

The PASHA WAY

VALUES THAT SET US APART

Affecting Our

CUSTOMERS ~ EMPLOYEES ~ OWNERS ~ SUPPLIERS ~ COMMUNITY ~ PARTNERS



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“The power of principles (values) is that they are universal, timeless truths. If we understand and live our lives based on principles (values), we can quickly adapt; we can apply them anywhere.... To understand the application may be to meet the challenge of the moment, but to understand the principle (value) is to meet the challenge of the moment more effectively and to be empowered to meet a thousand challenges of the future as well.”

Stephen R. Covey
First Things First

INTRODUCTION

What Makes The Pasha Group Special—special in the way we do business, special in our reputation within the industry, special in the minds of our employees, special in the eyes of the public and communities in which we operate.

There are numerous companies our size, but few have flourished for as many years as The Pasha Group. For 70 years, we have continued to grow, invent new businesses, increase our workforce, and employ new technologies.

Why? For one thing, **The Pasha Group has had visionary leaders** and managers who have taken prudent risks, provided direction to and support for others, built up high degrees of trust, displayed courage and foresight when confronted with business and competitive challenges, and worked tirelessly to build an organization that was empathetic and fair to all of its constituents or stakeholders.

These factors can be distilled into a set of values—The Pasha Way. These values have been discussed for many years. From time to time they have been committed to writing and included in documents describing our company. Before we list them again and discuss them in more detail, let’s take a moment to underline their importance.

What are values? They are the principles that we live by and act on in all aspects of our family, community, and business lives. They are more general than a set of rules or regulations; they are a set of standards. Rules and/or codes of conduct can be constructed from them. Men and women have given their lives to protect their values: “Life, liberty, and the pursuit of happiness” are important values to a democracy; love and caring are important values to a family.

Values also play an important role in the behavior and outcomes we see in the commercial world. During the past several years, there have been numerous breakdowns in the value systems of prominent organizations—WorldCom, Enron, HealthSouth, and Tyco, for example. These breakdowns have led to billions of dollars of financial losses, thousands of unemployed, bankruptcy proceedings, jail sentences, and the loss of public trust. This has been not only a U.S. phenomenon, and has affected firms in diverse industries and geographies. These problems, we believe, reflect the failure to practice the kind of values that have and will continue to make The Pasha Group “special.”

One last comment on values—effective values are not a list of five to seven verbs or nouns hung on the wall. Values are what we stand for as a company, what is expected of you, and what you can expect from the company. Values are lived and acted upon every day by all employees in an organization. Top-level executives are not exempt; in fact they are held to a higher standard, for they are the role models for others. All managers and employees, in

turn, must accept the values and act in a way that is consistent with them. This does not mean that everyone will behave in an identical fashion regarding our values, but it does mean that everyone will use them as the basis for reflection and decision making.

So, finally, what are the values that have made The Pasha Group special, and how do they relate to our stakeholders*?

**Our stakeholders are The Pasha Group's customers, employees, suppliers, owners, communities in which we operate, and partners. They all have a vested interest in the success of The Pasha Group and are directly affected by the way The Pasha Group conducts its business.*

The Pasha Group's culture is based upon five family and business values:

1. Excellence –in everything we do. By excellence, we don't mean perfection, but we expect the best effort from one another within Team Pasha and ask outsiders to hold us to their highest standards of performance. We set the bar high, sometimes stretching our capabilities while avoiding setting unrealistic goals. Good enough is never good enough.

Striving for excellence is a never-ending job. What passes for excellence today may be deemed mediocre tomorrow. All of us at The Pasha Group must learn from our mistakes and become better at our jobs (working smarter, not necessarily harder). Our attitude should focus on continual improvement, one of the cornerstones of our ISO 9001 efforts.

For customers, excellence means exceeding expectations: delivering on schedule, working around obstacles, communicating problems on a timely basis, and taking responsibility for outcomes. Our commitment to excellence in this area has resulted in tremendous customer loyalty over the years, a record we can be proud of and one which has contributed to our success.

Of course, we have made mistakes or have problems with weather or logistical circumstances beyond our control. However, even these errors can be an opportunity to display excellence if we turn all of our resources to solving the problem in a manner that exceeds the customer's expectations.

One of the measures of excellence is our customers' opinion of our performance versus the competition. If they view our performance as superior, we have succeeded; if not, we need to improve. Our goal is to have all of our customers think of Pasha first for their transportation and logistics requirements.

In short, **providing excellence in our product offerings, service, and interactions with our customers is our first priority.**

In regard to employees, excellence means ensuring that everyone who works for The Pasha Group has the knowledge, resources, understanding, and freedom to attain the highest level of job performance. As a service business, we can only succeed with trained and motivated employees. We believe that you manage things but lead people.

The Pasha Group is also dedicated to providing fair and consistent compensation, competitive benefit programs, and excellence in the way it leads, manages, and counsels all of its employees. **Excellence means supporting, encouraging, and respecting all employees.** We intend to recognize outstanding performance and work with those unable to meet our standards to improve or to seek other opportunities. Our company's view of excellence is to give 100% in support of our employees, and encourage them to give 100% in return.

We look to our suppliers to provide excellent services and products; we owe them excellence in return. It is in our best interest to have strong, reliable, loyal, and innovative suppliers. We can learn from their expertise. Excellence means communicating effectively (and often) with them, not just when something goes wrong. Excellence means paying our bills in a timely fashion, and striving for win-win solutions. Excellence means asking suppliers how they can help us to be more efficient or effective and offering ideas and thoughts in return.

Owners are stakeholders in all our values, including excellence. The Pasha Group doesn't have stockholders in the normal sense of the word. Our owners are active participants in the management and operation of the company. They expect excellence from themselves and from employees, as well.

Our focus on excellence must extend to the broader community—the cities and towns in which we do business. We have a compelling interest in the success and well-being of our local communities. We are dependent upon them to provide a safe and stable environment where we can educate our children, enjoy our homes and time away from work, and work effectively to address social or political challenges.

We need to take the initiative in understanding how we might contribute to the community, not wait to react to issues or requests from local public officials or community organizations. **Pasha encourages employees to participate in organizations that contribute to the local community in the context of their work responsibilities and environment.**

We are not able to be all things to all our customers, so many times we partner with other organizations to provide a total solution. **We need to ensure that our partners share our values, particularly excellence,** and that they strive to be the best they can be, just as we do. We need to recognize the contribution of our partners, be willing to come to their aid, and strive for win-win opportunities. It is in our best interests to maintain a first-class, stable, and broad range of partners to maximize our business opportunities. We should approach our activities with our partners in much the same manner we do with our customers and suppliers.

2. **Honesty—in all of our communications with all of our stakeholders.**

Everyone has heard the saying, “**Honesty is the best policy,**” and we strongly support that sentiment here at The Pasha Group. Honesty means being truthful, not deceptive, and being frank. We expect people at all levels of the company to tell the truth, even when it is unpopular or inconvenient. **Honesty is a requirement of the job in our company.**

Honesty is the foundation of effective customer relationships. There is no way to build trust without open and honest communications, so **our desire to build customer trust requires us to be honest with all of our customers, all of the time.** From time to time, customers have mentioned how honesty has been apparent in our dealings with their organizations—we shared good news and bad on a timely basis.

Honesty is critical to effective employee relationships. All employees of The Pasha Group are expected to speak the truth as they see or understand it. Disagreements over facts or observations do occur. They need to be discussed and resolved before moving on. If something dishonest is occurring, employees need to take responsibility for bringing it to the attention of others in the company so that it can be addressed. It is not always easy to uncover an untruth, but those who do have the support and the protection of The Pasha Group.

An error or misrepresentation on a form or document can have serious ramifications. It seems that the truth always comes to light, so all of us need to make every effort to represent our position or input clearly and accurately.

Suppliers deserve and expect us to be honest. It is in our best interest to build strong and effective relationships with our suppliers. Being honest in our dealings with them is important to that goal. We need to be clear with suppliers about the terms and conditions of an intended purchase and the important factors (and their priority) in our choice when they are involved in a competitive bid. If we find it difficult to be honest with a particular supplier, we need to ask ourselves why, and possibly discontinue our business relationship with that supplier.

We expect honesty from our owners, and we must be honest with them. We need to provide timely and accurate information to our owners. Our owners depend upon data and information within the company to make investment decisions, create budgets that influence hiring and manpower requirements, and make strategic decisions that could influence the direction and viability of a specific business(s).

Building trust within our communities requires honesty. To be a valued employer in our local communities requires us to act in an open and frank manner. If all the facts about an issue were made public, would reasonable people judge our communications to be honest? If not, it is not difficult to predict what would

transpire: There would be negative articles in the press; public officials would question our motives, not only on this issue but on future issues.

Partners depend on a truthful relationship. It's hard to imagine how partners could work effectively with one another on any other basis. There are going to be times when we make mistakes or provide data that turns out to be inaccurate. **It is vital that we clear up misunderstandings or errors quickly, admitting that we made a mistake and taking some action that clearly communicates our regret.** This action might be a full and unambiguous apology delivered face-to-face. It may be prudent to assess the damage our error has caused our partner and take the initiative in making restitution. If the roles were reversed, what might our partner do to fully reestablish our confidence in their organization? **Think, discuss within the company, and act.**

3. Integrity—steadfastly sticking to our values and principles.

Being honest or striving for excellence 50% of the time or maintaining teamwork on the odd-numbered days of the month would cause an observer to doubt the integrity of the individual or organization displaying such behavior. Integrity reinforces our commitment to our values; it is the energy that makes them high priorities in our actions within and outside our company. **Integrity drives all of our actions, all of the time, and in all circumstances, encouraging us to live up to our values, to bring them off sheets of paper and into the real world with real actions.**

Enron Corporation had a Code of Ethics that many held up as a well-written document that clearly stated the moral values of the company. As we now know, senior management only gave lip service to those values. When it came to taking action or judging behavior, those values were put aside and replaced with what might best be described as “anything goes as long as it results in a positive outcome for the bottom-line.” Enron clearly lacked integrity. We are and want to continue to be a different kind of company.

Customers expect integrity when dealing with us. Most organizations are trying to limit the number of vendors they have to do business with because maintaining relationships is both expensive and time-consuming. **What characteristics will encourage our customers to maintain, or even expand their relationship with The Pasha Group?**

Can they count on us to be consistent? Will we be there for them when they need us? Will we provide the same level of service we have in the past? When someone in our company retires or is transferred, will the new contact be capable of providing the same level of excellence as his/her predecessor? Will they care as much? The answer to these issues will be positive if we have been successful in creating a culture that stresses integrity.

Employees need to be treated with integrity. Our company is dedicated to supporting our employees and making them successful in their jobs. This requires managers and personnel systems to be consistent, fair, and steadfast. Integrity is important to our culture because capricious or random decisions harm the specific individuals involved, and negatively impact the scores of others who observe such decisions.

Our suppliers expect us to act with integrity. No organization chooses to do business with another that acts unpredictably. It’s too difficult, too expensive, and usually not worth the risk. Suppliers can be heavily dependent upon one or more of their customers. Being able to count on us as a valued customer is the flip side our counting on our suppliers to be valued partners in our business model.

We need to display integrity, particularly when faced with adversity. The history of The Pasha Group has several instances when our owners “stayed the course” and took a longer-term approach rather than accept a short-term fix.

Commitment to the company's core principles has motivated our owners to make major investments in technology and training to keep our company competitive and true to its mission.

Communities want organizations within their midst to consider the long-term consequences of their actions, the essence of integrity. Community leaders judge us on a daily basis as we decide on issues of land use, pollution controls and recycling, and our contributions of money and time to support public institutions. We want to be a valued partner in our local communities, providing long-term employee opportunities, and consistent and well-thought-out actions.

Integrity matters to our partners for it is the basis of every successful relationship. Integrity is the glue that holds our partnership together during periods of stress.

We had the opportunity to take stock of one of our strategic partnerships. It involved the senior management of both organizations sitting down with one another and asking how things were going and how we could be more effective. There was little doubt that the care and integrity that The Pasha Group employees displayed over many years was a critical factor in the success of this partnership. We must always remember that our best partners have choices as to whom they do business with. We show them they are important, that they matter, and regardless of our relative size, that we view them as equals.

4. Innovation

We are just a hop, skip, and a jump from the center of Silicon Valley, where innovation is the driving force for new technologies. Change seems to be second nature to the software and biotech industries. In comparison, some might view our business as old fashioned. Putting goods in boxes and loading them on ships and trucks seems matter of fact, if not downright boring. We reject that view: with sufficient attention to innovation, we have transformed the way we did business in the past and are intent on continuing that process.

Our company has prided itself on its ability and willingness to change—adopt new ideas, invest in technology, try something new. Many of our ideas have been very successful, adopted by others to become industry norms. Some of our ideas weren't successful and were discarded. To perpetuate an entrepreneurial environment, you must be able to look at old problems with a fresh perspective, generate new ideas, evaluate alternatives, avoid significant pitfalls, pick more winners than losers, not be afraid to make mistakes—we hope not big ones and not the same mistake twice— and not punish prudent risk takers.

Our ISO 9001 programs place a premium on continuous improvement: innovation in our business strategy, our internal procedures, and addressing the challenges of our customers—doing things faster, less expensively, and exceeding the expectations of the marketplace. **Dramatic change also requires a deeper patience and a higher vision from management.** Let's each think carefully before we reject an idea or suggestion out of hand.

Innovation is critical to our ability to serve our customers. Just think back five to seven years. What was considered excellent performance to load an automobile transport or turn around a bulk cargo ship? Because of our continuous focus on innovation, we can offer customers substantial improvements in those metrics, lowering their costs. We need to always be thinking about the steps necessary to improve service and performance. We want to do that: (1) before our competitors are able to do so, and (2) to make our customers more successful.

One of the important steps in the process of innovating for our customers is to constantly inquire into their challenges, obstacles, and pressure points. We want to focus on solving their problems, not on what we think might be their problems. **Innovation is not providing solutions to non-problems!** Innovation is not change for change's sake.

Employees are the critical link to innovation. Ideas spring from people, people who are prepared for a good idea. They see a problem, conceptualize a solution, relate a past experience, and stretch their imaginations. **The Pasha Group is intent on providing all of our employees an environment where they can be innovative as individuals and as part of a working group.**

Suppliers and Pasha need to work together to innovate. Several ideas for improving our business have come from suppliers. We want to build the type of relationship with our suppliers that will encourage them to share their understanding of common challenges and business opportunities.

Our owners have shown us how to innovate, and we must continue this tradition. Our business has changed dramatically over the past five decades, and will continue to do so. Pasha's owners have consistently invested in new technology, new tools, and new infrastructure to make us more productive and our company more efficient. **Encouraging innovation is part of our heritage at The Pasha Group.**

We should be on the lookout for ideas and suggestions from our local communities.

We need to think about all of our relationships, internal and external, as sources of good ideas. We all know about being so close to a problem that we either don't see it or have lived with it for so long that we accept it as business as usual. Outsiders sometimes bring creative solutions or new ways of attacking a problem. Our challenge is to productively engage our local communities so that they will make the effort to think about our challenges and understand their vested interest in supporting one another.

Numerous organizations within our local communities meet and discuss common issues. We encourage employees to actively participate in them, keeping their eyes open for good ideas and 'best practices' that might be applicable within the company.

Partners can help us develop a good idea into a brilliant innovation. There is always someone, somewhere doing something better than we are. We just need to find out who and where they are. If we are creating and nurturing partnerships, there is no excuse for our not knowing about a great idea being put into practice by one of them. Issues of confidentiality can arise, but the usual obstacle is not asking for advice and counsel and/or not listening to the answers.

5. Teamwork

Teamwork is the glue that holds our values together. Teamwork is a group of people working together toward a common goal in a manner that motivates them to place that goal above some of their individual goals. Teamwork requires trust and effective communication among the team and between the team and other groups. It calls for discipline and self-control, and adjusting actions to be effective. **In short, effective teamwork means tempering self-interest with the interest of others while still doing what we know to be right.**

The best teams think of themselves as an All Star Team, and not a Team of All Stars. Members speak up truthfully. They share information—this means not holding things back and being open to input from others. **Effective teams have high standards.** They are not afraid to recognize the special contribution of individual members or constructively criticize a member’s performance that is negatively affecting the team.

Teamwork requires empathy. To treat teammates with empathy means they are understood and valued even when you disagree. Empathy shows deep concern about the problems other people may be experiencing. It prevents you from being hostile or indifferent.

Customers expect and usually value the opportunity to work as a team with their supplier or vendor, since effective teamwork usually produces better outcomes than groups of individuals working in isolation. This starts with your ability to be empathetic with our customers—being able to view a problem from their perspective. It doesn’t necessarily mean that you agree with their position or analysis, but all of us need to work hard to understand how they arrived at it.

But **teamwork only thrives in an environment with common values.** It is tough to be an effective member of a customer’s team if they have a significantly different set of values than we do. Don’t accept membership on a team that doesn’t share our company’s values or expects you to work toward a goal that is not in our company’s best interest. No organization that prides itself on honesty and integrity should ever ask you to do that.

Teamwork can be such a powerful motivator that striving for it with our customers is a critical priority. Sometimes teamwork can be thwarted by an individual’s personality or style. When that is the case, hopefully we can introduce another Team Pasha individual into the situation who might better fit into the customer’s team or personality.

Teamwork among our employees has been critical to our success. In a transnational company such as The Pasha Group, all but the simplest tasks require multiple people in different functions at different geographic locations to work together.

We expect employees to be supportive of teamwork. This does not mean we require employees to dress alike in uniforms; you are not required to eat the same

lunch or share your coffee break in some prescribed manner; we don't have any company songs to sing, or require your attendance (or your family's) at company picnics. **We want all our employees to be effective individuals first, team players second.**

We expect employees to share information openly and to be open to input from others; to listen to other employees, support their aspirations, recognize and encourage them; and to treat one another with dignity and respect. Abuse, harassment, or unfair bias of any kind will not be tolerated.

Managers and leaders at The Pasha Group play an important role in effective teamwork. They need to set the example of behaving justly and equitably toward one another. It is the particular responsibility of managers to treat employees consistently in all interactions, including assessments, reviews, and assignment of workloads. By applying impartial standards in all our efforts, we can help create an atmosphere of trust throughout our company.

It is every manager's responsibility to encourage noteworthy performance. However, teamwork can be undermined by the poor or inattentive performance of one of its members, so it is every manager's responsibility to address an employee's performance when it is not meeting the criteria established.

We should stress teamwork with our suppliers. When appropriate, we should make every effort to involve our suppliers on our work teams. Many times they have expertise and experience that transcends ours. Teamwork with a supplier should start with a presumption that we act as equals.

With suppliers, there needs to be a clear understanding of confidentiality and that teamwork does not extend to acts that could be injurious to either or both organizations. On a more constructive note, both parties must believe that our business relationship will become more productive if we act as teammates rather than hold one another at arm's length.

Our owners are members of every team within The Pasha Group, even though they may not be physically present. Just like stockholders in a public corporation, our owners have a vested interest in the success of the organization beyond that of their roles as employees. They have a fiduciary responsibility. When we work as individual contributors, and especially when we form teams to attack a problem, it is valuable to take the perspective of an owner in evaluating a course of action. Ask the question, "Would this be judged as fair to all stakeholders of The Pasha Group, including our owners?"

We want our owners to be active and responsible teammates, and they have a right to expect that in return. By actively practicing teamwork and helping others to do the same, our owners enable us to become a stronger team.

Teamwork with our local communities provides an opportunity to increase understanding and improve effectiveness. Sometimes, due to law or policy, it is not possible to work as a team with public institutions, but we should always try. Teamwork with our local communities starts with defining a common goal or problem. It is also helpful that both parties feel that they can make a contribution, not necessarily equal, to resolving the problem or achieving the goal.

Teamwork is the basic building block of our partner relationships. It's not possible to have an effective partnership without effective teamwork. Our partnership relationships should be infused with an attitude of teamwork. So these are the Pasha Way values and illustrations of how they apply to our stakeholders. We rely on everyone within The Pasha Group organization to put them into action and make them the values by which we live.

