CEO LETTER

A MESSAGE FROM OUR CEO

At Expeditors, we take sustainability seriously, and we are happy to present our current sustainability report highlighting our commitments and progress. As requests for information regarding our sustainability practices increase and our environmental, social, and governance (ESG) initiatives continue to advance, we recognize the growing importance of communicating our sustainability efforts.

As a non-asset owning logistics services provider, Expeditors upholds its commitment to the environment—a responsibility ingrained in our company’s culture since its inception. Rather than acquiring our own transportation assets, we built a business that utilizes existing market resources and consolidates shipments for efficiency. By our nature, we must continually strive for increased efficiency to remain competitive and maintain healthy profit levels, especially given constant pricing pressures as global trade expands and contracts.

Above all, Expeditors focuses on sustaining its financial health while meeting our customers’ primary need for pricing efficiencies. Given stakeholders’ increased expectations for companies—including ours—to measure, manage, and report their ESG risks and opportunities, Expeditors can provide customers increased efficiencies and reduced costs while minimizing their environmental impacts.

Sustainability remains of utmost importance, not only because it is the right thing to do, but because it enables us to make good business decisions. It is efficiency-oriented, highlights potential risks and opportunities, and helps strengthen our employees, communities, and future workforce. Our holistic view of Sustainability closely aligns with the Business Roundtable’s “Statement on the Purpose of a Corporation” released in August of 2019, which embraces the importance of five groups of stakeholders in a corporation as follows:

- **Delivering Value to Our Customers:** As indicated in our Mission Statement, we have always focused on delivering world-class customer service.
- **Investing in Our Employees:** One need only look as far as our Vision Statement: “We create unlimited opportunities for our people through sustainable growth and strategic focus, inspiring our premier customer-focused logistics organization.”
- **Dealing Fairly and Ethically with Our Suppliers:** Through our Total Value Proposition, we emphasize a “win-win” philosophy with our Service Providers so that our success is also theirs.
- **Supporting the Communities in which We Work:** We have a strong tradition of giving back to the communities in which we work through our Corporate Social Responsibility activities, as highlighted in the “Social” section of this report.
- **Generating Long-term Value for Shareholders:** Our financial performance in terms of cumulative returns to our shareholders over 40 years speaks for itself.

We explain our approach and highlight key accomplishments in greater detail throughout this report. We invite you to explore what we are doing, ask questions, and provide valued feedback.

Most notably, I want to thank our entire team for their tireless efforts and continued commitment to further strengthen our business and ESG endeavors and performance. By investing in sustainability, we invest in Expeditors’ future and the future of our employees, customers, service providers, and communities.

Jeff Musser
President and Chief Executive Officer
WHAT IS THE PURPOSE OF OUR SUSTAINABILITY REPORT?

By publishing this report, Expeditors is pleased to be able to tell our story—how ESG fits into our company’s culture, mission and goals, and how we are making consistent progress through our initiatives. We hope this report serves not only as a source of education and validation for our stakeholders, but also as a source of inspiration for sustainability efforts in supply chain and logistics as a whole.

We are also mindful of the rapidly evolving and varied landscape of ESG reporting. We continue to monitor competing proposals and standards, including the draft framework released in January 2020 by the International Business Council of the World Economic Forum entitled, “Toward Common Metrics and Consistent Reporting of Sustainable Value Creation”, with its four organizational pillars: 1) Principles of Governance; 2) Planet; 3) People; and 4) Prosperity. While we wait for the emergence of a standardized ESG disclosure framework, we are providing pertinent sustainability-related information in this year’s report organized around the categories of environmental, social and governance for the convenience of our stakeholders.
WHO WE ARE

Products, Services & Markets

Founded in 1979, Expeditors International of Washington, Inc. is a global, service-based logistics company that specializes in transportation and supply chain management solutions. We work with customers from an array of industries, including retail, fashion, technology, oil and energy, manufacturing, healthcare, automotive, and aerospace. We offer our customers reliable, cost-effective transportation choices via air, ground, ocean, and multimodal. Through our technical solutions, we improve customers’ supply chain performance. Beyond organizing modes of transportation, we provide customs and compliance management, warehousing, and distribution services. For more information on our services and performance, please visit our 2019 10-K.

Our Workforce

As of December 31, 2019, we employed approximately 18,000 people worldwide. Our employees are vital to our ability to serve our customers, manage our partnerships with service providers, and run our business.

Countries of Operation

Our corporate headquarters is located in Seattle, Washington, USA, and our regional headquarters are located in London, Dubai, Shanghai, and Singapore. As of January 31, 2020, Expeditors operates 176 district offices in the following geographic areas of responsibility. We also maintain branch offices in a number of locations that report into a given district office.

NUMBER OF DISTRICTS BY REGION

NUMBER OF EMPLOYEES BY REGION
SUSTAINABILITY OVERVIEW

Conducting business with integrity is central to our mission of excellence and leadership in the global logistics industry. The safety and well-being of our employees is a top priority at Expeditors. We believe in the sustainment and proper management of the environments in which we operate and we strive to make the communities where we live and work better places to do both.

We hold ourselves to high standards across the four pillars of our sustainability program:

- Environment;
- Social, which consists of
  - Corporate Social Responsibility (CSR) and
  - Security, Health & Safety; and
- Governance.

Expeditors’ ESG Executive Sponsor develops our company-wide sustainability strategy in conjunction with the Executive Sponsors for each of our four pillars. This cross-functional team includes the Vice President of Security, Health, and Safety; the Vice President of Global Service Providers; the President of Global Products; the Senior Vice President of Account Management; the Senior Manager of Environmental, Health, and Safety; and the Senior Vice President, General Counsel. Each pillar has a Program Manager in charge of facilitating sustainability programs, empowering employees, measuring and reporting progress, responding to customer and investor inquiries, ensuring employee compliance, and more.

Throughout this report, you will see how the pillars of our Environmental, Social, and Governance (ESG) program are woven into our business, and demonstrated through our management approach, key initiatives, performance, success stories, and future goals.

Key Affiliations & Memberships

- Clean Cargo Working Group
- Customs Trade Partnership Against Terrorism
- Northwest Ethics Network
- Seattle 2030 District
- SmartWay
- Sustainable Air Freight Alliance
- Transporte Limpio
- Washington Business for Climate Action
ENVIRONMENTAL MANAGEMENT

At Expeditors, we go beyond environmental compliance, maintaining a corporate consciousness sensitive to environmental matters. Our goal is to make a positive difference through our own operational footprint, as well as through our partnerships with customers and service providers. When possible, we encourage and help our business partners adopt practices leading to increased environmental sustainability.

Our President of Global Products sponsors our Environmental Steering Committee and attends bi-annual executive meetings. He is the conduit for passing strategic decisions between the Global Environment Team and our executives. The executives, in turn, work with their business units to fold our environmental strategy into our business strategy. We also have a dedicated Global Environmental Manager, who is committed to working on our environmental stewardship programs, including working with customers, industry engagement, service providers, and working with our Green Teams.

At a local level, our employees form Green Teams to address opportunities for increased efficiency regarding energy and waste. We currently have 196 employee-led Green Teams worldwide. District Green Team Leaders oversee local environmental initiatives and communicate regularly with Regional Green Team Leaders. The Regional Leaders share best practices across our operations through quarterly calls with our Global Environmental Manager.

Managing Our Environmental Impacts

Expeditors’ Code of Business Conduct outlines our environmental policy. Our Global Environment Team, headed by our President of Global Products, provides resources and guidance to our Green Teams worldwide for implementing environmental initiatives.

In 2012, we began using a third-party environmental management system (EMS) called Scope 5. This system allows our employees around the world to upload facility energy data online from utility bills and, regardless of language, calculates Expeditors’ carbon emissions. Currently, 100 percent of the facilities under our operational control use our EMS.

Select locations also use Scope 5 to track water use, diesel/gasoline for forklifts, garbage/recycling volume, and paper purchases. Through Scope 5, we can validate data, find opportunities to reduce our impact, and implement targeted efficiency programs. In addition, two locations in the United States, one in France, and seven in Germany are ISO 14001 certified. We aim to increase the number of ISO 14001 certified facilities in a strategic manner.

We report to CDP, formerly the Carbon Disclosure Project, to track and measure our climate performance globally. We complete both location- and market-based emissions reporting for Seattle and Spokane, Washington, and San Francisco, California. Through our voluntary participation in third-party assessments, we expand our transparency and identify opportunities to strengthen our management approach.

Working with Customers & Service Providers

We work closely with our customers and service providers to reduce their impact on the environment. By analyzing our customers’ supply chains, we can provide suggestions on sustainability best practices. These include modal shifts, supply chain speed optimization, warehouse space optimization, freight consolidation, and data-based decision making. To enable our customers to understand the environmental impacts of their value chains, we offer carbon emissions data through our reporting. This information allows customers to analyze their supply chain impact on a mode and lane basis. We also participate in the EcoVadis supplier questionnaire. The information gathered through this questionnaire is available to our customers who are members of EcoVadis.

We seek out partnerships with service providers that operate fuel-efficient fleets and use equipment supported by strong environmental programs. Environmental criteria are part of our selection process for service providers, and our contracts require compliance with environmental regulations.

Expeditors is actively involved in both the Clean Cargo Working Group and the Sustainable Air Freight Alliance, two working groups from BSR. These groups work to bring together carriers, shippers and forwarders in a collaborative manner to reduce freight transportation’s environmental impact. Our Global Environmental Manager currently serves on the Steering Committee of the Clean Cargo Working Group.
ENERGY & EMISSIONS

As a service-based logistics company working directly and indirectly in more than 100 countries, we recognize that we impact and influence climate health. Our direct opportunities to reduce energy consumption and emissions are in Expeditors’ offices and warehouses. Indirect opportunities come from our relationships with customers. We enable them to make informed decisions about their service providers and logistics solutions by providing supply chain transparency.

Expeditors’ Footprint

Company-wide efforts to reduce our carbon footprint began in 2009. As a non-asset owning logistics provider, our primary source of greenhouse gas emissions is electricity in our offices and warehouses. Our Green Teams track fuel and electricity usage across facilities through Scope 5. In 2018, we expanded our data collection by estimating energy use at facilities where our rent includes electricity and primary data is not available. We derive our Scope 1 emissions from fuel used in our operations, and our Scope 2 emissions from the electricity we consume in offices and warehouses. This data allows us to pinpoint locations in need of enhanced energy-saving programs, and is central to completing our annual CDP response.

New Energy-Efficient Buildings

Expeditors’ Amsterdam facility, located in Schiphol Logistics Park, received a “BREEAM” certificate—Building Research Establishment Environmental Assessment Method—rating of ‘Very Good’ from the Dutch Green Building Council for this new facility. The office space is based on a highly compact arrangement. The facility exclusively uses LEDs, which are powered by on-site solar panels. The building leverages features such as motion sensor lighting, maximum use of natural light, heat capture ceilings, and energy efficient elevators. All timber for the building is from Forest Stewardship Council (FSC) certified sources.

The intentional design of the facility went beyond the walls of the building and considered the ecological impact. Prior to construction, an ecologist recommended strategies for conserving, preserving, and stimulating the natural biosphere. Based on recommendations, the design team created a natural habitat to help various local birds, kestrels, and bats thrive. This habitat includes nesting boxes and specific plants to encourage habitat building.
Our Green Teams challenged all of our employees with a new monthly challenge initiative. This year-long program incorporated many aspects of environmental stewardship including waste and recycling initiatives, reforestation and tree planting, energy saving education and efforts, and transportation challenges. Our monthly 2019 Environmental Stewardship challenges included:

**January**  Start the Year Green!

**February**  Single Use Plastic Challenge

**March**  Water Awareness - World Water Day is March 22nd

**April**  Earth Month (Earth Day is April 22)

**May**  Bike to Work Challenge

**June**  World Environment Day – June 5

**July**  Enjoy the Great Outdoors

**August**  Earth Overshoot Day

**September**  Back to School with Green Supplies

**October**  Compost Awareness Month

**November**  Environmental Clean Up

**December**  Green Your Holidays
Working with Customers

We collaborate with many of our customers to analyze their supply chains and recommend ways to reduce costs and carbon emissions. Our recommendations include options such as modal shifts, reducing distances traveled, and consolidating freight to utilize transportation assets more effectively.

Through our tools and services, we help our customers make informed decisions regarding their transportation footprints. Many of these tools focus on maximizing transportation efficiency to drive the best possible pricing, which is often our customers’ primary need. For example, Expeditors’ Freight Efficiency Score (FES) synthesizes three cost drivers down to a single comprehensive metric measuring the cost efficiency of the ocean import program. The three cost drivers considered in the FES include the mix of container sizes used, the cost ratio between the container sizes, and the container fill rate. Expeditors analyzes these KPIs on a lane-by-lane basis, highlighting opportunities for improvement.

Expeditors’ Green Logistics Solutions offer our customers multiple levels of insight. We can provide a Carbon Footprint Summary Report that illustrates emissions across a customer’s network, by mode, geography, and business entity. Our Supply Chain Carbon Diagnostic service delivers a more detailed assessment of supply chain flows and carbon emissions, identifying opportunities and recommendations for emissions reductions. The most comprehensive approach we offer is the Network Carbon Reduction Project, a tool that guides customers in reducing carbon emissions through overall performance optimization of the supply chain.

We are also revising our customer carbon emissions methodology to incorporate the industry leading Greenhouse Logistics Emissions Council (GLEC) Framework. Using the GLEC Framework will allow us to compile a more accurate report on emissions produced on behalf of Expeditors, while taking into account specifics such as aircraft type, multi-lane segments, and regional emissions factors.

Environmental Stewardship Takes Center Stage at the Retail & Fashion GLCs

With growing interest in sustainability topics from our customers, we took the leap this year at three GLCs and featured Sustainability as a featured topic. Marlena Blonsky, our Global Environmental Manager, presented with speakers from Business for Social Responsibility and the Carbon Disclosure Project in Paris, London, and New York. Attendees at these GLCs learned about Expeditors Environmental Stewardship programs, upcoming trends in retail sustainability, and actions businesses can take to lessen their impact on the environment.
Working with Service Providers

We select, utilize, evaluate, and reward service providers based on a total value approach. While competitive pricing is a high priority, we look at the entire long-term value a service provider brings to both our customers and Expeditors. The seven elements that make up Expeditors Total Value Proposition are: Relationship & Communication; Operational Excellence; Compliance, Security & Risk; Technology & Capabilities; Innovation, Improvement & Investment; Environment & Sustainability; and Pricing & Terms.

In 2008, we entered the EPA’s SmartWay Transport Partnership program to measure and benchmark fuel use and freight emissions, with the goal of reducing carbon emissions across our customers’ supply chains. Each year we work to increase the percentage of our service providers who are SmartWay truckers. In 2018, we expanded our partnership with SmartWay to cover our operations in Canada, and we reaffirmed our partnership with the Mexico-based Transporte Limpio.

As reported to SmartWay, in 2019, our total CO₂, NOₓ, and PM emissions increased due to a larger volume of shipments and the addition of new transportation partners, particularly on our GNS routes. Importantly, we improved from a 67.8% to a 77.6% SmartWay Allocation rate.

Public Transportation Passes

Expeditors provides paid public transportation passes to our employees working in our Seattle, Washington, headquarters offices. This is a longstanding program that we expanded to our offices in Tokyo and Osaka, Japan; Paris, France; and Tianjin, Xiamen, Shanghai, and Shenzhen, China. Providing employees with public transportation passes reduces our transportation-related emissions.

Many of our offices are located in places where commuting via public transportation is not an option. The following are examples of our efforts to reduce the impact of our employee commutes:

- In Singapore, we provide shuttle transportation to our employees. This helps reduce single-vehicle commuting in one of the world’s most densely populated countries.
- In Ankara, we provide shuttle transportation for employees and encourage carpooling among coworkers.

To watch a video and learn more about this program and the Vision Award we received, visit the 2030 Districts Network.
WASTE

We are in a paper-intensive business, and strive to reduce and recycle our paper and other waste streams, including computer equipment, food, and everyday waste. Our Global Business Operations team is responsible for sending out frequent communication on waste stream reduction best practices to our district management. By monitoring the number of printed pages from our online server, we can identify opportunities for improvement and track reduction through a Print Ratio dashboard. Other waste data, including recycling, waste to landfill, and compost, is becoming available as more Green Teams across our business start uploading that information into the Scope 5 platform.

Paper Reduction

In 2015, Expeditors initiated a global Paperless Deployment project, focused on becoming a paperless office environment. We utilize various strategies to reduce our paper consumption, including:

- Dual monitors at workstations;
- Web-based workflows for every product;
- Digital copies of documents; and
- Digital customer invoices.

These efforts have led to a significant reduction in our global paper use. On average, we are using 18 percent less paper than when the project launched, with our most current data reporting 15 million pages saved in 2019.

Food Waste Program

For the past five years, Seattle mandated that food waste be disposed of separately from other garbage. In response, Expeditors’ headquarters began collecting food waste and used paper towels to compost. The adoption and expansion of the food waste program occurred through employee education, coordination with building management, and the physical expansion of the program to floor kitchenettes and restrooms. Through the food waste program, we continue to divert nearly 80,000 gallons of waste from the landfill and save over $6,000 annually, significantly reducing our garbage bill.

Employee Led Green Teams Drive Engagement, Reduce our Impact

Our Employee Green Teams are an opportunity for every employee, at any level of the company to get involved in our environmental stewardship efforts. These volunteer teams work on projects to reduce our environmental impact, bring new innovation, and engage their peers in sustainability projects. 2019 saw huge growth for these teams throughout our network, as a groundswell of interest helped these teams grow. Some highlights of their activities include:

- SIA implemented food waste composting, teaching employees how to properly use the bins and the importance of proper waste segregation.
- HKG organized a branch activity to teach staff and their families about upcycling waste into a useful product. They took used cooking oil and made soap for household cleaning!
- IST raised money for reforestation efforts, in an area that was burned in a wildfire in 2018.
- SLC teams volunteered together on litter clean up hikes.
- Pune Warehouse teams planted drought resistant trees near their warehouse.
- Team members from across the US, Europe and China competed in a May Bike to Work challenge.
Recycling

Various employee-led Green Teams across the world have implemented programs to collect and recycle items that can be difficult to find recycling stations for, including batteries, cooking oil, prescription medicines, and more. We dispose of all computers and electronic equipment in an environmentally responsible manner across our operations, in compliance with the Waste Electrical and Electronic Equipment (WEEE) Directive and the Restriction of Hazardous Substances (RoHS) Directive in the European Union.

This year at our Corporate Headquarters, we held an office supply give-away. In 2018, we remodeled two floors of our office, and in the process we found a large number of old office supplies including binders, staplers, and electronics. To encourage reuse, we invited employees to “go shopping” using all the recovered materials. We estimate that the give-away prevented over 500 pounds of office supplies from ending up in landfills.

WATER

We have a significant number of operations in water sensitive areas, and our Green Teams help determine facility-specific methods for conserving water. We are currently tracking water consumption at 115 facilities—representing more than 25 percent of our facilities—with plans to expand the number of facilities that report this information. In 2019, our water consumption at the 115 reporting facilities was 363,913,672.68 gallons, nearly a 5 million gallon savings over 2018. Many of our offices have implemented water savings and reduction measures, including automatic controls on sinks and toilets and reducing water usage on landscapes. We have also encouraged use of natural landscapes.
SOCIAL
At Expeditors, our commitment to our employees, service providers, customers, and communities is integrated into our daily practices and procedures. Our efforts vary from providing extensive training and support on health, safety, and security, to engaging with at-risk young adults and veterans who deserve a promising career, to giving back to the communities in which we live and work. Building skills and trust with these valuable groups contributes to strong and effective operations and a better world for all.

CORPORATE SOCIAL RESPONSIBILITY

Expeditors’ unwavering commitment to make our communities a better place to live and work is ingrained in our culture and apparent through the success of our business. For more information on our social responsibility, visit our Community webpage.

Corporate Initiatives & Donations

As a successful global company, we embrace both the opportunity and the responsibility to give back to those less fortunate. Our Charitable Giving Committee meets twice a year to review the organizations with which we partner and to which we donate funds. In 2015, we decided to focus our corporate donations on organizations involved with research to cure insufferable diseases and those that help individuals and families meet their basic human needs. In 2018 we initiated a process for employees to nominate organizations they would like to see the company support, which has introduced us to several new non-profits.

At a corporate level, we donate to various charities such as United Way, American Cancer Society, Fred Hutch Cancer Center, Leukemia and Lymphoma Society, Juvenile Diabetes Research Foundation, Virginia Mason Foundation, Make-A-Wish Foundation, St. Jude’s Children’s Research Hospital, Alzheimer’s Association, Gary Sinise Foundation, MS Society, and more.

In 2018, we held our first Community Involvement Fair to give our employees the chance to learn more about the philanthropic work in which Expeditors is involved. We invited representatives from our partner organizations to visit our headquarters in Seattle and set up tables with information on the work they do. Employees spoke with representatives to gain exposure to the type of work, populations served, and opportunities to get involved.

District Initiatives

Districts wanting to provide company-sponsored contributions to an organization first seek approval from their Regional Vice President and then obtain confirmation from the Committee, CEO, and CFO. Beyond district giving, many of our employees generously give their money and time at a local level. Employees regularly partake in school supply drives; food drives; blood drives; Adopt-A-Family; and various runs, walks, and biking events to raise funds for various causes. In 2012, we introduced a program allocating eligible U.S. employees—those employed by Expeditors for five years or more—one paid day off to volunteer at a local non-profit of their choice.

In 2018, we expanded that program to include all U.S. employees, regardless of tenure.
2019 marked our 20th year of corporate sponsorship and involvement with the Juvenile Diabetes Research Foundation’s Beat the Bridge event, in which employees from Expeditors participate and fundraise tens of thousands of dollars to help find a cure for Type 1 diabetes.

Expeditors employees hit the streets on an 8k run to cross the University Bridge before it is raised. Expeditors takes care of the registration fees for this event and many of the more than 100 employees who participate each year raise funds to support JDRF. Raising money to help find a cure for diabetes, along with participating in a healthy, fun, family event keeps us committed to this event year after year.

**Beat the Bridge**

This year the son of an Expeditors employee, Landon, was one of the Beat the Bridge Ambassadors. Landon was diagnosed with type 1 diabetes at age 13. As a Beat the Bridge Ambassador, Landon dedicated his time to educate the community about type 1 diabetes and the Beat the Bridge event. When talking about Beat the Bridge, Landon said, “It’s an amazing feeling to be around hundreds of people who all have at least one thing in common with you, they want to find a cure for themselves or a loved one.”
JOB TRAINING PROGRAMS

We proudly offer opportunity to underprivileged youth and veterans through our Opportunity Knocks programs. The experiences of multiple Expeditors executives who began their careers in entry-level positions inspired the creation of Opportunity Knocks for Youth in 2008. The program offers skill development, work experience and paid internships to youth and young adults to support a pathway toward a better future. We gain candidates through collaboration with non-profit organizations such as The Cristo Rey Network of Schools in 16 cities, Year Up and multiple other youth organizations.

Opportunity Knocks is a shared value program offering workplace readiness, mentorship, skill training and viable career pathways. Expeditors benefits through an expanded talent pipeline, broader employee diversity, increased employee development and engagement and positive relationships within our communities. Our Senior Vice President of Global Air oversees the program and it is managed by our Program Director. Thirty four districts hired interns in 2018/19 in seven countries. Since 2008, we have offered 534 targeted internships resulting in more than 85 permanent positions.

Expeditors Opportunity Knocks is Cristo Rey Network’s broadest corporate partnership of 3,400, the first company with a way to recruit Cristo Rey’s diverse alumni across 24 US states, known as the most documented program and considered “Best In Class” by Grads of Life and the Cristo Rey Network. We promote the program model through our website and by request. A recent example is 44 downloads by businesses and non-profits of our “Opportunity Knocks in a Box” toolkit, released in 2017 to help start similar programs.

Opportunity Knocks for Veterans was launched mid-way through 2015 and continues to gain momentum. A recruiting program than honors veterans while hiring extremely talented and highly motivated individuals that embody Expeditors’ cultural attributes we partner with various veteran service organizations at the state and national level. More than 200,000 U.S. service members return to civilian life each year. Our program has three pillars: recruit and hire; recognize service; provide career guidance and mentorship. Currently, 34 districts are active in the program and more are hiring veterans as a direct result. Our four regional and 48 local program volunteers coordinate and support hiring and recruitment events across the United States. Through organizations such as Hiring Our Heroes, Corporate Fellowship Program and MSSA, Expeditors is honored to support our veterans and service members transitioning back to civilian life and benefits from adding these talented and motivated individuals to our organization.

Having provided a corporate donation to the Gary Sinise Foundation in 2019, the Expeditors Opportunity Knocks Veterans program continues to also expand in volunteerism. Our own employees, veteran and non-veteran, have strong links to their communities and continue to lead local area volunteer events to include Flags for the Fallen and Wreaths Across America in Houston, the Seattle Stand Down, Honor Flight in Baltimore and others.

NUMBER OF TARGETED INTERNSHIPS OFFERED THROUGH OPPORTUNITY KNOCKS

Remembering Fallen Veterans

At Expeditors, we have a great respect and appreciation for veterans. Over Memorial Day weekend a group of more than 30 Expeditors employees and their family members joined approximately 3,000 other volunteers to place one flag on the grave for each interred veteran at the Houston National Cemetery. The Expeditors Houston branch prepared for the Memorial Day event over several months by assembling and packaging the flags.
Opportunity Knocks for Youth: Success Story

Rukmini is the first graduate from Avasar’s Foundation Academy, an employability enhancement program funded under the Expeditors India Corporate Social Responsibility Program since 2015. In every training session, her attention, dedication, discipline, and curiosity reflected attributes that Expeditors looks for in an employee. When the Opportunity Knocks program opened up in Expeditors’ Bangalore office, she was one of the first individuals considered. After completing six months as an intern, her ability to learn and positive attitude made her an ideal candidate for a full time job. Within a year of starting at Expeditors, Rukmini received her first promotion and is now working as a Customer Service Agent in Ocean Import. We are excited for her future with her hunger for growth and her dedication to achieve goals.

“‘Ability is nothing without opportunity’ is an adage behind the formation of the Avasar Foundation. In Rukmini’s case, it is a live example”, said Anand Chaturvedi, who established The Avasar Foundation with the support of colleagues at Expeditors India. The Foundation regularly identifies candidates for the Opportunity Knocks program in India.

“‘Ability is nothing without opportunity’ is an adage behind the formation of the Avasar Foundation.”

Enhancing Skills in Vietnam’s Youth

In 2019 our office in Ho Chi Minh, Vietnam launched our Expeditors’ Opportunity Knocks Youth program through their first program internship and volunteerism. Beyond the paid, developmental internship that addresses the skills gap and highlights Expeditors’ motto “Hire for Attitude, Train for Skill,” our program volunteers organized on-site visits, logistics awareness presentations and tours of our facilities. Our team also spent weeks preparing to provide presentation skills training thorough an interactive workshop. The results were inspiring growth opportunities with confidence building activities for everyone involved. All of this was in partnership with an organization focused on integrating and including youth that are victims of extreme poverty.

The Avasar Foundation: Helping Underprivileged Girls with Education and Employment

In 2012, several colleagues in our Bangalore district established “The Avasar Foundation”, a non-profit providing resources for girls to receive education and find employment. Avasar has since expanded under Expeditors India Corporate Social Responsibility Program and the contributions of individual employees. The growing impact includes:

- 52 scholarships awarded
- 37 computer labs funded at schools with approximately 25,000 children enrolled
- 400 college graduates receiving 100 hours of computer training, communication and life skills
- Two free preschools funded in Bengaluru for underprivileged children
SECURITY

At Expeditors, we prioritize the safety and security of our people and the security of our customers’ supply chains. Our Security Program is built on a set of global standards integrated into our daily practices and procedures so they become second nature to every employee. These standards, known as Expeditors’ Security Standards, also apply to our service providers, with the expectation of strict adherence. We demonstrate our leadership in supply chain security through our involvement in leading industry organizations and key government initiatives. Company security efforts aim to protect our people, information, systems, customers’ assets, and our competitiveness and brand reputation.

Security Standards Management

Together, our Vice President of Security, Health, and Safety and our Director of Global Security oversee Expeditors’ Global Security Team. Regional Security Managers align efforts with strategies developed by the Global Security Team. These managers support our Local Security Managers, who oversee all aspects of district security, including new initiatives, systems, awareness, and training. Expeditors’ Security Standards apply to all districts, and incorporate industry standards, government initiatives, and best practices. Our standards draw upon guidance from the Business Alliance for Secure Commerce (BASC), the Transported Asset Protection Association (TAPA), the Customs Trade Partnership Against Terrorism (CTPAT), the World Customs Organization SAFE Framework, and the EU’s aviation security program, including the tenets of Regulation (EC) No. 300.

Expeditors Security Standards include:
- Security Managers
- Personnel Security
- Service Provider Selection and Management
- Access Control
- Physical Security and Security Systems
- Information Security
- Communication Protocols
- Container Security and Seals
- Security Awareness Training
- Incident Reporting and Analysis
- Measurements, Audits, and Follow-up
Service Provider Security

Careful selection of service providers is necessary for supply chain security. A potential supplier must go through our pre-qualification process and participate in an audit to confirm they are willing and able to meet our rigorous security standards. Supplier requirements correlate to the services provided and include contractual obligations, in-person reviews of the candidate’s security and safety protocols, proof of insurance, including required coverage amounts, and compliance with laws. Contractual agreements bind trucking and warehousing service providers to Expeditors Security Standards. We review our expectations with our service providers and measure their performance on a regular basis. Key district service providers undergo an annual on-site risk review against agreed-upon standards.

In addition, Expeditors follows a risk-based service provider due diligence program. The program is part of our efforts to ensure that service providers engaged to support our customers’ Logistics needs are conducting business in a compliant manner, and in accordance with applicable laws, rules, and regulations.

Government-Industry Partnerships to Bolster Supply Chain Security

The Customs Trade Partnership Against Terrorism (CTPAT) is a voluntary public-private sector partnership with U.S. Customs and Border Protection (CBP) to protect supply chains from terrorism. The program requires participating companies to identify security gaps and implement specific security measures and best practices. Expeditors became one of the first CTPAT certified and validated brokers/forwarders in 2003, most recently revalidated in 2019. We are Tier 2 certified and validated, the highest level of certification open to Expeditors. Expeditors has been engaged throughout 2019 with our global network of offices and service providers to meet the new CTPAT Minimum Security Criteria which became effective on January 1, 2020 for all CTPAT participants. Implementing these additional controls continues to highlight Expeditors commitment to CTPAT. Expeditors participates in other supply chain security programs around the world including Partners in Protection in Canada since 2003, the Secure Trade Partnership/TradeFirst in Singapore since 2009, and the Authorized Economic Operator (AEO) programs in China, Taiwan, and a number of Member States of the European Union (EU) since 2010, among others. Most recently, we received certification in Australia’s Trusted Trader Program. In all Expeditors participates in over 20 AEO programs globally. We continue to evaluate other AEO programs for participation and certification.

Leadership & Involvement in Security Initiatives

Beyond CTPAT, we are involved in key security innovation projects such as the Air Cargo Advance Screening program with CBP and the U.S. Transportation Security Administration, and the Certified Cargo Screening Program with the U.S. Transportation Security Administration. Expeditors’ representatives participate in key security associations such as the American Society for Industrial Security (ASIS) and the Transported Asset Protection Association (TAPA).
ENVIRONMENTAL, HEALTH & SAFETY

The health and safety of our employees is central to our company culture and mission, as noted in our Code of Business Conduct. Our employees are our most valuable asset—they set us apart in the industry through operational excellence and customer service. It is critical that we offer a safe working environment that attracts the best and brightest in the logistics industry.

Our Environmental, Health & Safety Program

In 2010, we launched our global Health and Safety program, focused on reducing risk across our operations. The program elements include:

- Designated local leadership who set the tone and manage health and safety;
- Periodic hazard assessments;
- Internally developed and tailored safety trainings for all employees;
- Local emergency response plans;
- Fire prevention procedures and training;
- Manual and mechanical handling job-specific training;
- Working environments that are clean, professional, and in compliance with our culture and global standards;
- Regular safety monitoring, review, and audits;
- Incident reporting and review; and
- Periodic safety reviews of our strategic service providers.

Our Vice President of Security, Health and Safety and our Director of Global Security, Health & Safety oversee our Health and Safety program, and management responsibilities belong to our Environmental, Health and Safety Senior Manager (General Industry Safety & Health Specialist Certificate). Regional Health and Safety Managers align with direction from Corporate Headquarters while ensuring Health and Safety compliance through regular communications with District Safety Managers. The District Safety Manager administers safety training, conducts annual self-audits, and ensures employees comply with all program elements. Additionally, our Global Business Operations team completes operational performance assessments annually on all facilities globally to monitor compliance.

To ensure we identify and manage health and safety risks, we require that each district perform an annual risk assessment based on the specific hazards associated with their business activities. The Safety Manager oversees completion of the risk assessment as well as the coordination of any additional risk mitigation items that we may discover during the assessment. Our program also requires updated risk assessments when the working environment changes, such as a facility expansion, engineering restructure, or new facility acquisition.

To manage Environmental Health and Safety, we use a roadmap that we implemented in 2017, which includes:

- Working environment enhancements, such as air quality, noise control, and radiation protection;
- Chemical/hazmat safety and compliance awareness;
- Spill containment and environmental response protocols;
- HazComm and Right to Know focus; and
- High Hazard Work Activities safety.

In 2018, as part of our commitment to employee safety, we enhanced the hazardous waste aspects of our risk controls. An expanded hazardous waste standard aims to ensure employees know how to identify, respond to, and correctly manage instances involving hazardous waste that may arise from our business. Job-specific training was developed in 2019 and will be deployed in 2020 to our EHS Managers; the certification will accompany the new standard to equip appropriate individuals to properly dispose of and report on hazardous waste.
Health & Safety Training

We require all new hires to take a one-hour, computer-based Health and Safety training course. In addition, a Security, Health and Safety refresher course was released in 2017 and is now required annually for all employees globally. In 2019 over 16,000 employees successfully completed the Security, Health and Safety refresher course. We offer a Manual Materials Handling class for specific positions, a Safety Hazard and Incident Reporting class for all supervisors and managers, and an extensive Forklift Training course for forklift operators. We track Health and Safety training completion in our Professional Development Center for data analysis and accountability.

Safety Metrics

Our safety metrics—DART, Incident, and Lost Time Rates—continue to reflect that Expeditors performs better than the industry average. We set a target of 0.75 or less for each of our safety metrics, which we met for the past four years.

**DART Rate**: Number of incidents that had one or more lost days, one or more restricted days, or that resulted in an employee transferring x 200,000/work hours.

**Total Case Incident Rate (TCIR)**: Number of Occupational Safety and Health Administration (OSHA) recordable cases x 200,000/work hours.

**Lost Time Incident Rate (LTIR)**: An occupational injury or illness which results in an employee being unable to work a full assigned work shift x 200,000/work hours.

*Industry averages are based on published U.S. Occupational Safety and Health Administration/Bureau of Labor Statistics data. They are reported mid-calendar year; therefore, 2019 industry averages are not available for this report.
Current Initiatives & Goals

In 2019 we fully deployed a Governance, Risk, and Compliance software platform, allowing us to enhance safety data collection. The platform enables us to easily track and manage our safety data globally, including near miss incidents. As a part of our current process, our corporate team reviews each incident to ensure data quality and sustainable corrective actions.

EMPLOYEE RELATIONS

Expeditors’ Code of Business Conduct outlines our expectations regarding labor standards. Our policies are designed to promote fairness and equitable treatment. Unacceptable behaviors include harassment, intimidation, or discrimination of any kind based on race, sex, sexual orientation, gender identity, gender expression, marital status, age, color, religion, creed, national origin, disability, veteran status, or any other characteristic protected under applicable law. Included in our Code of Business Conduct is language stating that we will not tolerate abuses of applicable labor standards including any forced, bonded, or compulsory labor or employment of workers below the minimum legal age of employment. In addition, Expeditors is a party to collective bargaining agreements with a limited number of employees outside the U.S. Our Code of Business Conduct applies to and is provided directly to all service providers and published on our global website.

Employee Training & Development

Expeditors is a leader in the global logistics industry. Our culture of organic growth and promotion from within attracts high caliber candidates. We are committed to developing our employees’ capabilities so that as they grow in knowledge and experience, their opportunities to service our customers and further their careers grow as well. To that end, we ask our employees to complete at least 52 hours of training each year, and we encourage them to take advantage of a host of training opportunities housed within our Professional Development Center—an online global learning management system deployed across our network. Thanks to the efforts of our employees, the average hours of training per employee was 64 hours in 2019. In addition, we are committed to each employee receiving a review on an annual basis, as a part of tracking their ongoing career development. We recently deployed an upgraded Professional Development Center that focuses not only on learning management but also on other ways of fostering career development.
Business Continuity

At Expeditors, we pride ourselves on our ability to rise to meet the toughest supply chain challenges. We demonstrated successful responses to a wide range of disruptions, such as Hurricane Katrina in New Orleans in 2005, the San Diego Wildfires in 2007, Typhoon Wipha striking Taipei and Shanghai in 2007, political unrest in Bangkok in 2008, Hurricane Harvey in Houston and Hurricane Irma in Miami and Puerto Rico in 2017, and the cyberattack that impacted COSCO Shipping Lines’ internet connection within its offices in America in 2018. Whether we encounter strikes, riots, terrorist acts, hurricanes, earthquakes, fires, floods, power outages, pandemics, tsunamis, war, or civil unrest, we have a systematic way of responding to threats. We have the flexibility to reroute shipments based on the relationships we maintain with multiple strategic carrier partners.

Our worldwide Business Continuity Plan (BCP) provides a framework for protecting the safety of our people and minimizing adverse impacts to our operations and our customers’ businesses. The BCP bolsters our ability to regularly resume operations, process shipments, communicate status updates to our global network, and reroute shipments as needed during times of crisis. Since 2005, we have recorded more than 100 events, and zero deaths or serious injuries have resulted.

The BCP is flexible, enabling us to respond to multiple disasters, of various types and levels of severity, occurring at the same time, in different locations. The plan consists of a wide range of interconnected systems, processes, and standard operating procedures. Our plan was updated in 2016 to include new guidance on how to practice exercising our plan so we are better prepared in every district, new cybersecurity incident protocols on how to escalate in response to an attack on our systems, and updated information on key communications systems and tools.
GOVERNANCE, ETHICS & COMPLIANCE STRUCTURE

Sustainability Oversight

Our Board of Directors is actively involved in the company’s sustainability efforts. The Nominating and Corporate Governance Committee (NCGC) is responsible for overseeing our sustainability program. They meet quarterly to identify industry trends and opportunities to advance the company’s sustainability initiatives and reporting. The Vice President of Security, Health and Safety, who serves as our ESG Executive Sponsor, reports annually to the NCGC on company progress.

Code of Business Conduct

Over the past few years, Expeditors has updated and streamlined our Code of Business Conduct, making it more user-friendly. Our Code is an important reference for how to do business the right way. It covers a range of compliance and ethics topics including anti-corruption, conflicts of interest, community activities and political contributions, privacy and data protection, labor standards, security, health and safety, and the environment. The Code is currently available on our website in nine languages, and we plan to continue to increase the number of translations.

Our Code of Business Conduct also links the reader directly to the Expeditors Helpline, providing multiple ways for individuals to anonymously report violations of the Code. We take any reports of Code violations seriously. Our Chief Ethics and Compliance Officer reviews all submissions, and periodically communicates findings to our Audit Committee.

In addition to the Code of Business Conduct, Expeditors streamlined our policies into an internal Policy Handbook distributed at the start of 2019. The Handbook created an enterprise-wide framework to harmonize existing Expeditors policies, categorize them into relevant themes, link the themes to more detailed operational standards, and provide overall policy guidance. The Handbook provides a coherent structure under which all of Expeditors’ policies are created, enforced, and reviewed in order to meet the company’s goals, all while referencing the Code of Business Conduct, which outlines our primary company business principles.

In 2018, Expeditors clarified its long-held position that the company does not allow political spending to either individual candidates or political parties in its name. This formalizes a position that was already part of the company’s Code of Business Conduct.

Compliance & Training

We are comprehensive in our approach to compliance and we strictly adhere to all applicable regulations. We require periodic training for our employees to ensure that we remain compliant with the most up-to-date standards. Every employee goes through a one-hour Code of Business Conduct training course annually. In general, we ask employees to complete a total of 52 hours of training per year, with more than 10 hours of that being mandatory training, based on role. In 2019, 100 percent of our employees completed the required trainings, globally, which include:

- Anti-Corruption
- Code of Business Conduct
- Competition and Antitrust
- Confidential Information and Computer Security
- Cybersecurity Level II
- Data Privacy and Protection
- Internal Control
- International Traffic in Arms Regulations (ITAR)
- U.S. Sanctions and Export Controls Awareness

We also provide a voluntary Sustainability course to educate employees on company efforts. Updated in 2019, the course shares messages from senior leadership with renewed focus on our sustainability programs.