

2013-2014 Communication on Progress



2014 Communication on Progress

Statement from the CEO

I am proud to present BDP's annual Communication on Progress (COP) report. BDP is committed to good corporate citizenship in the global community. This report reinforces our commitment to ensuring the UN Global Compact and its principles are part of BDP's strategy, culture, and day-to-day operations. One of BDP's most valuable assets is its integrity. Protecting this asset is the job of everyone in BDP. To that end, we also expect that those with whom we do business (including our agents, consultants, suppliers and customers) will also adhere to our guiding principles, and the principles of the UN Global Compact. As a member of the UN Global Compact, we will continue to communicate and advance these principles within our own organization and sphere of influence.

Sincerely,



Richard J. Bolte, Jr.
Chairman & CEO

BDP Background

BDP International, Inc. ("BDP"), founded in 1966, is one of the leading privately held freight logistics/transportation management firms based in the United States. With a network of wholly-owned operations, joint ventures and affiliates in more than 120 countries, including more than 115 offices across the world, BDP People believe in delivering on the promise of service excellence one customer at a time.

BDP provides a range of services, including ocean, air and ground transportation; lead logistics process analysis, design and management; export freight forwarding; import customs clearance and regulatory compliance; project logistics; warehousing/consolidation/distribution; and web-based shipping transaction/tracking management systems.

Human Rights

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

- A. Commitment:** BDP supports the internationally recognized human rights contained within the Universal Declaration of Human Rights and seeks to avoid complicity in human rights abuses.
- B. Processes and Systems:**
- i. **Equal Employment:** BDP International does not discriminate in employment opportunities or practices on the basis of race, color, religion, age, national origin, gender, sexual orientation, disability, union affiliation, veteran status or any other status protected by law. We expect that all employees will be treated equally without regard to these characteristics. Consistent with this policy, BDP International strives to ensure that:
 - Applicants are recruited, hired, and trained for all jobs without regard to race, color, religion, age, national origin, gender, sexual orientation, disability, veteran status or any other status protected by federal, state or local laws.
 - Transfers, promotions, and lay-off decisions are made without regard to race, color, religion, age, national origin, gender, sexual orientation, disability, veteran status or any other status protected by federal, state or local laws.
 - Compensation, benefits, discipline, and company-sponsored programs and activities are administered without regard to race, color, religion, age, national origin, gender, sexual orientation, disability, veteran status or any other status protected by federal, state or local laws.
 - ii. **Code of Business Conduct and Ethics:** One of BDP International's most valuable assets is its integrity. Protecting this asset is the job of everyone in BDP International. To that end, we have established a Code of Business Conduct and Ethics (the "Code"). The Code applies to every officer, director and employee of BDP International. We also expect that those with whom we do business (including our agents, consultants, suppliers and customers) will also adhere to the Code. Our Code is designed to help our employees comply with the law and maintain the highest standards of ethical conduct. All BDP International's officers, directors and employees must carry out their duties in accordance with the policies set forth in this Code and with applicable laws and regulations.
 - iii. **Access to basic healthcare:** BDP offers access to health, dental and vision insurance. Our US based Human Resource Management System provides employees access to a

wealth of health and wellness knowledge which allows employees to proactively manage their own medical history. Onsite flu vaccines are provided in several of our US locations.

- iv. **Safe working environment:** Through its Safety Committee, BDP aims to maintain a safe and healthy workplace by eliminating workplace injuries, identifying hazards and suggesting ways to prevent them.

The objectives of the Safety Committee are:

- Promptly review all safety-related incidents, injuries, accidents, illnesses, and deaths;
 - Conduct quarterly workplace inspections, identify hazards, and recommend methods for eliminating or controlling the hazards; and
 - Annually evaluate BDP's workplace safety and health program and recommend improvements to management.
- v. **Work/life balance:** BDP values the commitment every employee makes to the organization and as such provides many benefits to help employees achieve a greater work/life balance, such as: vacation time, sick time, personal time, select holidays off of work, short-term and long-term disability as well as honoring any regional government laws such as Family Medical Leave Act.

PRINCIPLE 2: Businesses should make sure that they are not complicit in human rights abuses.

A. Commitment: At BDP, we pride ourselves on our people, processes and technology that reach beyond common performance. To deliver the finest service experience in the world, BDP embraces the values of accountability, customer care and enduring relationships. These values are consistent with our culture of supporting human rights; we support the internationally recognized human rights contained within the Universal Declaration of Human Rights and seek to avoid complicity in human rights abuses.

B. Processes and Systems:

- i. **Violation of Business Ethics, Code of Conduct:** Any violation of applicable law or any deviation from the standards embodied in the Code will result in disciplinary action, up to and including termination. Disciplinary action may also apply to an employee's supervisor who directs or approves the employee's improper actions, or is aware of those actions but does not act appropriately to correct them. In addition to

imposing its own discipline, BDP International may also bring suspected violations of law to the attention of the appropriate law enforcement personnel. BDP International encourages employees to notify Human Resources if a situation arises which the employee believes conflicts with this policy.

- ii. **Training, Education and Development:** BDP's Training, Education and Development (TED) department is further proof that BDP is committed to investing in its most important asset, our people, by having global responsibility for the education and development of all employees. BDP was recently honored by the Corporate University Best-in-Class Awards (CUBIC™), established to recognize internal training organizations and corporate universities that set standards of excellence. BDP University is used to administer global awareness programs such as:
 - Hazardous Material
 - Industry Regulations
 - Government Security Programs
- iii. **Local Leadership Globally:** BDP has experienced local leadership in every BDP location and staff who thoroughly understand local laws, cultures, business practices and regulations.
- iv. **Industry Thought Leader:** As a sought after industry thought leader, BDP encourages clients and employees through our various trade communications, *Trendwatch*, *TradeAdvisory*, and *Gateway*, to maintain ethical best practices in all regions of the world.
- v. **“Small enough to care, large enough to leverage value”:** Privately held and family owned, we never lose sight of what matters most. BDP is nimble to changing business, economic, political and legal conditions, we can react swiftly and efficiently in any market to any violations of human rights within our realm of responsibility, whether it be our own organization, our service vendors, suppliers or clients.
- vi. **Hotline:** In the event that employees become aware of any facts surrounding a transaction that might be suspicious and give rise to a violation of the Code of Conduct, they may anonymously advise BDP by calling +1 (866) 631-2807.

Labor Standards

PRINCIPLE 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

A. Our Commitment: BDP strongly encourages all employees to own their personal career development through a variety of policies and programs within our organization. Every employee has the right and ability to improve their status within the organization. While BDP currently has no union representation within the organization, through our performance based processes, every employee has the ability to re-negotiate their positions and wages during the review period.

B. Processes and Systems:

- i. **Pay:** BDP follows minimum pay requirements in each location we operate and offers competitive industry compensation.
- ii. **Performance Management:** Each year, BDP publishes Key Performance Indicators for the entire global organization. These indicators are communicated clearly and swiftly throughout the organization, and each employee is assigned personal Key Performance Indicators by their manager that will assist the overall organization to meet its goals. Through a semi-annual review process, each employee has the opportunity to discuss their progress towards meeting these goals within the annual timeframe and communicate their expectation for increased responsibility and/or salary requirements.
- iii. **Employee Classification:** BDP classifies employees under applicable employee categories for the region in which they operate (ex: exempt/non-exempt). All employees have a service date associated with their date of hire that governs their eligibility for various benefits such as vacation accrual rates, service recognition and participation in retirement plans.
- iv. **Mentoring Program:** Being a privately held, family owned company that values personal relationships, BDP has historically used informal mentoring and networking throughout the organization. BDP's structured Mentoring Program varies vastly from informal mentoring as it is focused solely on the leadership development of a small group of high potential employees identified by management. The purpose of the Mentoring Program at BDP International, Inc. is to foster career development and share career experiences between BDP management and high potential employees. The long-term goals of the Mentoring Program are specifically to:

- Identify and reward high potentials within the organization by providing them with personal attention and guidance from BDP management;
- Lay the foundation for a succession plan throughout the organization;
- Improve morale and job satisfaction of high potential employees;
- Establish a culture that values career development and networking while fostering trust throughout the organization; and
- Aid in retention and recruitment of high potential employees.

v. **Leadership Development Program:** The goal of BDP's Leadership Development Program (LDP) is to cultivate the next generation of leadership at BDP through a series of leadership development courses, networking opportunities and educational classes. The LDP includes four major components:

- 1) Leadership Boot Camp Week;
 - One week consisting of intensive leadership development training delivered at the Global Corporate Headquarters by Dale Carnegie.
- 2) Leadership Development Specific BDP University Courses;
 - A series of courses and presentations conducted by Senior Management designed to help enhance the skill sets of BDP's future leaders as they prepare for the next level of responsibility at BDP.
- 3) Capstone Project; and
 - The identification of an opportunity to better BDP, followed by the compilation of a business case study to support the idea and the implementation of that project.
- 4) Networking.
 - A strong network is essential for all leaders. All participants in this program are given the opportunity to meet with the executive leadership of the company in both formal and informal settings in order to discuss their path within the company.

vi. **BDP University:** BDP believes that knowledge makes all the difference. By building education and training into our own competitive advantage, we help our clients build theirs. When we developed our business model on service excellence, we recognized the importance of investing in our greatest resource—our employees. BDP's Corporate University helps keep employees up-to-date on the latest transportation and logistics issues, regulations and best practices. A personalized curriculum with live classroom sessions, online webinars and self-paced "on demand" courses challenge BDP staff to reach new heights in professional and personal development.

PRINCIPLE 4: the elimination of all forms of forced and compulsory labor;

BDP adheres to all social and labor obligations to support its employees globally. These obligations include, but are not limited to, employee medical benefits, family and medical leave, term disability benefits and paid vacation, consistent with requirements of each jurisdiction. *Also see Principles 2 and 3.*

PRINCIPLE 5: the effective abolition of child labor; and

A. Commitment: BDP International fully complies with the Child Labor provisions of the Fair Labor Standards Act and applicable state statutes, which govern the employment of minors.

B. Systems and Processes:

- i. **Policy:** BDP requires that all its employees and representatives shall recognize the U.N. Convention on the Rights of the Child, and that its business partners comply with all relevant national and international laws, regulations and provisions applicable in the country of operation. Employees and partners are obliged to take the appropriate measures to ensure that no child labor occurs at their places of operation.
- ii. **Background checks:** BDP conducts background checks prior to hire to ensure minimum age requirements are met for all employees.

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

- i. **Anti-Harassment Policy:** An important aspect of BDP International's Equal Employment Opportunity Policy is to ensure that all individuals have the right and opportunity to work in an environment that is free from harassment of any nature. Harassment in any form including that of employees, applicants for employment, temporary employees, temporary agency workers, vendors, maintenance workers, or customers is unacceptable conduct that is not tolerated by BDP International. This policy applies to harassment on the basis of race, color, religion, gender, national origin, veteran status, age, disability, sexual orientation, familial status or any other characteristic protected from discrimination under law.
- ii. **Anti-Harassment, Diversity and Cultural Sensitivity Training:** BDP conducts on-going training for all employees to ensure that BDP maintains a workplace free from all forms of harassment.

- iii. **Harassment Complaint Procedure:** BDP encourages the prompt reporting of complaints or concerns so that rapid and constructive action can be taken. All allegations of harassment are investigated promptly and in as confidential a manner as is consistent with effective investigation. BDP will take appropriate corrective action when warranted. BDP encourages all employees to assist in maintaining a harassment-free workplace.

Environment

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

A. Commitment: BDP recognizes that the world's natural resources are limited and fragile. BDP considers environmental protection to be consistent with its overall goals and values and an important consideration in its total activities. This commitment to environmental protection is reflected in our policies, programs, and practices for conducting operations in an environmentally, as well as economically responsible manner.

B. Processes and Systems:

- i. **BDP Sustainability Program:** BDP is devoted to the development and growth of its sustainability program, led by a sustainability manager. The origin of BDP's sustainability initiatives came about through the internal passion and interest in bettering the environment of BDP, our customers, and the globe. BDP has developed the sustainability program in 2013, and this development will continue in 2014. BDP's sustainability program is comprised of internal, external, and community initiatives. Through engagement with its employees, customers, and community, BDP is able to take responsibility for its environmental impact and ensure it can operate in a more sustainable manner. BDP has engaged an environmental consulting firm to support the enhancement of this program. A sustainability audit will be performed in each office to certify compliance and to continuously seek to improve and grow the BDP Sustainability Program. Several of BDP offices are ISO 14001 or SQAS (Safety Quality Assurance System) certified. These certifications have added to BDP's strength in the development of its sustainability program.
- ii. **BDP Green Program:** To support the growth of our next generation of leaders, the BDP Green program was formed in 2010 by employees who were looking to make BDP more environmentally conscious. The BDP Green team acts in accordance with the Corporate Environmental Policy, established in 2010. With the more recent development of the BDP sustainability program, the BDP Green team will act as a vital

component within the sustainability program in continuing to support our corporate sustainability goals. The BDP Green program was designed to motivate employees to recognize and take responsibility for their environmental impact in the workplace. This team works together to create initiatives that will support BDP's goals to be more environmentally conscious, in the areas of energy conservation, paper reduction, recycling, reusable glassware, and transit. In its third year of existence, the BDP Green team has made several advances in establishing environmental standards in the workplace. The BDP Green team has appointed eco-leaders within each region of the United States. These eco-leaders support each initiative and facilitate these in the BDP offices within their region. Toward the end of 2013, the BDP Green program began to expand globally, with a team being built in our Antwerp office. There are plans for further expansion of the BDP Green team in 2014.

Currently, we are pleased to report the following achievements and essential goals for 2013:

- Increased communication and awareness in all US offices regarding recycling, paper reduction, and energy conservation;
 - Engaged employees via our monthly internal newsletter, our social networking sites, and in person to enhance our goal of corporate-wide awareness of sustainability
- Created sustainability training highlighting areas where BDP employees can be environmentally conscious both in the workplace and at home. This training has been distributed to BDP offices in the United States, Europe, and Asia;
- Held successful BDP Green sponsored events to promote awareness and education of sustainability in our offices and in the industry;
- Eliminated paper waste by 10% as a result of paper recycling, double sided printing, electronic billing and increased utilization of DMS;
- Distributed reusable mugs to all employees in the US, and provided employees in our European offices with reusable water bottles; and
- In 2013, BDP responsibly disposed of e-waste through a third party contractor who ensured properly recycling of the electronic waste.

PRINCIPLE 8: Businesses should undertake initiatives to promote greater environmental responsibility; and

- i. **Memberships and Responsible Care Partnership:** As a logistics service provider, BDP is committed to managing its supply chain effectively to promote increased sustainability. BDP is an active member of the American Chemical Council (ACC) and

the Chemical Distribution Institute (CDI), a European-based global source for data, information and advice specific to marine transportation and storage of chemical products. In 2008, BDP became a member of the American Chemistry Council's Responsible Care Partnership Program, which is the chemical industry's global voluntary initiative under which companies, through their national associations, work together to continuously improve their health, safety and environmental performance, and communicate with stakeholders about their products and processes in the manufacture and supply of safe and affordable goods that bring real benefits to society. As a Partner in the American Chemistry Council's Responsible Care initiative, BDP pledges to operate our business according to the following guiding principles:

- To lead our companies in ethical ways that increasingly benefit society, the economy and the environment;
- To cooperate with clients toward the mutual goals of sustainability and responsible management of trade;
- To design and develop products that can be manufactured, transported, used and disposed of or recycled safely;
- To work with customers, carriers, suppliers, distributors and contractors to foster the safe and secure use, transport and disposal of chemicals and provide hazard and risk information that can be accessed and applied in their operations and products;
- To design and operate our facilities in a safe, secure and environmentally sound manner;
- To instill a culture throughout all levels of our organizations to continually identify, reduce and manage process safety risks;
- To promote pollution prevention, minimization of waste and conservation of energy and other critical resources at every stage of the life cycle of our products;
- To cooperate with governments at all levels and organizations in the development of effective and efficient safety, health, environmental and security laws regulations and standards;
- To support education and research on the health, safety, environmental effects and security of our products and processes;
- To communicate product, service, and process risks to our stakeholders and listen to and consider their perspectives;
- To make continual progress towards our goal of no accidents, injuries or harm to human health and the environment from our products and operations and openly report our health, safety, environmental and security performance;

- To seek continual improvement in our integrated Responsible Care Management System to address environmental, health, safety and security performance; and
 - To promote Responsible Care by encouraging and assisting others to adhere to these guiding principles.
- ii. **Clean Cargo Working Group:** Supporting BDP's sustainability initiatives, BDP became a member of the Clean Cargo Working Group (CCWG) in 2013. The CCWG is a global business to business initiative comprised of carriers, shippers, and logistic providers. This membership will provide BDP with several benefits:
- The ability to calculate our customer's carbon footprint using data and tools provided by the CCWG;
 - The ability to review and compare ocean carriers' environmental performance across a broad range of data;
 - Collaboration with peers and business partners to improve BDP's environmental performance; and
 - Help influence the development of tools, standards, and methodologies for improving environmental performance across the intermodal value chain
- iii. **Responsible Supply Chain:** Collaborating with the ACC and CDI, BDP helped align and apply the two organizations' management system standards to its global headquarters to assess existing protocols and identify opportunities for improvement. The audit covered a wide range of policies with specific performance goals, including use of qualified contractors and vendors throughout the supply chain; risk analysis of business processes for priority-setting; and an organizational structure that provides for top-down ownership of the safe, secure movement of hazardous materials.
- iv. **REACH:** BDP is also active in promoting compliance with REACH (Registration, Evaluation and Authorization of Chemicals) which is the European Union's single regulatory system for chemical management. As an Only Representative, BDP is qualified to aid its customers, clients and suppliers. In this role BDP can:
- Evaluate risks and exposure associated with REACH;
 - Maintain all communications and negotiations with ECHA and all relevant Member State governmental bodies;
 - Identify and communicate with all importers, distributors and downstream users;
 - Prepare and submit the technical registration dossier;
 - Make the filings, register the chemicals, and pay all attendant fees;

- Coordinate data exchange and testing strategies with SIEF group and Consortium members;
- Create and submit safety data sheets and chemical safety reports;
- Audit and train internally as well as with our customer base where needed;
- Prepare notification of substances of very high concern;
- Address classification and labeling; and
- Perform any other obligations resulting from authorizations or restrictions.

PRINCIPLE 9: Businesses should encourage the diffusion and development of environmentally friendly technologies.

- i. **Electronic Document Management:** The newly implemented application, Document Management System (DMS), is an important initiative within BDP to become entirely paperless. DMS allows systems users to schedule documents to be delivered by email, FTP, or fax. Many documents that once were printed on a daily basis can now be automatically sent and seen by customers in a virtual folder.
 - a. BDP's Rotterdam office took significant initiative in 2013 to create a completely paperless office. By the end of 2013, they were over 50% paperless, and well on their way to a more digital office.
- ii. **Paperless Marketing Communications:** In addition to the execution of our DMS application, all of our marketing communications are now being transmitted electronically. Our customers can register to receive weekly newsletters and business updates via email, rather than in paper form. Our electronic marketing newsletters and our new paperless document application, DMS, enable BDP to move in the right direction in becoming a more environmentally conscious company.
- iii. **Video Conferencing / Webinars /Conference Calls:** BDP has continued to increase the utilization of webinars and conference calls to cut down on travel costs. BDP has installed video conferencing capabilities into our corporate office so that we can have global meetings without having the environmental and economic effects of travel. BDP has also transitioned to Google email, allowing easier access to web conferencing via Google Hangout.

Anti-Corruption

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

A. Commitment: BDP is committed to full compliance with both the letter and spirit of the laws and regulations in all countries in which it operates. It is of the utmost importance to BDP to conduct its business with integrity in accordance with the BDP Code of Conduct and all applicable laws and regulations.

B. Systems and Processes:

i. **Policy:** BDP operates under a global Code of Business Conduct and Ethics (the “Code”). The Code applies to every officer, director and employee of BDP. BDP also expects that those with whom we do business (including our agents, consultants, suppliers and customers) will also adhere to the Code.

The Code prohibits bribery in any form, including: extortion, facilitating payments, kickbacks, political contributions, and the offer or receipt of gifts, hospitality or entertainment. The Code also ensures that BDP maintains complete and accurate financial records and make annual anti-bribery training available for all principals, and key employees involved in sales, marketing, and procurement.

ii. **Appointment of FCPA Compliance Officer:** BDP appointed an FCPA Compliance Officer who is responsible for the management and implementation of the FCPA Compliance Program. This includes the establishment, development and maintenance of the compliance program and the communication of these standards to all current and prospective business partners and employees. The FCPA Compliance Officer is also responsible for periodic reporting on the effectiveness of the program through the implementation of a monitoring and auditing system to detect criminal conduct.

iii. **Training:** BDP’s Legal Team conducts ongoing global FCPA (Foreign Corrupt Practices Act) training through BDP University. The training consists of a webinar accompanied by a detailed PowerPoint presentation on the anti-bribery provisions of the FCPA and BDP’s compliance program. Employees are then tested on their knowledge of the FCPA and BDP’s compliance program, and must score at least an 80% to pass the training. Certifications are then sent to employees to be signed, and

state that they have completed the training, and will adhere to BDP's compliance program. All original certifications are kept in our legal files.

Our goal in 2013 was achieved as all principals and key employees involved in sales, marketing, and procurement were certified in FCPA compliance globally. In addition, all new employees resulting from acquisitions and mergers are required to undergo anti-corruption training.

- iv. **Due Diligence:** Included in BDP's Code of Business Conduct and Ethics is a section on Due Diligence in Selecting International Consultants, Intermediaries and Joint Venture Partners. This section provides executives and employees with information on identifying proper business partners, required disclosures and the final approval process.
- v. **Contract Provisions:** The Code also holds a section detailing contract provisions and certification requirements for BDP's consultants, intermediaries and joint venture partners. The provisions require that all parties involved are fully compliant with both the Foreign Corrupt Practices Act ("FCPA") and the Organization for Economic Cooperation and Development ("OECD") Convention, along with all other applicable laws and compliance procedures. All contracts also set out accounting and financial provisions, reporting requirements, disclosure information, and termination provisions for non-compliance.

The certification terms require each consultant, intermediary and joint venture partner to periodically certify that he or she:

- Understands the FCPA (and OECD Convention);
- Has not violated or caused the company to violate the FCPA (and/or OECD Convention) since the date of the prior periodic certification;
- Does not know or have reason to believe that any other person retained by the company has violated the FCPA (and/or OECD Convention), or caused the company to violate them since the date of the prior certification; and
- Will immediately advise a named official of the company if the certifying person should learn of or have reason to believe there has been any violation of the FCPA (and/or OECD Convention) in connection with the company's business.