**F. H. Bertling Logistics GmbH 2019 COP**

To our stakeholders

I am proud to confirm our continued support for the 10 principles of the UN Global Compact.

This is the 6th year that Bertling has been a signatory of the UNGC and empowered by our brand values, the company and its employees have worked diligently to uphold the UNGC pillars of human rights, labour, environment and anti-corruption.

The pillars are incorporated into our business culture alongside our commitment to honesty, integrity and the promotion of an open and diverse corporate culture.

We believe the UNGC guiding principles steer companies towards making choices that are both good for business and society.

Through the pages of this Communication on Progress we seek to communicate to our clients, our employees and the communities which we impact, the actions that we are taking to live and operate by these principles.

Sincerely yours

Matthias Oehmicke

Chief Executive Officer

**INTRODUCTION**

The pillars of the UNGC have been imbedded in our values and code of conduct since 2012. Our values and code of conduct and the Bertling ethical business statement remains the means by which we publicly commit and communicate the company’s policies and values. Both documents are published on the Bertling website [www.bertling.com](http://www.bertling.com).

**HUMAN RIGHTS**

**Assessment Polices and Goals**

The values and code of conduct contains the following values statement on Human Rights:

***We promote human rights***

Bertling is committed to promoting human rights. As such, Bertling respects employees’ right to freedom of association, rejects the use of child, forced or bonded labour in any of our operations and expects the same standards from our partners and suppliers.

***We promote diversity***

Bertling’s success over the last 150 years has been built on the promotion of shared common values that guide our daily activities. We respect our individual abilities and actively promote tolerance and diversity at every level of our business. We recognize and promote creativity and the benefits to be gained from drawing on the experience and knowledge of Bertling’s people from all parts of the world. As such, Bertling is committed to providing equal opportunities and to avoiding any form of unfair discrimination in employment.

**Implementation**

Every employee in the Bertling organisation is required to sign a statement confirming their commitment to abide by the policies in the Bertlings Ethical Business Statement and the values and code of conduct. This commitment is also expected of our service providers.

We have reviewed the risk profile of our operations in the light of the UK Modern Slavery Act and as a result we updated our values and code of conduct to emphasis the company’s policy to combat modern slavery and strengthening our service provider procurement, selection and approval procedures to reflect this.

The face to face training programme continues supporting our well established web-based training. The training is provided by a senior manager and focuses on demonstrating leadership commitment in this area, making our Ethical Business Statement and values and code of conduct relevant to the business and culture of each region.

Training is given to staff to help them recognise evidence of modern slavery and how to report it. The Bertling Helpline is also promoted as a communication tool by which any breaches of policy or concerns including modern slavery can be raised in a confidential way.

**Measurement and Outcome**

The company has evaluated its policies and performance in the area of human rights alongside other risks the company is exposed to as part of its enterprise risk evaluation process. The outcome of the process is a global risk inventory that details core risks and how they are being addressed. This was updated in 2018 to take into account the risk of modern slavery. In addition to the corporate risk assessments each office is now required to produce an office risk assessment and this is measured as part of a new set of Risk, quality and compliance KPI’s introduced in June 2019.

Compliance with these human rights policies is the responsibility of the local Managing Directors and any concerns or non-compliances are raised in the Monthly Office Reports submitted to the CEO.

Oversight of the business processes designed to integrate the policies and values into our business culture and operations is the responsibility of the Director of Global Risk Management, Head of Compliance and Quality Management. Bertling’s internal auditor evaluates performance against key risks and Bertlings values and code of conduct through an internal audit schedule covering all offices. The results of the audit programme are evaluated by the Compliance Review Committee and corrective actions taken to ensure the efficacy and continued improvement of Bertling management systems in this area.

**LABOUR**

**Assessment Policy and Goals**

The values and code of conduct contains the following values statement on Labour Rights that gives a clear commitment to the freedom of association:

***We promote human rights***

Bertling is committed to promoting human rights. As such, Bertling respects employees’ right to freedom of association, rejects the use of child, forced or bonded labour in any of our operations and expects the same standards from our partners and suppliers.

Bertling's values and code of conduct also gives a clear statement on the health and safety of our employees.

We have reviewed the risk profile of our operations in the light of the UK Modern Slavery Act and as a result we are updating our values and code of conduct to emphasis the company’s policy to combat modern slavery and strengthening our service provider procurement, selection and approval procedures to reflect this.

***We promote a safe working environment and employee security***

Bertling is committed to providing all employees with a safe working environment and protecting their well-being. We will take all possible steps to reduce the risk of injuries or incidents at our places of work, based on our health and safety policies and procedures which, in turn, are informed by local risk evaluations.

Violence and threatening behaviour in the workplace will not be tolerated. Likewise, working under the influence of alcohol or other legal and illegal drugs and substances undermine our efforts to promote a safe working environment and will not be tolerated at any time. By the nature of our business, we need to be present in some of the more challenging and politically unstable parts of the world. Through monitoring, regular risk assessments Bertling will ensure that appropriate measures are taken to protect the security of its employees.

Bertling’s values and code of conduct gives a clear commitment to the elimination of discrimination in respect of employment and occupation and commitment to equal opportunities.

All Bertling employees receive a written statement setting out their terms and conditions of their employment and a set of human resources policies are deployed to guide the interaction between Bertling and its people across the globe.

**Implementation**

Every employee in the Bertling organisation is required to sign a statement confirming their commitment to abide by the policies in the Bertlings Ethical Business Statement and the values and code of conduct. This commitment is also expected of our service providers.

***Human Rights***

The Company records gender diversity within the business across the globe. As the business operates in 50 countries globally it does not monitor cultural diversity.

***Employee Safety and Security***

We conduct regular drills, awareness programs, and anomaly reporting exercises, and measure and report regularly on our health and safety performance. Training is provide to staff on Modern Slavery including how to recognise it and how to report it.

**Measurement of Outcomes**

The company has evaluated its policies and performance in the area of labour rights and employee safety and security alongside other risks the company is exposed to as part of its enterprise risk evaluation process. The outcome of the process is a global risk inventory that details core risks and how they are being addressed.

Compliance with the labour rights and employee safety and security policies is the responsibility of the local Managing Directors and any concerns or non-compliances are raised in the Monthly Office Reports submitted to the CEO.

Incidents affecting the health and safety of employees are recorded and reported globally. All incidents are investigated, their root cause identified and corrective actions communicated and implemented globally to ensure continuous improvement.

Oversight the business processes designed to integrate the policies and values into our business culture and operations is the responsibility of the Director of Global Risk Management, Head of Compliance and Quality Management. Bertling has introduced a new internal audit position in the company with purpose of evaluating performance against key risks and Bertlings values and code of conduct through an internal audit schedule covering all regional head offices. The findings of the audit programme are evaluated by the Compliance Review Committee and corrective actions taken to ensure the efficacy and continued improvement of Bertling management systems in this area.

**ENVIRONMENT**

**Assessment Policies and Goals**

The values and code of conduct contains the following value statement on the environment:

**We promote concern for our environment**

Bertling is committed to minimizing the adverse environmental impact of all its activities and will comply with the laws and regulations for environmental protection in the countries where we operate. We shall continuously evaluate our activities to deliver our services with the minimal environmental impact possible. We encourage our suppliers and partners to adopt good environmental practices.

The environmental footprint of Bertling is largely the movement of Cargo by 3rd party subcontractors by road, sea and air and is covered by our corporate objectives including, “Reductions of Risks and Impacts to the Environment” and “Reductions in CO2 emissions through strategic route planning including reductions in air and road freight volumes”. The Bertling quality system contains the following policies on the environment:

* Written company policy on environmental issues, including prevention and management of environmental risks
* Written Corporate Environmental Policy.
* Policy requiring business partners and suppliers to adhere to the environmental principles
* Written procedure requiring suppliers to adhere to requirements by returning a completed pre-supply questionnaire.

Bertling recently revised its environmental policy statement in August this year.

**Bertling’s Environmental Policy Statement**

Bertling’s strategy is to deliver sustainable growth in shareholder value by becoming the project freight management partner of choice to the upstream and downstream oil and gas, energy, construction, mining and government infrastructure sectors.

Bertling will achieve this by providing best practice, cost effective freight management, logistics and material control services through a process of continual improvement that will meet or exceed customer expectations.

Bertling senior management’s commitment to continual improvement will be delivered by the Environmental Management System’s integration into its core business processes, providing a framework that will allow its performance to be measured, evaluated and improved via management review processes at key management levels within the company.

In implementing this policy Bertling recognises that our operations have the potential to impact adversely on the environment. Bertling is committed to prevention of pollution and to protecting the environment, and will achieve high performance standards for energy use and minimising environmental impact throughout our organisation. Bertling will measure the achievement of the aims and objectives of this policy.

Bertling believes that every one of our personnel should have a personal and collective responsibility to protect the environment, to promote the use of sustainable resources and to improve process efficiency.

Our central aims and objectives are:

* To manage corporately and at business level the effective use of resources to prevent the generation of waste and pollution and to ensure sustainability
* To comply with, and where practicable exceed, the requirements and targets set by existing environmental legislation and regulations and to plan ahead for future compliance.
* To use impact assessment to minimise any adverse effects of our operations on the environment and where possible to improve the environment.
* To, so far as reasonably practicable, use transport means that minimise pollution and the consumption of non-renewable resources.
* To embrace Customers and internationally recognised objectives when setting internal targets.
* To provide and maintain so far as practicable a pollution free environment for our personnel and the wider community in which they interact.
* To take into account the environmental impacts of our raw material sourcing and operations on habitats, species diversity and natural beauty.
* To provide a common framework, which adopts and supports best practice, for energy and environmental management at all levels within our company.
* To allocate appropriate resources to ensure the effective implementation of this policy.
* To encourage the development of similar policies within our supply sources.

The aim of this policy will only be achieved through leadership, responsible management, commitment and ownership of these issues by Bertling personnel.

**Implementation**

Every employee in the Bertling organisation is required to sign a statement confirming their commitment to abide by the policies in the Bertlings Ethical Business Statement and the values and code of conduct. This commitment is also expected of our service providers.

By the continued implementation of Corporate Integrated 9001/14001/45001 system globally through all offices, which have achieved certification in all regions of 5 regions across the globe.

• Through e-learning programme

• Implementation and reporting of Key Performance Indicators on waste reduction

• Implementation of Corporate level objectives

• Implementation of Corporate Management system globally

• Appointment of HSE manager and HSE representatives

**Measurement of outcomes**

Bertling environmental policies are managed through the implementation of an environmental plan covering incident reporting and corrective and preventive measures including:

* Investigations, legal cases, rulings, fines and other relevant events related to environmental principles of which there have been no incidents to-date
* 6 monthly management reviews covering environmental management results.
* External audits of environmental performance
* External audits conducted on 14001 management system resulting in certification in all 5 Regions.

**ANTI-CORRUPTION**

**Assessment Policy and Goals**

The Bertling ABC Compliance Programme is based upon clearly defined policies endorsed by Bertling Shareholders and Senior Management. The key policies are the Ethical Business Statement and the values and code of conduct.

The values and code of conduct contains the following value statements on anti-bribery and corruption:

***We promote responsible interaction with government bodies***

Bertling operates mostly in unregulated markets and therefore only occasionally has interactions with governments in the countries where we operate. We are committed to openness and honesty in all dealings with governments and support constructive dialogue with regulators. We will never make any political payments, and where we need to raise an issue with a government we will do so with our relevant trade body in an open and transparent way.

***We comply with international laws***

Bertling does business globally, which means we are subject to, and uphold, the laws and regulations of many different countries. Whilst this code establishes our global principles of business conduct, where differences occur as a result of local customs, norms, laws or regulations, we apply the code principle or legal requirement which sets the highest standard of behaviour.

***We comply with bribery and anti-corruption laws/regulations***

Bertling completely rejects all forms of bribery and corruption and adheres to the relevant laws of the countries where we operate in this regard, such as the U.S. Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act. We will not offer or accept gifts or hospitality of more than token value. We expect our staff and those we do business with such as customers, suppliers and any intermediaries to adhere to the same standards.

***We comply with export regulations and trade embargoes***

Given the nature of our business, Bertling continuously monitors export regulations and trade embargoes around the world.

Due diligence on ‘who’, ‘what’ and ‘where’ we are moving freight, together with license and automated customs checks, are crucial steps we take to ensure that we comply with all relevant trade regulations across the globe and provide peace of mind for our customers, as well as ourselves

**Implementation**

The Bertling ethics and compliance programme has been designed to meet the requirements of the FCPA and UK Bribery Act 2010 amongst other country’s compliance legislation. The programme has an ethical business statement and an employee values and code of conduct as would be expected from any compliance programme, however Bertling has codified how it will meet these legislative requirements in a list of business principles and practices known collectively as the Bertling Assessment Framework. These 73 business principles are organised into management and business functions outlined below:

1. Top level commitment
2. Communication and training
3. Risk assessment
4. Due diligence
5. Policies and Procedures by business function
   1. Sales and Marketing
   2. Procurement
   3. Human resources
   4. Finance and accounting
   5. Government and regulatory affairs
   6. Import and export controls
6. Compliance and monitoring

Where these principles needed to be applied and how to do it effectively is covered under risk management and business integration and overseen by internal and third party audit.

Our programme is risk based, prioritising the identification and mitigation of the business and geographical areas of highest exposure. Compliance risks have been evaluated globally from the top down as part of a two year holistic enterprise risk assessment and from the bottom up by local office risk assessments. The risk based approach has fundamentally changed the way Bertling manages risk within its business operations, resulting in the re-writing of its management system and the development and implementation of mitigations that would be effective in the local business environment in which they were used.

***Training***

All staff are required to undertake compliance training, following a web-based training programme developed for Bertling by Trace International. Additional support is provided to staff at a higher risk of exposure to bribery and corruption such as sales managers, in the form of written policies, guidelines, face to face training and presentations on specific compliance topics like how to deal with a demand for a bribe.

Examples of additional support material:

* Gifts and Hospitality Procedure B\_L-QHSSE-0022-A
* Gifts and Hospitality Guidelines B\_L-QHSSE-0022 D
* Sales ABC Compliance Manual B\_L-QHSSE-0022 C
* Bertling Compliance Programme Training Presentation
* How to Deal with a Demand for a Bribe (Presentation)

***Subcontractor Management***

As our business involves many third party stakeholders our compliance programme has to reach beyond the company and its employees to our clients and subcontractors. Externally we do this through our Trace International and UN Global Compacts memberships. Internally this is achieved through effective risk based subcontractor management as well as training and client/ supplier forums. The integration of compliance within our business processes also extends into our IT business systems. All parties involved in every transaction are screened and all subcontractors are overseen using our global in-house transport management system which is regularly developed and upgraded to align with improvements made in our compliance and subcontractor management processes.

Subcontractor management and oversight is critical to Bertling’s compliance programme and the risk based procedure B\_L-QHSSE-0014 is designed to prioritise limited resources to focus on high risk subcontractors. Subcontractor Categories have been assessed for potential risk exposures of different types including those related to bribery and corruption. Using the supplier category risk assessment as a guide, the office management chose appropriate approval and oversight criteria for that office, detailing what assurances and safeguards need to be in place to mitigate the identified risks and record these in a document called the Supplier Selection Criteria. When a subcontractor is evaluated using a pre-supply questionnaire, particular attention is paid to the responses to the subcontractor category high risk areas. Following evaluation the subcontractor is assigned a risk status and an approval status indicative of the level of oversight that a subcontractor requires.

The approval and oversight process is all managed using the supplier approval function of Bertling’s transport management system BLU. This function was comprehensively upgraded in mid-2017 as one of the compliance improvement initiatives specifically to manage the risk based approval and oversight of subcontractors.

On an ongoing basis each office holds a monthly subcontractor management meeting to review subcontractor approval, performance and oversight.

In this way the subcontractor management process has been designed to prioritise oversight of high risk subcontractors, focussing on high risk business processes and using in-house IT system tools to minimise the workload and ensure the best and most effective use of limited resource.

All Bertling subcontractors must comply with its ethical business statement and values and code of conduct, but besides due diligence and oversight of our subcontractors we provide subcontractors with compliance training and assist them with the implementation of their own compliance programme if they do not have one in place already. We have piloted an initiative to encourage high risk subcontractors to apply for Trace International compliance certification with two successful applicants to date.

The attitude to bribery and corruption is heavily influenced by the business environment in a particular country and/ or industry. To highlight the importance of compliance to all stakeholders and to communicate that message whilst highlighting the compliance support structures available to help combat bribery and corruption throughout the supply chain, Bertling has organised and hosted a number of compliance forums over the years involving both clients and sub-contractors. Forums have been held in the UK, Kazakhstan, Singapore, Malaysia and Indonesia with Bertling clients, and suppliers sharing their experiences of compliance issues and exploring ways we can work more closely together to combat bribery and corruption.

**Measurement and Outcome**

The Bertling compliance programme has been developed and improved upon over a number of years. A timeline of the programmes development is attached showing key events in its history. The integration and effectiveness of compliance on the ground in each office is oversee by comprehensive internal and external audit schedules and continuous improvements have been made following regular reviews of their findings.



Internal audits of the ABC Compliance programme are undertaken by the Head of Compliance and also as by the Bertling Group Auditor as part of an audit of key business risks. These are conducted according to a schedule agreed with the CEO.

External auditing of the Bertling compliance processes is undertaken by certified 3rd party auditors. The ongoing audits of Hamburg are an example of how the programme and its integration into the business has developed over a two year period.

**October 2016 Audit March 2017 Audit GoodCorp May 2017 GoodCorp Feb 2018**

Significant action required, Action required Improvement recommended No action required

The performance of the compliance programme and ongoing compliance development initiatives are reviewed at regular quarterly meetings between the CEO, COO and Global Director of Compliance.

Improvements continue and going forward, to manage the compliance programme and other risk effectively, we have identified core business processes that need to be standardised, systemised and overseen at a corporate level. These core processes called Core Deliverables are:

* Risk Management
* Standard operating procedures
* Sub-contractor Management
* Management Reviews

KPI’s for each Core Deliverable have now been included in the monthly report that each office is required to submit to Head Office. Global performance against these KPI’s will be reviewed in the quarterly risk and compliance management review meetings lead by the CEO.

Finally, in late 2018, Navex Global were commissioned to conduct an anonymous global employee compliance survey, the findings of which confirmed the effective adoption of the company’s ethical policies by all staff and the successful integration of the compliance programme across the whole of the Bertling Group.

Chris Brooks

Director of Global Risk Management,

Head of Compliance and Quality Management

August 2019