivery and full-load round trips, we continuously optimize our sub hubs, warehouses and other distribution centers to reduce emissions and to overcome traffic congestions.
Panalpina conducts various environmental initiatives to manage the purchase, consumption, reuse and recycling of office and packaging material as well as other resources such as electricity, water, fuel and gas.

Our environmental standards are certified globally in all locations to ISO 14001.