# Communication on Progress 2018
## UN Global Compact

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

COMMUNICATION ON PROGRESS

*Agility*

*Defense & Government Services*

March 28, 2019

H.E. Ban Ki-moon
Secretary-General
United Nations
New York, NY 10017

Dear Mr. Secretary-General,

I am writing to inform you that *Agility Defense & Government Services* reaffirms its support of the ten principles of the Global Compact with respect to human rights, labor, environment and anti-corruption.

With this annual communication, we describe our efforts to advance those principles within our sphere of influence. We are committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Millennium Development Goals. *Agility Defense & Government Services* will make a clear statement of this commitment to our stakeholders and the general public.

We recognize that a key requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts to implement the ten principles.

We support public accountability and transparency, and therefore commit to report on progress within one year of joining the Global Compact, and annually thereafter according to the Global Compact COP policy.

Sincerely yours,

Dan Mongeon

President & CEO
Agility Defense & Government Services

As a business that is active in many diverse communities, we invest to have a positive social impact in every community we touch by improving education and employment opportunities.

# Our Vision, Mission, & Core Values

## Vision

To be a new type of logistics leader meeting the challenges of global trade

## Mission

To facilitate trade through innovative supply chain solutions

## Values



*Integrity*

Building trust with customers, communities, suppliers and one another by doing what is right, working safely, keeping our promises, being a good citizen, complying with regulations and laws, and honoring rules of engagement.



*Personal Ownership*

Taking personal responsibility for the outcome of our actions by acting safely and anticipating needs, being resourceful and following through until the job is done.



*Teamwork*

Working across organization and cultural boundaries to achieve extraordinary performance and deliver personal service to customers.



*Excellence*

Building a culture based on excellence in thought and in execution to better serve customers. Demonstrating excellence in safety to protect our staff and the communities we serve.

# Human Rights Principles

**Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights**

**Principle 2: Make sure that they are not complicit in human rights abuses assessment, policy, and goals**

At Agility, we are committed to providing an environment where employee rights are both respected and protected. The high standards for fair labor practices set out in our Code of Business Ethics and Conduct apply equally to all Agility employees in every country in which we operate. By doing business with integrity – responsibly, fairly, and accountably, in a way that respects the dignity of everyone we work with – we strengthen the bond of trust that we have worked so hard to develop with employees, customers, partners, communities and shareholders.

Agility is in the continuing process of globally rolling out its fair labor program. For the last several years, the fair labor program has been focused on tackling forced labor issues like passport retention and recruitment fees in the Middle East, which we identified as the highest risk region in our network due to the large numbers of migrant workers employed by Agility in this part of the world. With significant progress having now been made however, Agility is expanding the program to Asia and Africa.

For the most part, Agility is comprised of professional freight forwarding staff working in offices. However, in some parts of the world, we have an extensive operational footprint and employ drivers and warehousemen who could face fair labor issues because of weak regulations, language issues, or lack of awareness of company standards. Agility seeks to prevent human rights issues by setting high standards, training employees at all levels, providing anonymous grievance mechanisms, and auditing for compliance.

## Agility's Approach to Human Rights Issues

Our starting point in our Fair Labor and Human Rights program is to create a common culture around labor issues in our geographically and socially diverse company. More than a decade ago, Agility began taking aggressive steps to protect the rights of drivers, warehouse employees and other workers who migrated in order to get jobs. We follow a six-pronged strategies towards creating a shared understanding of how to manage these challenging issues:

### 1. Direction Starts from the Top

Agility's CEO is the executive sponsor of the fair labor task force at Agility, which is comprised of the Chief People Officer, the company's General Counsel, and the head of Corporate Responsibility. The task force is responsible for setting the standards around human rights that are enshrined in the Business Code of Conduct, for monitoring the global roll-out of the program, and for resolving issues as they arise. Starting in 2016, the task-force will produce a report every six months, to map progress and highlight concerns for senior management.

### 2. Senior Management Buy-in

In our experience, a critical part of creating a shared culture is engaging senior management, at the regional board level. Fair labor is now part of the management agenda in the **Middle East, Asia and Africa** – the three regions of focus due to the large numbers of operational staff (mostly drivers and warehousemen) and the relatively weaker regulatory structure in those regions.

### 3. Raise Awareness through Engagement

A critical step is to engage country management and HR leaders in a self-assessment to understand their perceptions of possible fair labor risks in their areas of responsibility. Agility's CSR team offers structure and guidance in the form of detailed questionnaires that ask probing questions on known industry-wide risk areas for certain countries or regions. These questionnaires are used on their own in our training and audit program, but they are also incorporated into Agility's broader Global Quality Management program, and our "Operational Self- Assessment Program" where local offices audit their own quality, health and safety performance, including issues related to our Fair Labor and Human Rights policies.

### 4. Training and Dialogue

The most important step in operationalizing the fair labor and human rights program is to roll out on-the-ground training and feedback sessions. A certified human rights trainer and auditor who is part of the CSR team travels to each country to meet with country management, HR, operations supervisors, and employees. Each group is taken through the core fair labor training, with a slightly different emphasis based on their accountabilities. Each group also has the opportunity to provide feedback after the training session, in an open and confidential discussion.

### 5. Self-reflection and action

After the training sessions, the CSR team creates a detailed report for each country that goes to regional, country, and HR management that lays out key findings and recommendations. This report offers a "third party" look at the risks and challenges the country management may (or may not) have identified during their self-completed risk assessments. It also offers employees a "safe" way to voice concerns and management a valuable understanding of employee perceptions. Country management is then given a period of time, usually between 3-6 months to take action on areas of concern. During this phase we have seen some countries change or upgrade accommodation facilities, establish worker discussion committees, and take other voluntary measures to improve working conditions.

### 6. Audits and Compliance

The last phase is for CSR to conduct a full labor audit. This is a formal process that follows a transparent structure. Countries are audited across several areas including: percentage of workers that have completed fair labor training, workplace and worker accommodation health and safety conditions, and compliance with Agility fair labor policies and procedures. The audits involve a mixture of random worker interviews, site visits, and review of documentation. Following the audit, countries are given a list of mandatory recommendation to implement in order to be compliant, as well as suggestions for improvement.

Agility has taken a leadership role on the issue when it works with multinationals and government organizations in the Middle East. Working with Human Rights Watch, Agility learned how to engage engineering and construction companies in ways that prevent labor issues. The approach involves setting expectations upfront, writing contracts more carefully to demand fair labor standards, and insisting that subcontractors open up for audits. Agility also has

> **Agility rigorously enforces the fair labor policy with comprehensive monitoring and audits conducted by third parties.**

worked on fair labor with the World Economic Forum and Business for Social Responsibility, which has given Agility a platform to talk about the importance of the issue with others in the logistics industry.

### Key Outcomes of the Fair Labor and Human Rights Program

| Online human rights training | Middle East | Asia | Africa |
|---|---|---|---|
| **2,556** people have taken online human rights training. The course is aimed at managers working in emerging markets. | Fair labor program has been in place for the last five years in the Middle East. *More than* **5,800** workers in "at risk" countries have received fair labor training (75% of training target). Training has been conducted in Kuwait, UAE, Saudi Arabia, Bahrain, and Lebanon. **13** fair labor audits have been conducted in these Middle East countries. Corrective actions have included prosecuting and permanently disqualifying labor agencies that contravened agreements with Agility, changing and/or upgrading living accommodations, and redressing policy gaps. Twice a year labor audits planned from 2016 onwards. | Program rolled out in 2015 for first time in Asia. **735** employees trained in Singapore and Malaysia in 2015. Rollout continues in 2016 in India, Pakistan, Bangladesh, China, Taiwan and Hong Kong. | Program rolled out in 2016 for first time in Africa. **301** people trained in Kenya in 2015 (more than 80% of workforce). One internal audit and one third party audit conducted in Kenya in 2015. Program rolls out more broadly across region in 2016. |

## Labor Principles

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

**Principle 4: The elimination of all forms of forced and compulsory labor**

**Principle 5: The effective abolition of child labor**

**Principle 6: The elimination of discrimination in respect of employment, occupation assessment, policy, and goals**

Agility employees are at the heart of the company's success. Our people define our character, deliver our performance, and possess the specialized knowledge that differentiates us a company. We owe them our thanks for their commitment, hard work, and dedication to going above and beyond for our customers and our communities.

Agility employs more than 22,000 people around the world, the majority working for our core commercial logistics business in emerging markets. Job creation and professional growth are development priorities in emerging markets, and we take our responsibility as a leading employer seriously. We strive to provide a safe environment, meaningful work, competitive wages, and development and growth prospects for our employees. Our commitment to our employees is clearly stated in our Code of Business Ethics and Conduct, as is our promise of providing an environment where our employees' rights are both respected and protected.

### *Agility's Code of Conduct Makes the Following Commitments in Regards to Labor Rights:*

- **Safe and healthy workplace:** Create a safe, healthy, and productive workplace, which minimizes the risk of preventable accidents, injury and exposure to health risks. In cases where in which Agility provides residential facilities, we ensure that these facilities also provide their inhabitants with a safe and healthy living arrangement.

- **No discrimination:** In interviewing, selection, hiring, promotion, training, transfer, supervision, termination, layoff, compensation, benefits, and education opportunities.

- **No harassment:** Creating an environment free from harassment based upon race, color, religion, sex, age, national origin, physical or mental disability, sexual orientation, or marital status.

- **No forced labor:** Agility prohibits and does not tolerate the use of involuntary, forced or bonded labor, including slavery, prison labor, or labor demanded of employees because of their debt. This means that:
    1. Employees or prospective employees should not pay in return for employment, and that includes not paying recruitment agencies "fees" that become the equivalent of indentured servitude.
    2. Employees are not required to turn over their official identity papers, including passports, driving licenses or any other form of government issued ID without employees' voluntary and explicit consent, or as required by law.
    3. Agility will not unreasonably restrict employee movements, or stop employees from leaving their place of work at the end of a shift.
    4. Agility will not work with any agency or recruiting company which requires prospective employees to pay a fee in violation of local laws.

- **No child labor:** Employees must always be above the legal working age in their country, and should never be younger than 15.

- **Competitive work hour and wages:** Operate in full compliance with applicable wage, work hours, overtime, and benefits laws of the jurisdictions in which we operate.

- **Employee confidentiality:** Maintain the confidentiality of employee information.

- **Ability to raise complaints:** Agility provides opportunities for all employees to raise ethical concerns either in person or through an anonymous hotline.

- **Protection for people that raise grievances:** Enforce a policy of no-retaliation against anyone reporting a suspected violation in good faith.

## Progress & Measurement

**Employ over 120 nationalities:** More than 80% of Agility's workers are based in emerging markets, and more than 120 nationalities are represented on our global team. The majority of Agility's top and mid-level country management is local.

**Women hold almost one-third of management positions:** Logistics globally is a male dominated industry, but women make up nearly a quarter of Agility's core commercial business overall and nearly one-third of management, professional, sales, and support roles.

**Ongoing focus on fair labor standards:** We trained more than **6,800 employees in the Middle East, Africa and Asia**, most of whom are migrant workers (mostly from Asia) on fair labor standards, including "zero tolerance" for forced labor, payment of bribes to recruitment agencies, and illegal retention of passports. We also trained country management, human resources teams, and operations supervisors in each of these countries, and conducted multiple social audits in the Middle East & Africa countries that are under the scope of this program. We continue to implement the audit recommendations.

**Training and education:** We invested in more than 10,500 industrial, technical, and skill development training courses for employees in 2013-2014. Employees averaged 3.97 training hours each in 2013 and 2014.

**Sharpen our focus on health and safety:** Agility hired a new Global Director for Health and Safety in 2013, and top management now receives regular HSE reports. Preventable injury rates have fallen more than 80%. We have developed and rolled out a global safety manual to all operating locations, and we have developed and implemented mobile and online safety applications to report and manage near misses and safety incidents. Our 2015 performance of .19 lost workday injuries per 200,000 hours worked is 80% better than the industry standard; and our .24 recordable injuries per 200,000 hours worked is better than the industry standard by 80%.

**Increased employee engagement:** Company intranet with social media and collaboration features enable more personalized, two-way dialogue with management. Additionally, Agility has started a "branch manager excellence" program to reach front line managers and engage them in learning and discussion about the company's strategy and future. This compliments a wide range of leadership development programs for executives at various levels of the organization. 8% of our middle managers participated in leadership development programs in 2013 – 2015.

Each of our leadership development and training programs share specific objectives and goals:

1. **Performance Focused-** They are a clear drive to specific, measurable development and business outcomes.
2. **Continuity-** They are held two to five times each year depending on group, topic and need.
3. **Action-Learning-** Each session follows a pattern of structured pre-work & analysis, in-session workshops like best practices and problem solving, and follow-up action times to apply the learning.
4. **Co-creation-**Leaders and experts work together with participants in design and delivery.
5. **Peer learning-** Creation of a forum for best practices, business, networking, healthy competition, and accountability in results delivery.
6. **Three Tiers Present-** Senior executives, regional/functional executives and management levels are working together. This ensures alignment; and it speeds execution of the projects undertaken by the participants
7. **Line Management Led and Driven-** Senior management learns to drive these sessions. It becomes a key part of management job and skill set. These programs are not "staff driven".

# Environmental Principles

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

**Principle 8: Undertake initiatives to promote greater environmental responsibility; and**

**Principle 9: Encourage the development and diffusion of environmentally friendly technologies Assessment, Policy and Goals**

At Agility, we believe in building trust with employees, customers, communities, suppliers, and shareholders by doing what is right, being a good citizen, working safely, honoring rules of engagement, and giving back to our communities and planet. The environmental impact issues presented in the logistics industry are complex, especially in current economic conditions and in emerging market locations. We understand the impact of supply chains on the environment and the importance of measuring and minimizing that impact wherever possible.

We continue to make progress in understanding our impact on the environment, and in making changes in our business to help us perform better in this space.

In 2014 & 2015 Agility was globally recognized as an Inbound Logistics Green Supply Chain Partner. This global industry recognition showcases companies that demonstrate green best practices in their supply chain, logistics, and transportation operations. Inbound Logistics editors examine corporate sustainability initiatives, collaborative customer-driven projects, and participation in public-private partnerships, and then choose companies to be listed based on four benchmarks: Measurable green results, sustainability innovation, continuous improvement, and industry recognition. We are proud of this achievement.
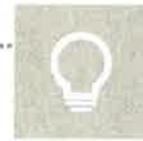
Over the last four years, we have mapped our carbon footprint in nearly 75% percent of our core logistics operations. We are working with customers on high impact programs to manage environmental issues. At the local level we are taking steps to improve our impact in ways that are important to our local communities and or business. And we continue to participate in dialogue on important environmental issues with industry and civil society partners.

## *Progress & Measurement*

**Ongoing customer partnerships around leaner, greener supply chains:** Agility is working with some of the world's largest companies to improve efficiencies and reduce environmental impact in the supply chain. Examples range from consolidating goods in transit for a global telecommunications company, to managing the supply chain for one of the world's largest natural gas plants in an environmentally protected zone, to offering closed-loop logistics for one of the world's largest hard drive manufacturers. Agility also recycles pallets and packaging waste for a global sports apparel retailer in Indonesia and the Philippines.

**Offering free carbon reporting to customers:** Agility offers customers free carbon reporting through its freight management system, as well as a quick emissions transport calculator on its mobile apps for iPhone, Windows, and Android.

**Expanding our internal environmental awareness campaign:** Agility is now in the third year of its internal "Think Green, Act Green" campaign, to raise awareness of environmental management issues. The "Think Green, Act Green" campaign uses policies, work instructions, posters, podcasts, newsletters, and a green pledge to encourage employees to follow environmental principles. Additionally, since 2006, we have completed a total of approximately 1,370 community projects. As of June 2015, more than 250 of those projects are related to employee engagement on **environmental issues.** These projects include

everything from tree plantings, park clean-ups, educating children about the environment, raising internal awareness, offering green solutions to our customers and a host of other projects. Our employees have volunteered to participate in these projects on more than 7,500 occasions.

*The goal: to cut CO2 emissions by 15 percent per container transported on Agility shipments by 2020.*

**Expanding the quality and scope of our carbon emissions mapping:** Agility is now tracking carbon emissions in nearly 75% of its operations. Our estimated direct $CO_2$ emissions for 2014 were down approximately 10% from the average annual emissions from 2011-2013. Agility uses its Shared Services Center in India to consolidate utility and fuel bills from each country and to produce country-level and company-wide carbon footprint reports on an annual basis. Agility also tracks its outsourced carbon footprint using two sources. First, we use our freight tracking database to understand distances and corresponding emissions related to air, ocean, and overland freight moved by Agility through subcontracted carriers.

This provides us with a working estimate of outsourced carbon emissions. (It is not an exact measurement because of the fact that our database does not currently distinguish between fuel and vessel types -- i.e. a large or small vessel or aircraft.) Second, we use a central database to capture miles and corresponding emissions related to business travel by Agility employees. This database covers approximately 80% of all employee travel.

Agility represents the freight forwarding industry on the steering committee of the Clean Cargo Working Group (CCWG), an international coalition of logistics providers, ocean carriers and retailers committed to improving the environmental performance of maritime container transport. CCWG carriers handle 85 percent of containerized global shipments. This year, the CCWG is expanding its scope to include the airfreight industry.

## A few of the ways Agility is helping customers lower emissions:

- Modeling shipping variables with proprietary tool that allows them to design the most efficient, low carbon supply chain possible
- Measuring and reporting $CO_2$ emissions monthly. Aggregated emissions can be integrated into monthly, quarterly and annual business reports and can be configured based on origin and destination locations, customer hierarchy of priorities, or other criteria.
- Offering pre-shipment $CO_2$ estimates on shipafreight.com, the new self-service online portal powered by the Agility network.
- Providing $CO_2$ emissions estimates on the Agility Android and IPhone mobile application, an easy-to-use tool even for users who aren't shipping with Agility.
- Reporting electricity, fuel and water consumption, and waste generation via a proprietary application that converts consumed electricity into $CO_2$ emissions using International Energy Agency standards. The application provides real-time reports on emissions and feeds data into regular reports to customers.
- Converting local fleets in places such as Thailand to compressed natural gas and training drivers to reduce idling time and cut speeds to lessen environmental impact. We also recycle tires, batteries and other truck components.

- Calculating origin and destination trucking emissions, in addition to International Ocean and air shipping emissions.
- Working with CarbonTrust to provide data that enables customers to offset their $CO_2$ emissions. Emissions from shipments typically are reported on an "at least" basis, meaning they offer an estimate of "at least" what has been emitted on a journey.

**Pursuing global ISO 14001 certification:** Today, nearly 50% of all Agility employees work in an ISO 14001 certified site.

**Piloting sustainable technologies:** Agility has procured electric vehicles for the first time, and we are employing sustainable energy in three operations locations. We are looking at this technology, and considering its wider use where it is economically feasible. Agility has developed "green" freight forwarding products as well as supply chain design and management tools to enable our customers to reduce their environmental impact without affecting service quality and reliability. We engage with our customers to directly analyze supply chain operations, and then estimate $CO_2$ impact alongside schedule and cost factors. We can then offer different freight solutions to help customers reduce their supply chain costs and environmental impact. With this kind of dialogue, we work together with our customers to help them better understand supply chain environmental impact, and take steps together to improve cost and operational efficiencies.

**Participating in industry dialogue with the World Economic Forum & Business for Social Responsibility:** Agility continues to engage with customers, non-profit organizations, and other industry leaders on industry-relevant sustainability issues, via its strategic partners, the World Economic Forum & Business for Social Responsibility

**Improving Supply Chain Management**

In 2014 & 2015, Agility received a silver rating from EcoVadis, an independent CSR evaluation organization. The EcoVadis evaluation is based on an in-depth CSR analysis system covering 21 criteria across four themes of Environment, Fair labor practices, ethics/fair business practices, and supply chain. The EcoVadis methodology is built on international CSR standards including the Global Reporting Initiative, the United Nations Global Compact, and the ISO26000, covering 150 spend categories and 140 countries.

# Anti-Corruption Principles

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

Anti-corruption efforts are gaining emphasis in the logistics industry. Agility's Code of Business Ethics and Conduct has been amended to reflect the strong anti-corruption standards set by both the U.S. Foreign Corrupt Practices Act (FCPA) and the UK Anti-Bribery Act. Agility's Code highlights important international regulations, including US, EU and UN sanctions, and guides employees on how to comply. This is critical given our role as a multinational company facilitating trade around the world.

In order for employees to understand their ethics and compliance obligations, we must invest in training and awareness that focuses on key topics for our industry and business. Agility's ethics courses concentrate on real world situations. Topics include anti-trust, anticorruption, conflicts of interest, competition law, environmental protection, health and safety, human rights, intellectual property, government procurement, and sanctions compliance.

Agility is a signatory of the World Economic Forum's Partnering Against Corruption Initiative (PACI). Signatories of PACI are committed to having a zero tolerance policy towards bribery and to developing and implementing anti-corruption programs. More information about PACI can be found on the World Economic Forum website.

Agility is also an active member of the Committee to Address Facilitation Payments (CAFP), a private initiative led by global companies that are working together to address future demand/risk of facilitation type payments in a thoughtful, proactive and appropriate manner.

### Progress & Measurement

**Ensure high standards are enshrined in Agility's Code of Ethics and Business Conduct:** Every employee receives training on our Code, which covers topics such as competition and fair selling practices; bribes gifts, and conflicts of interest; financial integrity and controls; record keeping and reporting; employee rights and working conditions; health, safety, and environment protection; and government controls and sanctions. Two new ethics policies and guides were introduced, including an operational level guide to UN, US and EU sanctions, as well as an EU-focused "Europe Anti-Bribery Policy." The Code was also amended to include tougher anti-bribery language.

**Anti-corruption initiatives:** Agility participates in the World Economic Forum Partnering against Corruption Initiative (PACI) as well as a private sector initiative, the Committee to Address Facilitation Payments (CAFP). From 2013-2015, more than 20,440 employees received anticorruption training, which outlined definitions of bribery, identified activities that might constitute bribes and bribery of foreign officials, and explained how to appropriately work with agents

**Ethics and compliance training for more than 85% of all employees:** Agility employees took more than 82,800 ethics courses from 2013-2015. More than 85% of employees participated to help make sure we continue to uphold the high standards enshrined in our Code of Business Ethics and Conduct.

**Empowering employees to report grievances through training and an ethics hotline:** In 2013 & 2014, nearly 25% of employees completed online whistleblower training. Our various grievance reporting mechanisms remain in place, including an anonymous hotline that is answered in ten languages by a third-party provider.

For more information, please contact:
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