



FRACHT FWO INC.
QUALITY, HEALTH AND SAFETY, AND
ENVIRONMENTAL
(QHSE)

INTEGRATED MANAGEMENT SYSTEM MANUAL

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1.0 *Company Scope*

The company was founded in 1955 by Mr. Ruedi Reisdorf. To this day, the company remains an independent, family-owned Swiss-based company. Through continuous expansion, acquisitions, and partnerships, Fracht has established its presence in key strategic locations all over the world. Whether customers need to move a hydroelectric power plant from Germany to Alaska, ship a Tiffany lamp to Paris, import electronics from the Far East, or move textiles from Kyrgyzstan to Italy, they can count on the efficiency and expertise of our international network.

Fracht FWO Inc. maintains four major logistics divisions in the fields of domestic and international freight forwarding. Services include: Air Freight, for fast transit times; Ocean Freight, for containerized and less than container load cargo; Projects, for predominantly heavy lift and oversized cargo; and Customs Brokerage, for all customer import needs.

Fracht maintains the authority and ability to influence external providers for the safe and legal transportation of goods around the world.

Fracht FWO Inc. operates as an NVOCC (Non Vessel Operating Common Carrier) as well as a traditional sea freight forwarder. We hold a validated (Tier 2) C-TPAT Membership.

Fracht manages its key service delivery processes in accordance with ISO 9001:2015 Clause 8.5 “Production and service provision”; however, it is not involved in the design and development of products and services as defined in ISO 9001:2015 Clause 8.3 “Design and development of products and services”. Fracht can directly measure performance against objectives and targets and therefore does not require validation of processes as required by ISO 9001:2015 Clause 8.4.3 (f) “Information for external providers”. Fracht does not monitor or measure equipment and therefore requires no calibration as defined in ISO 9001:2015 Clause 7.1.5.2 “Measurement traceability” and ISO 14001:2015 Clause 9.1 “Monitoring, measurement, analysis and evaluation”.

2.0 *QHSE Policy Statement*

Solutions in Every Direction

“To promote continual improvement by delivering quality transportation services and exceeding customer expectations, maintaining a safe and healthy work environment, and supporting environmental solutions.”

Fracht FWO Inc. is committed to achieving excellence in all aspects of its business. We recognize that understanding the needs of people—customers, employees, and members of our community—is the foundation of a successful business model.

We will set measurable quality, health and safety, and environmental objectives and targets. We will continue to improve our system with the goal of exceeding customer expectations, eliminating work related injuries and illnesses, and reducing and preventing pollution.

In order to achieve these objectives, it is the policy of the company to establish and maintain an effective and efficient integrated management system based upon the requirements of ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 and all applicable legal, health and safety, and environmental regulations.

The Integrated Management System is documented and periodically reviewed to ensure it remains up-to-date and suitable to govern and continually improve our business operations. Relevant procedures and instructions have been implemented, and adequate resources are provided to maintain the system. Employees are well-informed and have been made aware of their duties and responsibilities in relation to maintaining and improving the system.

This policy statement is communicated to all employees and persons working for or on behalf of Fracht FWO Inc. and will be made available to the public, stakeholders, and any other interested parties upon request.

This policy statement is signed by my authority and commitment.

A handwritten signature in blue ink, appearing to read "R. Wiederkehr".

Reiner Wiederkehr
Executive Vice President and Chief Operating Officer
Date: 01/08/2016

3.0 Targets and Objectives

Objectives and targets have been documented and implemented at Fracht FWO Inc. These objectives and targets are reviewed at least annually and are confirmed, changed, abandoned, and/or replaced as needed. QHSE 2016 Objectives are as follows:

Quality – maintain 90% of shipments without any recordable non-conformances and zero legal compliance issues.

Health and Safety – promote a safe and healthy work environment and maintain zero recordable injuries on the OSHA log.

Environmental – limit our paper usage and encourage recycling efforts, maintain zero recordable hazardous spills or non-conformances, and participate yearly in at least one activity that positively impacts the environment.

4.0 External and Internal Communication

Fracht FWO Inc. shall determine external and internal communication that is relevant to its purpose and its strategic direction and that affects its ability to achieve the intended result(s) of its Integrated Management System (IMS). Such communication shall include health, safety, and environmental conditions being affected by and capable of affecting the organization. Issues regarding our quality management will also be communicated effectively.

SOP01 Environmental Management describes how Fracht FWO Inc. effectively and systematically manages its environmental procedures.

SOP02 Health and Safety Management describes how various processes are managed to ensure that Fracht FWO Inc.'s workplaces are safe and healthy for employees, contractors, and visitors.

Appendix IV External and Internal Communication describes how Fracht FWO Inc. manages internal and external communication relevant to the IMS.

5.0 **Needs and Expectations of Interested Parties**

Due to their effects or potential effects on Fracht FWO Inc.'s ability to consistently provide services that meet customers' and applicable statutory and regulatory requirements, Fracht FWO Inc. shall determine:

- the requirements and expectations of these interested parties that are relevant to the IMS; and
- the interested parties that are relevant to the IMS;
- which of these needs and expectations will become Fracht FWO Inc.'s compliance obligations.

Fracht FWO Inc. shall monitor and review information about these interested parties and their relevant requirements.

Form007 Legal Requirements Matrix shows statutory and regulatory requirements.

Appendix III Needs and Expectations of Interested Parties details Interested Parties, their associated requirements, how Fracht monitors and measures their requirements, and any necessary documentation and/or actions.

6.0 **Integrated Management System (IMS)**

Fracht FWO Inc. has identified all processes necessary to conduct its business activities. In addition to knowing the sequence and interaction of these processes, Fracht has established criteria and implemented methods to ensure they are effective and controlled. Processes are effectively monitored, and appropriate actions are taken to correct and prevent non-conformances and to improve Fracht's IMS.

The appropriate level of documentation has been determined and implemented to ensure effective planning, operation, and control of all processes.

Documents, data, and records that form an integral part of the IMS are approved, distributed, reviewed, implemented, and managed as described in **SOP03 Document, Data, and Record Control**.

Appendix I Interaction and Process Map describes how Fracht's procedures support the IMS and guide its business activities.

7.0 Leadership and Commitment

The Fracht management team is fully committed to the implementation of the IMS and to continually improving its effectiveness by:

- ensuring that all employees have a clear understanding of the importance of identifying, understanding, and meeting customer requirements as well as meeting regulatory requirements;
- providing adequate resources to ensure the IMS is effectively implemented and managed;
- periodically reviewing policies, objectives, and the performance of the IMS;
- communicating to all employees and making available to them all relevant IMS policies, procedures, and other instructions;
- planning, setting, reviewing, and monitoring IMS objectives;
- assigning appropriate levels of responsibility and authority to all employees; and
- establishing and encouraging effective internal communications.

The Management Committee is responsible for:

- ensuring all processes required by the IMS are identified, implemented, and maintained;
- regularly reporting the IMS performance status and any need for improvement to the Fracht management team; and
- promoting the awareness of customer, regulatory, and statutory requirements within Fracht.

Management will periodically review the IMS's performance as described in **SOP04 Management Review** and assess opportunities for improvement or any other changes required.

8.0 Resources and Support Management

Fracht FWO Inc.'s facilities are appropriate for its activities, and they are maintained to meet all applicable statutory and regulatory requirements.

Staff selection is based on skills and experience. Job descriptions list the skills and competencies required to perform the duties of each position. Management conducts both formal and informal reviews to:

- ascertain that work is being performed effectively and
- assess the need for further training.

SOP11 New Hires and Employee Departures describes how staff are selected and processed.

SOP05 Training, Knowledge, and Competency describes how training and competency are assessed and managed.

Fracht has identified services that it is required to purchase from external providers to carry out its work. These services are purchased from selected external providers who are provided with detailed information of Fracht's requirements. External providers undergo verification and issues are resolved with vendor. Truckers are the only external providers of which Fracht has control.

SOP07 External Provider Selection describes how vendors are qualified and selected.

SOP10 Transportation – Trucking Services describes how truckers are qualified and selected.

9.0 **Customer Focus**

Processes necessary to deliver quality service to customers are known, and the provision of services is meant to take into account the following:

- customer needs and requirements;
- necessary documentation to verify, validate, inspect, and monitor freight movements in accordance with various regulations;
- recordkeeping necessary to provide evidence and traceability of the services provided; and
- identification and preservation of goods while providing services (e.g. packing).

The service provided by Fracht of coordinating the transportation of goods on the behalf of customers is effective and professionally communicated with customers, particularly in relation to inquiries, contracts, contract review, and order handling.

SOP06 Service Delivery describes how Fracht receives and executes orders and delivers services.

SOP12 Contract Review describes how Fracht reviews client requirements and expectations.

10.0 **Monitoring, Measuring, and Improvement**

Fracht monitors IMS performance through a series of measurements to:

- verify conformity with the various standards;
- verify conformity to customer, statutory, and regulatory requirements; and
- highlight areas for improvement.

Regular internal audits, as described in **SOP08 Internal and External Audits**, are undertaken in each department to ascertain compliance.

Instances of non-conformances, including customer complaints, claims for damages, or management concerns, are investigated, and steps are put in place to correct the situation and prevent its reoccurrence as described in **SOP09 Non-Conformance Handling and Resolution**.

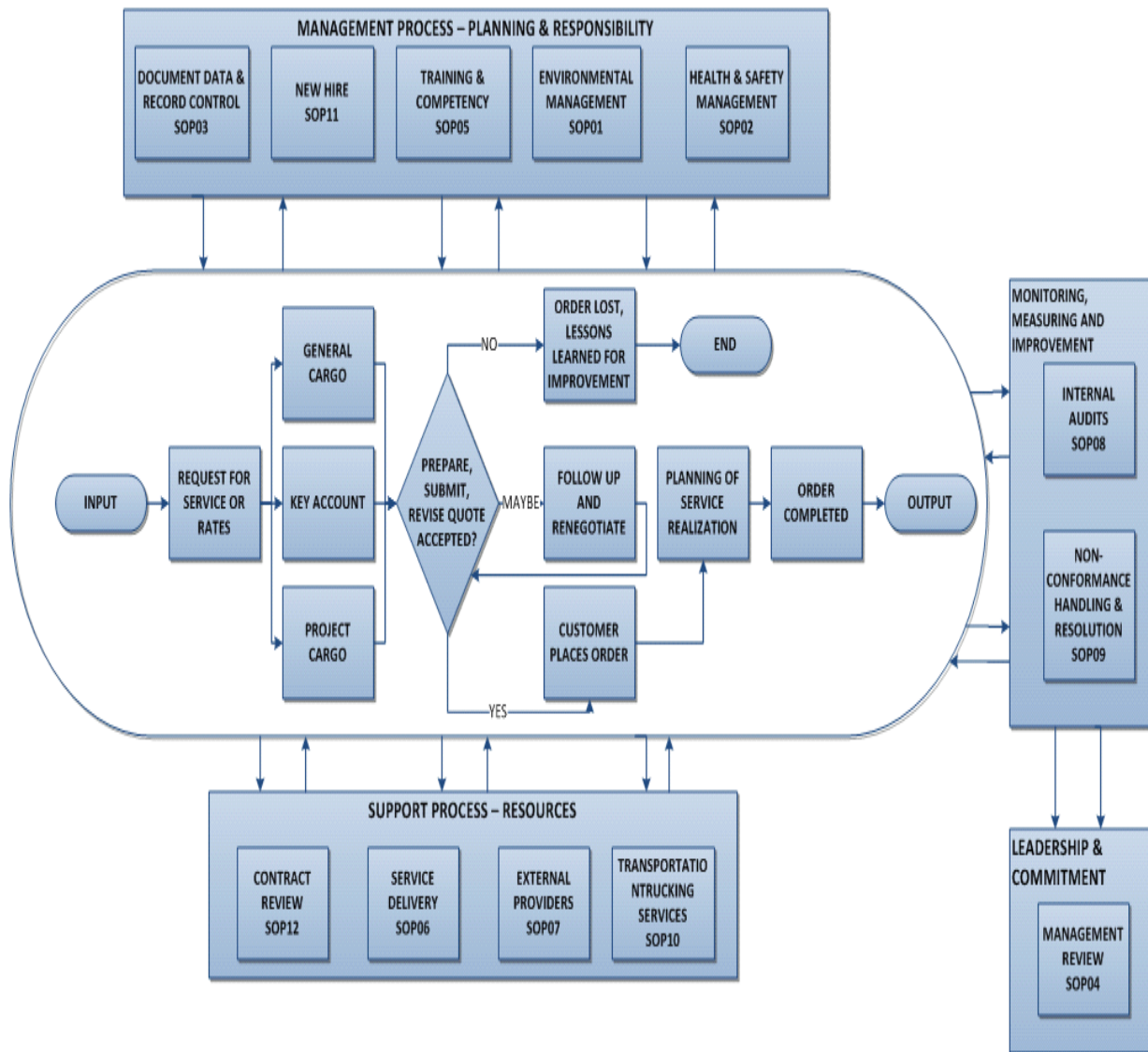
Customers' satisfaction with Fracht's service is directly (e.g. face-to-face meetings) or indirectly (e.g. complaint level) monitored. This information, along with other data (e.g. delays of cargo, damage or loss of goods), is analyzed by Management to evaluate current IMS performance and to identify opportunities for improvement.

11.0 Amendments

Rev	Date	Description
0	05/18/2012	Integrated Management System Manual (QEHS)
1	02/08/2013	Revised Process and Interaction Flow Chart, Only included Houston Organizational Chart
2	03/11/2014	Updating Objectives and Targets and Organizational Chart
3	08/11/2015	Update Objectives and Targets, Organizational Charts
4	01/08/2016	Updated to reflect requirements for ISO9001:2015 & ISO14001:2015
5	05/26/2016	Fixed typographical errors and formatting, updated appendices
6	9/28/2017	Updated formatting

Appendix I – Interaction and Process Map

INTERACTION AND PROCESS FLOWCHART -APPENDIX I



Appendix II – External and Internal Issues

-50 – -25 = High Risk		Likelihood of Occurrence					
-24 – -1 = Moderate Risk							
0 = Neutral		Certain	Likely	Neutral	Unlikely	Rare	
1 – 24 = Moderate Opportunity		5	4	3	2	1	
25 – 50 = Major Opportunity							
Risk & Opportunity	Major Risk	-10	-50	-40	-30	-20	-10
	Moderate Risk	-5	-25	-20	-15	-10	-5
	Neutral	0	0	0	0	0	0
	Moderate Opportunity	5	25	20	15	10	5
	Major Opportunity	10	50	40	30	20	10

External Issues

Activity	Aspect	Likelihood	Severity	Risk Rating	Controls / Actions required or Process to Mitigate Risks
Market	Oil Industry	4	0	0	Diversify business
	Energy Industry	4	0	0	Diversify business
	Special Commodities	4	0	0	Diversify business
	Renewable Energy Government Subsidies	4	0	0	Diversify business
World Political Climate	Terror, shipping warnings, (embargos/sanctions)	4	-5	-20	Diversify business; stay aware of world situation and stay in the know of new regulations
	Huge opportunities in the free world (not regional)	5	10	50	Expand network
	C-TPAT Requirements	5	10	50	Keep up with C-TPAT program; educate sales teams in this area to relay the benefits to customers of using a C-TPAT certified business
Overseas Partners	Non-Fracht agents – No Direct Control	4	-5	-20	Keep in constant communication with agents, limit business for agents that are in compliance
	Agents understanding of USA Requirements and Regulations	4	-5	-20	Instruct agents on US requirements; limit business for those that do not comply
	Unproductive Agents (Obtain no business)	4	-5	-20	Limit business

Competitors	Limited niche market for Fracht	5	5	25	Fracht has specialties; educate the customer about these. Use this special knowledge to stay ahead of competitors
	Established business relationships with key external providers	5	10	50	Constant communication; maintain guaranteed business with good vendors for projects
	Trade secrets, knowledge, insider info when employees leave the company	4	-5	-20	Take away access from leaving employees; stay on good terms with employees to lessen the chance of malicious undermining

Internal Issues

Activity	Aspect	Likelihood	Severity	Risk Rating	Controls / Actions required or Process to Mitigate Risks
Customers	Buyout/takeover of our customers	3	-5	-15	Keep in touch with accounting departments; ensure AR payments received on time
	Bankruptcy	3	-5	-15	Ensure AR payments are received on time
	Reliance on customer to define "service"	5	-5	-25	Prepare method statements and quotes highlighting both what we can do and potential risks
	Not understanding legal responsibilities	3	-5	-15	Educate the customer on what is expected of them from a legal point of view
External Providers	Noncompliant (Legal/other requirements)	2	-5	-10	Check compliance records before hiring an external provider; cease business operations with providers that are in compliant
	Reliability/Integrity (e.g. double-brokering; inconsistent information)	2	-10	-20	Cease operations with external providers that consistently have these issues
	Damages, shortage or loss of customer product	3	-5	-15	Follow claims procedures
	Unadvised charges or constant changes for charges	3	-5	-15	Settle charges with a PO or similar contract before hiring the provider; follow dispute procedures and cease operations with providers that consistently make this error
Fracht Agents	Fracht Network-Direct Control	4	5	20	Allows for open communication and more trust
	Profitable Agents	3	10	30	Receive more business; make sure to respond in kind to maintain good, balanced working relationship
	Frequent meetings or contact	4	10	40	Ensures good communication for smooth operations
	Agents understanding of USA requirements and regulations	3	0	0	Make sure to understand agent's requirements to encourage the same care from the agent
Competitive strength	Own rail cars	5	10	50	Maintain railcars properly and ensure that insurance and other policies are followed

	Outgrowing resources	4	-5	-20	Reassess what resources are needed periodically and adjust as necessary
	Capable of managing large, detailed, complex projects	5	10	50	Make sure resources are dedicated to these projects so Fracht can live up to their good reputation
	Organizational Structure, ISO certification	5	10	50	Make sure policies are followed to maintain certification

Appendix III – Needs and Expectations of Interested Parties

Interested Party	Requirements	How Monitored/ Measured	Applicable Documented Information? (as necessary)	Actions Required
Customers	No damage, loss, or shortage; safe guard of shipment On-time delivery Compliant with all regulatory bodies Compliant with terms and conditions or specific instructions	Management Reviews Customer audits Internal audits Customer feedback Complaints, non-conformances Issuance of Root Cause Analyses/ corrective actions	Management Agenda Form External audits Root Cause Analysis/Non-conformance records	Any actions needed are discussed and properly documented as part of the management review
Community	Environmental safety and awareness Corporate social responsibility	Management Reviews External provider accidents External providers near misses Company-sponsored events (e.g. Habitat for Humanity/ Adopt a beach	Root Cause Analyses/ Non-conformance records Feedback from our vendors or organizations	Any actions needed are discussed and properly documented as part of the management review
Employees	Safe, healthy, and positive family-like work environment Opportunities for growth Fair application of rewards and reprimands	Management Reviews Accidents Near misses Annual employee reviews Management surveys	Accident report and investigation OSHA 300 OSHA 300A OSHA 301	Any actions needed are discussed and properly documented as part of the management review

Regulatory Bodies	Various legal compliance requirements	Management Reviews External, Internal and customer audits Random file inspections Training certificates as appropriate	External, Internal and customer audit reports Various check list Re-certifications as needed	Any actions needed are discussed and properly documented as part of the management review
External Providers	Paid on time Expected continued business or support Clear instructions and expectations	Management Reviews Weekly/Monthly statements sent to accounting dept. Invoices are checked for accuracy and then submitted for payment Performance history used for qualifying external providers for new business opportunities	Purchase Order <i>may be</i> issued to define scope of work and payment terms	Any actions needed are discussed and properly documented as part of the management review
Owners	Continued improvement and growth Profitability	Management Reviews		Any actions needed are discussed and properly documented as part of the management review

Appendix IV – External and Internal Communication

Whom	What	When	How	Who communicates
Customers	<ul style="list-style-type: none"> Tracking of shipment and status updates Cost information Legal compliance issues 	<ul style="list-style-type: none"> As soon as information is readily available (tracking and cost info) When the need arises (legal compliance) 	<ul style="list-style-type: none"> Track and trace systems; by phone or email 	<ul style="list-style-type: none"> Operations Coordinator Managers Executives Compliance team
Employees	<ul style="list-style-type: none"> Quality, Environmental, and H&S manual; SOPs and work instructions Legal requirements Organizational information 	<ul style="list-style-type: none"> At hiring and as status changes occur Yearly training in applicable programs 	<ul style="list-style-type: none"> In person, phone, or email Nonconformance and corrective actions as required Audit checklist 	<ul style="list-style-type: none"> Compliance team Executives Managers

	<ul style="list-style-type: none"> • C-TPAT • Relevant issues from management review or other meetings as necessary 			
External providers	<ul style="list-style-type: none"> • Scope of service, terms and conditions, pricing 	<ul style="list-style-type: none"> • Beginning of any transaction and on-going as necessary for scope of work change 	<ul style="list-style-type: none"> • In person, phone or by email 	<ul style="list-style-type: none"> • Pricing managers and sales reps. who are authorized. • Project Managers, Project Coordinators • Operations Coordinators
Community	<ul style="list-style-type: none"> • Policy statement, newsletter 	<ul style="list-style-type: none"> • Policy communicated on website • Newsletters published quarterly 	<ul style="list-style-type: none"> • In person or by email 	<ul style="list-style-type: none"> • Any Fracht employee