

**ANNUAL REPORT ON COMBATTING FORCED LABOUR AND CHILD
LABOUR IN SUPPLY CHAINS**

2025

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2024

1 Introduction

This report has been prepared by Kuehne + Nagel Ltd. (“**KN CA**” or the “**Corporation**”) pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “**Act**”) for the KN CA financial year ended December 31, 2024 (the “**Report**”).

Founded in 1890, over the last 130 years, Kuehne+Nagel has evolved from a traditional shipping company to a global logistics partner that offers highly specialized solutions for major industries worldwide. Today, the holding company, Kuehne + Nagel International AG (“**KN**” or “**Kuehne + Nagel**”), is headquartered in Switzerland, with a presence all over the world, including Canada.

As a globally operating organization and a responsible corporate citizen, our business activities are based on high ethical and applicable legal standards. We foster a sense of trust with our stakeholders and meet our responsibility of being a reliable and successful business partner by considering integrity as a key element of our business behaviour.

Accordingly, KN CA opposes any form of forced labour or child labour and remains steadfast in its commitment to identify, address and eliminate any and all forms of forced labour or child labour from its supply chains. Human rights are fundamental, moral principles that describe standards of human behaviour, and are protected as natural and legal rights by law. Forced labour and child labour is a global challenge; entities and government institutions doing business in Canada (and elsewhere) have a responsibility to ensure that forced labour and child labour are addressed and eradicated from their supply chains.¹

This Report sets out what steps the KN Group, and accordingly KN CA, has taken and is taking to assess the risks of forced labour or child labour (as defined in the Act), and to ensure that such exploitative labour practices are not taking place within our business and our supply chains. This Report is made pursuant to section 11 of the Act and has been approved by the KN CA Board of Directors.

2 Forced Labour and Child Labour: Steps to Prevent and Reduce Risk

KN CA is dedicated to ensuring that the way we conduct our business reflects our values and our belief that everyone should be treated with dignity and mutual respect in an environment that is free from exploitive workplace practices. We are committed to practices that combat forced labour and child labour, and to working with and encouraging our suppliers to uphold the principles in this Report.

Identifying and eliminating forced labour and child labour risks in business and supply chains is a continuous process that requires long-term planning and ongoing diligence. It also requires integrated collaboration and external partnerships to help achieve meaningful change. Strengthening governance, managing risks and assessing our effectiveness remain among our top priorities.

We are convinced that our Code of Conduct² and the KN Supplier Code of Conduct³ are not only effective instruments of risk prevention to protect us from negative consequences such as monetary penalties or reputational damages, but to also guide and require our organization and suppliers to consider and prevent forced labour and child labour. The KN Code of Conduct is mandatory and binding on members of the KN Group, including KN CA.

¹ Government of Canada, Public Safety Canada, *Forced Labour in Canadian Supply Chains*, <https://www.publicsafety.gc.ca/cnt/cntrng-crm/frcd-lbr-cndn-spply-chns/index-en.aspx>.

² [company-corporate-governance-Code-of-Conduct.pdf](#)

³ <https://home.kuehne-nagel.com/documents/20124/72221/kuehne-nagel-supplier-code-of-conduct-2024.pdf/cfa86ffa-ec3c-9152-0214-96223acaefb7?t=1733734018722>

In addition to the KN Code of Conduct and the KN Supplier Code of Conduct, the KN Human Rights Policy⁴ further sets out the efforts taken by KN CA to prevent and reduce the risk of forced labour and child labour. The principles from our Human Rights Policy mark the minimum, mandatory standards for KN CA, and how KN conducts business and is represented in the global marketplace.

The KN Human Rights Policy sets forth, among other things, the following:

- KN, as a member of the United Nations (“UN”) Global Compact,⁵ is committed to respect and promote internationally recognized human rights standards across our global supply chain networks. Of the four key areas of the UN Global Compact, the Labour component sets forth the following strategies and universal principles:
 - Principle 3: Uphold the freedom of association and the effective recognition of the right to collective bargaining.
 - Principle 4: Eliminate all forms of forced and compulsory labor.
 - Principle 5: Abolish child labor.
 - Principle 6: Eliminate discrimination in respect of employment and occupation.
- KN commits to Compliance with the international Labour Organization core standards, as amended from time to time.
- That KN opposes violations or limitations of human rights of any kind including any form of discrimination, slavery and torture, human trafficking, or forced and child labour.

The policy is issued and implemented by the management of KN and the responsible managers of each respective member of the KN Group, which includes the managers of each group function, business unit and legal entity; being the most senior levels accountable for implementation.

The KN Human Rights Policy also covers:

- diversity and inclusion;
- ensuring equal opportunity;
- fair labour practices (including fair wages and reasonable working hours);
- employees’ rights to freely associate and collectively bargain;
- a commitment to a safe and health workplace; and
- environmental responsibility to minimize operational impact.

In addition to the Human Rights Policy, KN has implemented due diligence measures.

Supplier Management System

The KN Group pays specific attention to choosing its suppliers in support of its service offerings. All suppliers are subject to a globally consistent commercial check and qualification process via our supplier management tools. Country-specific legal requirements, licenses and insurance certificates need to be submitted by suppliers for KN’s scrutiny.

To become an approved supplier in the KN CA supplier management database, authorized representatives of suppliers are expected to sign or acknowledge adherence to the KN Supplier Code of Conduct. The objective is to build strong relationships with our suppliers who share the same ethical principles that we do.

⁴ <https://de.kuehne-nagel.com/documents/237086/10726169/company-corporate-governance-kuehne-nagel-human-rights-policy.pdf>

⁵ <https://unglobalcompact.org/what-is-gc/participants/138254-Kuehne-Nagel-Management-AG>

Updated in 2024, the KN Supplier Code of Conduct sets out KN's expectations from suppliers. It requires suppliers to uphold, at a minimum, high ethical standards, conducting business with integrity, and in compliance with all relevant laws, including anti-corruption and bribery, a code that is based upon principles of internationally recognized laws, regulations, and standards including but not limited to the UN Global Compact, the Organization for Economic Cooperation and Development, and International Labour Organization, and discussed further below under Policies and Due Diligence Processes. Suppliers are required to respect internationally recognized human rights, ensuring fair wages, safe working conditions, and the prohibition of child or forced labour.

The KN Supplier Code of Conduct also includes a component of confidential reporting to the [KN Confidential Reporting Line](#), which is protected by KN's commitment to non-retaliation. KN CA also typically requires its suppliers to comply with the KN Supplier Code of Conduct, and all applicable laws, including compliance with forced labour, modern slavery laws, and supply chain due diligence laws through contractual arrangements.

The supplier management process also includes mitigating risk exposures. The KN global process for supplier Integrity Due Diligence ("IDD") has been in operation for more than 10 years. Suppliers selected based on risk must be approved by the internal control process IDD. This IDD process is discussed in further detail below, and includes, for example, suppliers providing customs clearance services on behalf of KN, or those interacting with government officials while executing services for KN.

Canadian Laws

KN CA is steadfast in its commitment to upholding the highest standards of ethical employment practices. We comply with local Canadian employment laws, ensuring that our operations are free from any form of forced labour and child labour. We recognize the inherent dignity of every individual and are dedicated to fostering a work environment that respects and promotes human rights.

In alignment with our core values, KN CA does not employ children below the legal minimum age of employment in Canada, and does not tolerate any form of forced labour, including indentured labour, military labour, any form of human trafficking, or modern forms of slavery. KN CA rejects all forms of forced labour and child labour.

We uphold the right to freedom of association and collective bargaining. We believe that every employee has the right to join or form trade unions and to engage in collective bargaining without fear of retaliation or discrimination. Our policies and practices are designed to support these rights, ensuring that our workforce can freely express their views and negotiate their working conditions.

We continuously monitor and review our employment practices to ensure compliance with legal standards and to promote a culture of respect and fairness. By adhering to these principles, we aim to contribute positively to the communities in which we operate and to set a benchmark for ethical conduct in our industry. Each KN CA employee is required to complete training with respect to the KN Code of Conduct and is also required to complete an annual knowledge assessment to assess their understanding of the requirements therein.

3 Requirement (A) – Structure, Activities and Supply Chains

3.1 Structure

KN provides transportation and logistics services to customers worldwide and is recognized as one of the world's largest transportation sea and air freight forwarders with over 82,000 employees in approximately 100 countries. Registered in Schindellegi, Switzerland, KN is listed on the SIX Swiss

Exchange with stock trading symbol KNIN.⁶ KNIN is also included in the Swiss Market Index, the index for Switzerland's blue-chip equity market. Those entities and companies controlled and managed by KN, form the "KN Group".⁷

As the logistics partner of choice for 400,000 customers worldwide, we shape the world of logistics with a strong determination to connect people and goods through innovative and sustainable logistics solutions. Every day, we go above and beyond to meet the needs of our customers. By anticipating challenges and applying our visionary mindset, we advance global trade and bring communities together.

KN CA provides a range of air, sea, and road freight forwarding and logistics services including customs brokerage, contract logistics and project logistics. Governed by the *Canada Business Corporations Act* and headquartered in Mississauga, ON, KN CA has over 1,700 employees across Canada. KN CA is an entity as defined in the Act as it does business in Canada, has generated at least \$40 million in revenue and employs over 250 employees.

Effective January 31, 2024, the KN Group acquired 100 percent of the shares of Farrow Group Inc. ("**Farrow**"), which is a Canada-based customs broker. Governed by the *Business Corporations Act* (Ontario), Farrow is a wholly-owned corporate subsidiary of KN CA. While Farrow's core customs brokerage business is not required to report under the Act, its active business units—including warehousing, freight forwarding, and related services—are integrated into the KN Group operations and align with KN's compliance obligations. As part of the KN Group, Farrow Group Inc.'s operations remain subject to the KN Code of Conduct, Human Rights Policy, and its commitment to preventing forced labour and child labour. Farrow Group Inc. published a report in 2024 pursuant to the Act for its 2023 fiscal year.

As part of the KN Group, KN CA, a wholly-owned subsidiary of KN, understands its responsibility as a responsible corporate global citizen. We are fully committed to business activities based on high ethical and applicable legal standards. As part of the KN Group, KN CA is aligned with the KN Code of Conduct, Human Rights Policy, and the KN Supplier Code of Conduct and the policies, practices and guidance therein related to maintaining the delivery of business activities in accordance with commonly accepted principles of Human Rights and Dignity.

KN CA incorporates the KN policies and processes and the KN objectives into its business activities and has accordingly provided herein the efforts, actions and goals to address forced labour and child labour as set out in the Act.

3.2 Activities

The Corporation's operations are focused on freight forwarding and customs brokerage services.

KN's Sea, Air, Road, and Contract Logistics business units offer complex, end-to-end, multimodal solutions, and is one of the world's largest freight forwarders based on managed volumes. KN operates and partners with trusted shipping carriers, airlines, and road hauliers to deliver its services to customers.

As a component of the services offered by KN CA, the Corporation purchases certain goods from trusted suppliers for consumption in relation to packaging and warehousing activities. KN CA is a service focused company and operates an asset-light business model, meaning the type and volume of goods purchased and/or imported into Canada is limited and marginal in comparison to the focus on end-to-end logistics services, customs brokerages services, and contract logistics services. The asset-light

⁶ See <https://home.kuehne-nagel.com/en/company/about>

⁷ See KN 2024 Annual Report <https://newsroom.kuehne-nagel.com/media-library/?tab=file>

business model also includes a significant supply chain of KN subcontractors, in which KN partners with trusted shipping carriers, airlines and road hauliers in providing its services to customers. Accordingly, the responses provided herein focus on KN CA’s efforts against forced labour and child labour in the context in which we operate, as a service provider.

An overview of our operations is as follows:



3.3 Supply Chains

The relationship between the Corporation and its suppliers is an integral component to achieving high performance in our business activities. KN CA has a significant service supply chain of subcontractors who assist and / or with whom KN CA partners in providing services to customers in Canada. In selecting trusted marine carriers, airlines and road hauliers, or temporary staff and labour to deliver its services, the Corporation diligently chooses reputable business partners who share our commitment to high ethical standards and business practices.

As part of its services, KN consolidates and synchronizes supply chain data, making it easily accessible to internal teams and customers alike. Stakeholders can access advance shipping notifications, delivery data, track-and-trace information, and visibility on inbound and outbound flows. In addition to end-to-

end logistics services, KN also offers value-chain solutions, such as cargo insurance, emission visibility and reporting, supply chain design and optimization, returns management and quality inspections.

KN's Code of Conduct and the KN Supplier Code of Conduct set out the KN CA commitment to respect human rights within its internal policies and actions. KN CA generally requires its suppliers to comply with the KN Supplier Code of Conduct and all applicable laws, including forced labour and supply chain due diligence in our vendor and supplier agreements.

KN CA imports goods in its supply chain for packaging and consumption as part of its freight forwarding services, such as packaging materials in relation to and for air freight; facility management (that may include, but is not limited to, catering, storage, safety, security, and waste disposal) in KN CA warehouses and offices; and material handling in our warehouse and logistics locations.

KN CA does not have visibility to make statements on its customers' supply chains.

4 Requirement (B) – Policies and Due Diligence Processes

We are committed to acting ethically and with integrity in all our business relationships. As such, we recognize our responsibility to manage our businesses and supply chains to identify and alleviate any potential or actual human rights violations. The KN Code of Conduct, alongside our Supplier Code of Conduct, the KN global Human Rights Policy, and our formal support for the UN Global Compact, demonstrate our commitment to upholding human rights, fair working conditions, and preventing forced labour and child labour.

The KN Supplier Code of Conduct sets out KN's minimum expectations from suppliers and is based upon principles of internationally recognized laws, regulations, and standards including but not limited to:

- the UN Global Compact
- Organization for Economic Cooperation and Development,
- United States Foreign Corrupt Practices Act of 1977,
- United Kingdom Bribery Act, International Labor Organization,
- European Union Corporate Sustainability Reporting Directive,
- World Customs Organization Safe Framework of Standards, and
- United States Food and Drug Administration.

The KN Human Rights Policy supplements the KN Code of Conduct, the KN Supplier Code of Conduct, and KN's internal corporate guidelines and binds KN entities to the following principles in their daily work:

- Prohibition of child labour
- Diversity and inclusion
- Employee rights and fair labour practices
- Freedom of association
- Safe and healthy workplace

KN CA, as part of the KN Group, incorporates into its daily operations the Code of Conduct and the above policies to identify and respond to the real and potential adverse impacts on its operations. To mitigate our supply chain risk and as part of their contractual relationship with us, we require all suppliers in Canada to confirm that they will comply with our Supplier Code of Conduct.

In January 2025, in alignment with its policies and practices, Kuehne + Nagel Inc. and KN CA established the role of VP, Sustainability North America underscoring our commitment to responsible

and ethical supply chain practices, environmental, social and governance practices aligned with KN's Global Living ESG, which is a cornerstone of KN's global 2030 vision.

In September 2022, KN announced the appointment of a Human Rights Officer to support the prohibition of child labour; a culture of diversity and inclusion, freedom from harassment and discrimination; support for employee rights and fair labour practices, including the prevention of forced labour and the freedom of association and right to collective bargaining.

Due Diligence

While the risk of forced labour and child labour occurring in our operations is lower, we recognize that the causes of forced labour and child labour are complex, with a multitude of risk factors often interacting to facilitate an environment in which forced labour and child labour practices are able to occur. As such, we work to ensure that foundational risk-based due diligence is carried out on third parties, including suppliers and business partners.

In 2024, a new supplier management tool was launched, the KN Vendor Management System process (the "**KNVM System**"). The KNVM System is a new standard platform for supplier onboarding and qualification managed by Corporate Finance and is structured around a three-level qualification process designed to help KN quickly find a trusted supplier, ensuring customers receive support informed by data and information that evaluates and compares suppliers' compliance, legal status, and service quality and minimization of risk by the identification of suitable suppliers. The KNVM System has been implemented in 15 countries, with further countries in progress. The 2025 target is a roll-out in fifty major countries after completion of the first wave of implementation. Canada is expected to be onboarded onto the integrity due diligence supplier management system in 2025.

In addition, the applicable KN compliance teams perform IDD on third parties such as customs agents, import/export brokers, suppliers, consultants to ensure that these operate in accordance with KN standards.

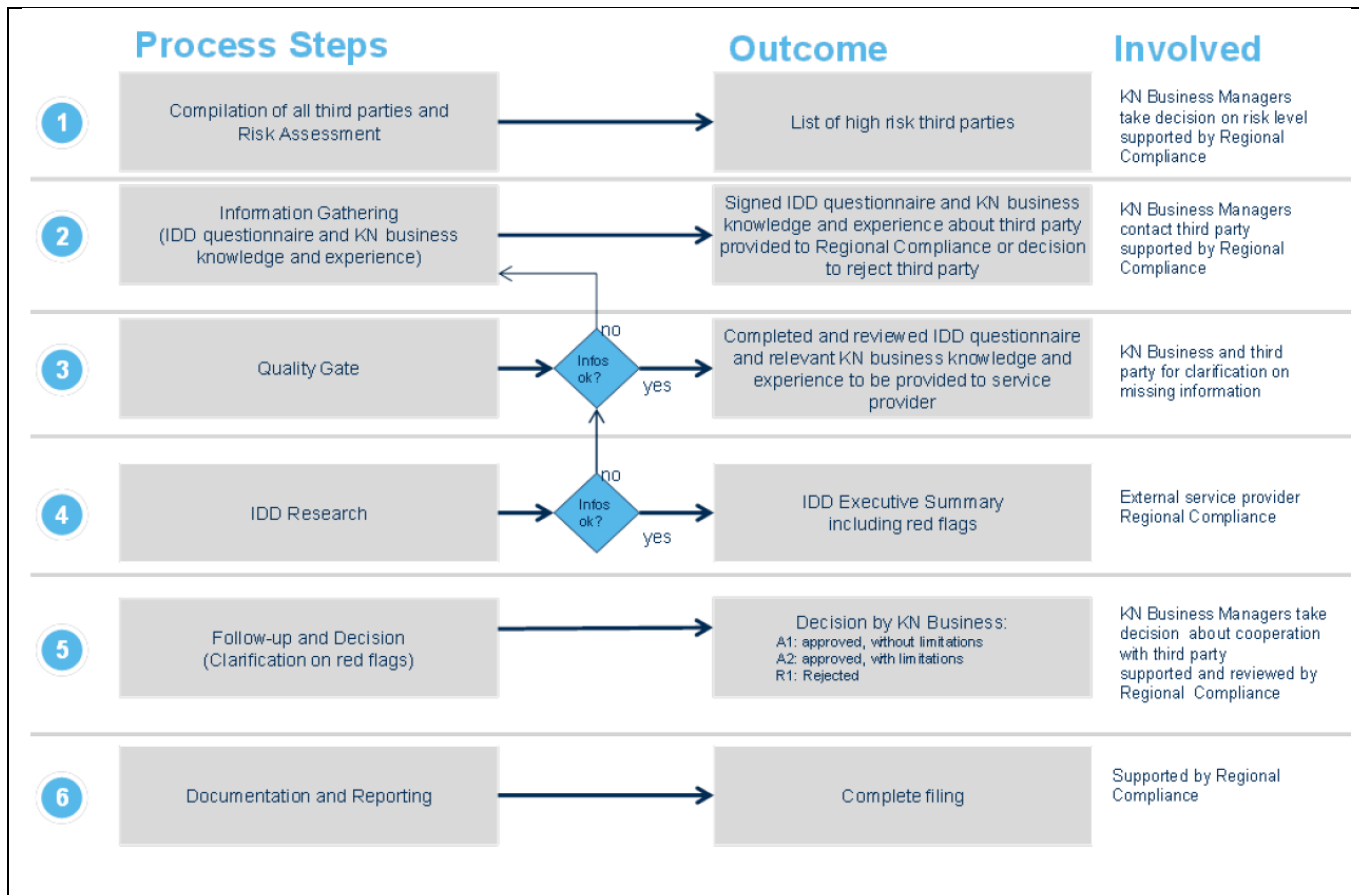
The IDD process is designed to assist the KN business managers' decision-making by assessing the risk of conducting business with a particular potential third party. It also helps to develop an objective basis upon which management can proceed in the reasonable belief that the third party is not likely to make improper payments to anyone or commit other illegal or unethical acts in performing its agreements or functions with KN. It is particularly applicable when contemplating business relationships with previously unknown parties, or when considering business in new or emerging markets where dependence upon others is likely to be greater.

The IDD process assumes a complete overview on all (existing and new) third parties followed by a risk classification that focuses on elements of ethics and bribery. This risk-based approach allows KN to focus its efforts where problems most likely occur and must be conducted before the third party is retained. In addition, a renewal of the IDD is required by default after three years.

The IDD process comprises of the following six steps, namely:

1. Compilation of all third parties and Risk Assessment
2. Information Gathering
3. (IDD questionnaire and KN business knowledge and experience)
4. Quality Gate
5. IDD Research
6. Follow-up and Decision

7. Documentation and Reporting



KN, as a member of the UN Global Compact, is committed to respecting human rights in line with the UN Guiding Principles on Business and Human Rights (“**Guiding Principles**”). The UN Guiding Principles are a set of guidelines for countries and companies to prevent, address and remedy human rights abuses. Accordingly, we take a risk-based approach to our human rights due diligence activities and continuously strengthen key processes that enable us to identify and act upon actual and potential human rights risks in our operations and through our business partnerships.

We assess compliance with our Supplier Code of Conduct with suppliers in high-risk categories by conducting due diligence activities such as risk assessments and documentation reviews.

As part of our Supplier Code of Conduct, KN CA requires:

- Monitoring and Auditing. Require applicable suppliers from certain sectors to support and facilitate any form of monitoring and auditing (or third parties assigned on its behalf) including but not limited to completing environmental, social, and governance, or security performance self-assessments, as well as on-site audits and inspections.
- Subcontractors. Supplier shall not engage any subcontractors without KN’s prior written consent. Any sub-contracted services are always limited to the needs of the supply chain to which they are engaged.
- Confidential Reporting. Any observation of improper business conduct or unlawful activity can be reported confidentially to the KN Confidential Reporting Line, which is protected by KN’s commitment to non-retaliation, and is available [here](#).

5 Requirement (C) – Forced Labour and Child Labour Risks

Our supply chain, which heavily relies on contracting and subcontracting services, may present potential risks of indirect association with forced labour and child labour practices. We hold all suppliers to high standards, irrespective of industry or location. This entails ensuring fundamental rights for all individuals, treating employees with fairness, respect, and dignity, and adhering to practices that safeguard their health and safety as set out in the KN Supplier Code of Conduct.

KN CA assesses a low to minimal risk of forced labour or child labour in our supply chain. This view has been informed by our communications with and practices when engaging suppliers. KN CA does not tolerate forced labour or child labour within our supply chains and does not turn a blind eye to these risks. KN CA encourages our members to personally live up to and consistently value the principles of the Code of Conduct and the KN Supplier Code of Conduct when engaged in KN's business whether internally or in public, adhering to the same standards for our suppliers as we set for our employees and how we operate. The principles set forth herein set the minimum standards of how the KN Group and KN CA conduct business and is represented in the global marketplace. KN CA opposes violations or limitations of Human Rights and Dignity of any kind which includes, but is not limited to, any form of discrimination, slavery and torture, human trafficking, or forced and child labour, and ensures it operates at these standards.

In 2024, KN carried out child labour checks within its own operations without any findings and updated its Integrated Management System audit processes to incorporate additional checks for child labour and human rights risks and violations, effective from 2025. KN CA was included in these checks.

6 Requirement (D) – Remediation Measures

At this point, KN CA is not aware of, nor have we identified, any incidents of forced labour or child labour in our activities or supply chain during the previous financial year. This risk assessment is based on the scope of our risk identification activities, as detailed above. As KN CA has not uncovered any evidence of forced labour or child labour, no remediation measures were implemented in KN CA's 2024 financial year. However, we continue to follow our internal processes to hold our suppliers to the standards required in our Supplier Code of Conduct and will provide remedial measures where such practices are identified.

7 Requirement (E) – Remediation of Loss of Income

KN CA is of the view that vulnerable families have not experienced loss of income as a result of the steps we have taken to eliminate forced labour and child labour risks from our supply chains. Therefore, we have not taken any measures aimed to remediate the loss of income to the most vulnerable families. If we are of the view in the future that our initiatives have had an adverse impact on vulnerable families, through the loss of income, KN CA will be committed to taking remedial action to alleviate such adverse impacts.

8 Requirement (F) – Training

We recognize that our people are our first line of defence in identifying and managing forced labour and child labour risks. It is integral that our people understand forced labour and child labour red flags and how to report concerns. Accordingly, we communicate the KN policies internally to our employees and externally to our suppliers and partners.

We intend to work with all relevant employees to reinforce any steps that should be taken to identify and manage forced labour and child labour risks and to remind them of the channels through which any concerns can be reported. We continue to roll out training for salaried KN CA employees who are

required to undertake KN Code of Conduct training within their first 30 days of their employment and an annual internal training for these employees on the KN Human Rights Policy.

To supplement this, we encourage employees to participate in industry and internal training and courses to help inform and educate them with respect to the industry and human rights. We are planning to develop bespoke training for key stakeholders and leaders to further embed the importance of preventing forced labour and child labour throughout our business.

9 Requirement (G) – Assessing Effectiveness

The Corporation recognizes the importance in assessing the effectiveness of our initiatives to address human rights and forced labour and child labour risks in our supply chains. We are determined to enhance our response to forced labour and child labour practices and seek to identify, in an effective and measurable manner, whether the steps taken to prevent and reduce forced labour and child labour from our supply chains have been successful.

Going forward, we will review annually our reporting document and update as required to ensure the relevant steps are taken to review, assess effectiveness, and accordingly implement processes to prevent forced labour and child labour in our supply chain and to continue to protect and promote human rights. Our aim is to continuously monitor and, where required, enhance any policies, procedures and measures that we have already implemented. We will periodically review the effectiveness of the steps we are taking to ensure the risks of forced labour and child labour in our supply chains are identified and addressed. This includes but is not limited to:

- Requiring disclosure and confirmation from suppliers and partners that they do not engage in forced labour and/or child labour and/or require the disclosure of supplier and partner efforts to prevent forced labour and child labour their supply chains,
- Updating and mandating contractual obligations for new suppliers and partners in our supply chain,
- Continuing to train employees,
- Implementing the IDD, and
- Continuing to review supplier assessments, KN CA's policies and procedures to ensure continued compliance.

10 Approval by the Board and Attestation

This Report was approved by the Board of Directors of the Corporation on May 30, 2025.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Signed:

DocuSigned by:


Name: Dianna Fioravanti-Ashikwe
Title: President

Date: May 30, 2025

I have the authority to bind the Corporation.