



Corporate Sustainability Report for 2013

June 2014



TO OUR STAKEHOLDERS

Our vision is to be an amazing logistics services organization that is admired and trusted by our employees, customers, and community.



Richard T. Murphy, Jr.
President & CEO

As a family owned business, we at Murphy are in for the long haul. We believe it is important to be a leader, and today that involves sustainability. But what does that really mean? It means looking at our facilities, our operations, and our place in the community with a holistic view of how we do business and the impact it has on our employees, our customers, and the environment.

Murphy has been taking a leadership role in this industry through its sustainability efforts, which are detailed in this second annual Corporate Sustainability Report.

We are guided by our belief that a truly sustainable business must balance economic and environmental factors to be successful. For any decision we make, we always consider our environmental impact, as well as our financial position and return on investment. In our minds, this is the only way a 21st century business can survive.

Our company mission is simple: **We provide innovative logistics solutions driven by our enthusiasm to create a positive difference for our customers and employees.** As the fourth generation leader of Murphy, I can assure you that our core family values of integrity, courage, creativity, persistence, humility, leadership, and community involvement are central to everything we do – now and in the future.

Our long-term strategy is to invest in our infrastructure, people, material, and customers to drive success. Murphy is constantly planning ahead to the next steps for our growth and development. Short-term priorities include warding off a state warehouse tax, investing in our facilities to lower operating costs, and investing in our people to retain talent.

As you will see in the following pages, 2013 had some successes and challenges. We have set some concrete goals and will continue to prove that it is possible to do the right thing for employees, partners, the community, and the environment while running a profitable enterprise. As we like to say, at Murphy, we've always been Green.

A handwritten signature in black ink, appearing to read "Richard T. Murphy, Jr.", with a stylized flourish at the end.



This report is prepared in accordance with Core GRI4 Guidelines, with external assurance provided by the local company Sustology, LLC. **Global Reporting Initiative (GRI)** is the internationally recognized sustainability reporting framework that enables companies and organizations to measure, understand, and communicate their sustainability efforts. GRI's mission is to make sustainability reporting standard practice; one which helps to promote and manage change toward a sustainable global economy. The GRI Appendix can be found online at www.murphywarehouse.com/2013GRIAppendix.

COMPANY SNAPSHOT

Murphy is a full-service supply chain logistics business offering multiple solutions to our customer partners. Our longstanding business success is grounded in three practices:

Understanding the needs & requirements of our customers

Delivering exceptional service

Staying true to core company values

Since our founding in 1904, we have helped our customers move, store, and ship freight throughout the Upper Midwest and internationally. The supply chain logistics services we provide include:

- Product distribution
- Transportation management and consolidation
- Warehouse logistics
- Rail transload
- Fulfillment
- Returns management
- Value added customer service
- Pick and pack

Today, our team of 200+ employees are motivated, determined, and innovative, with a focus on providing our customers excellent logistics solutions, no matter how complex the assignment.

The industries we serve include:

- Food & Grocery
- Health Care/Medical
- Packing Materials
- Paper
- Plastics
- Forest Products
- Recycling
- Beverages
- Building Materials
- Retail
- Industrial
- Transportation Equipment



FACILITIES & PROPERTIES

- Minneapolis-St. Paul, Minnesota: 5 owned facilities and 9 leased properties
- Kansas City, Missouri: 2 leased properties

Owned & Occupied Square Footage

| | |
|-------------------------------|---------|
| 701 24th Ave SE, Minneapolis | 680,000 |
| 4700 Main St SE, Fridley | 265,482 |
| 4850 Main St SE, Fridley | 189,904 |
| 7033 Central Ave NE, Fridley | 406,164 |
| 905 Yankee Doodle Road, Eagan | 358,532 |

Leased Square Footage **1,900,082**
+ 998,810

Total Square Footage = **2,898,892**

With **2.9** million square feet, Murphy is the largest warehouse company in the Upper Midwest.

SUSTAINABILITY PRIORITIES

MATERIALITY

This report addresses business operations over which we have control, which means the five facilities we own and occupy, the 27 freight trucks we own, and the 120 forklifts we operate on a day-to-day basis. The subject matter included in the report covers what we think is most relevant to our business:



Energy: Direct energy consumed by our trucks and forklifts, indirect energy consumed by the facilities we own and operate, and solar energy generated by the panels on our roofs.



Water: Municipally-supplied water consumed by our plumbing and irrigation systems, and water runoff from our roofs and roadways.



Materials & Resources: Purchases and disposal of office supplies, furniture, electronics, packaging, etc.



People: The safety, health, and well-being of our employees, as well as our place in the community.

This report does not address material factors over which we do not have control: the energy consumed by the thousands of trucks that we do not own serving our warehouses, the impact of our leased facilities, or the upstream and downstream supply chain effects of the products we warehouse.

2013 HIGHLIGHTS

Corporate Wide

- Along with industry partners, successfully lobbied the State of Minnesota to rescind a warehouse tax just days before implementation
- Published our first annual Corporate Sustainability Report
- Installed solar-powered battery back-up for our headquarters' vital electricity needs

Our New Eagan Warehouse

- 350,000 sq. ft. facility opened after a \$4.6 million upgrade project. The building was built in 1970 and sat empty for 8 years prior to purchase.
- 12% of electricity now produced on-site after installation of 40kW roof solar array
- 20% of water consumption saved due to installation of satellite-based irrigation system
- Installed state-of-the-art HVAC equipment
- LEED certification registration with anticipated Gold rating

In 2013, Murphy expanded its operations by making a major acquisition of a facility in Eagan, MN. This included beginning the LEED certification process and investing in high efficiency mechanical and electrical systems to lower operating costs.

SUSTAINABILITY PRIORITIES

OUR VALUES

Integrity

Mutual Respect

Excellence

Creativity

Leadership



Richard T. Murphy, Jr. (right) with Council Member Cam Gordon (left) and Mayor R.T. Rybak (middle) celebrating Murphy's innovative stormwater system.

OUR GOALS

Within the context of our overarching goal of being a good corporate citizen, Murphy has three concrete goals as it relates to our owned and operated facilities and their corresponding impact on the environment:

2013 Performance



Greenhouse Gas Emissions

Emit less than 50% of the national average for similar size and type facilities. This involves not only undertaking energy efficiency measures, but also encompasses carbon sequestration and other activities we can do at sites or other land we own.

38%

greenhouse gas emissions compared to average



Energy

Increase the percent of our electricity generated through renewable sources. This means continuing to invest in energy efficient technologies, so that the clean electricity generated from the sun will account for a greater proportion of our consumption. So far, we've increased our percentage from 4.2% in 2011, to 7.1% in 2012, to 7.9% in 2013.

7.9%

electricity generated from solar power



Water

Reduce water consumption by 25% from the 2010 baseline. In 2010, Murphy had its first two facilities LEED certified under the LEED for Existing Buildings: Operations & Maintenance rating system, and this further catapulted us into seeing the benefits of taking a holistic view of our operations.

22.5%

reduction from 2010 baseline

Murphy has already reached two out of three of our sustainability goals, and is well on its way to meeting the third.

MANAGEMENT APPROACH

Any investment we make in our business has financial implications, both on the front end for cash flow and for on-going operational expenses. Our approach is always measured, with an eye toward taking advantage of opportunities to save money, improving the environment, and providing amazing service to our customers. We have high standards for quality, and we do that through constant vigilance of our operations. We go the extra mile and invest in third-party certification in several areas:



Leadership in Energy and Environmental Design (LEED) was developed by the U.S. Green Building Council as a voluntary, consensus-based program that provides education, metrics, and verification for high performance green buildings. LEED establishes performance criteria in the areas of site, energy, water, indoor air quality, and materials and resources.

Murphy has LEED certified its Central campus (Silver), both 4700 and 4850 campuses in Fridley (Gold), is concluding the certification of its Eagan campus (Gold), and is embarking on one of the first recertifications under the LEED for Building Operations and Maintenance (O+M) rating system for its Fridley locations. Once the Eagan certification is complete, Murphy will have over 1.2 million square feet of LEED certified warehouses in the Minneapolis-St. Paul metro area.



Energy Star is a U.S. Environmental Protection Agency voluntary program that helps businesses save money by tracking their energy and water usage. Energy Star certification can be granted to buildings that perform at the 75th percentile or higher compared with similar buildings. Murphy facilities have consistently scored in the top percentiles.



ISO 9001 is a series of standards, developed and published by the International Organization for Standardization (ISO), that define, establish, and maintain an effective quality assurance system for manufacturing and service industries. The ISO 9001 standard is the most widely known and has perhaps had the most impact of the 13,000 standards published by the ISO, and covers all Murphy operated facilities.

ISO 14001 standard requires measurable performance goals, targets, and objectives for the company and for each individual environmental aspect and impact process. Murphy is committed to maintaining this standard annually.

With the completion of certification at our Eagan facility, Murphy will own nearly **4%** of the total LEED O+M-certified square footage in Minnesota.

MANAGEMENT APPROACH

Maintaining the internationally-recognized third party certifications of LEED, Energy Star, ISO 9001, and ISO 14001 are a key component of our overall business strategy. Why?

Leadership: As a fourth generation family-owned business, we believe sustainability is important for our future and our community's. We have been taking a leadership role and will continue to do so, because we believe it's the right thing to do.

Third-party Verification: In the operations and maintenance of our facilities, we already do most things required by the governing bodies of LEED, Energy Star, and ISO 14001. Third party verification continues to hold us accountable to these high standards.

Business Strategy: Major corporations are starting to require that their supply chain partners go green. Certification shows them that we are listening and responding to their current and future needs.

Marketing: Murphy has been consistently listed among the top 50 Green Supply Chain Partners and has been featured in numerous business magazines, case studies, and television. This kind of exposure opens up new opportunities to grow the business and educate others on how to be sustainable.

Return on Investment (ROI): Our investments have been paying off in reduced operating expenses, allowing us to reinvest in our company.

EVALUATION OF MANAGEMENT APPROACH

Murphy approaches each of these certifications not as an iron-clad principle, but as investments that make sense. For example, in 2013, Murphy's main headquarters in Minneapolis went through the process of LEED certification. Although we accomplished most aspects of the LEED requirements, the age of the buildings required investments that were not feasible at this time.

For each material aspect that is discussed in the following pages, we describe why it matters and how we manage the impacts. Our management approach undergoes continuous evaluation through internal executive level review. Additionally, to ensure our management approach resonates with our customers and the marketplace, the Director of Customer Service, the VP of Business Development and Client Relations, and the VP of Transportation send out Customer Surveys every other year to:

1. Determine customer satisfaction
2. Obtain a measurable indicator of the customers' perception of the warehousing and distribution services they receive
3. Evaluate certain areas of interest for Murphy

For quality assurance, any customer survey rating of three or less on a scale of five is followed up and recorded in our online quality system.

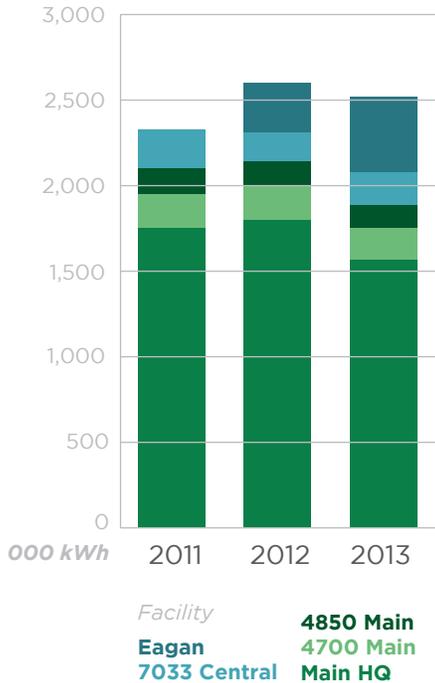
Murphy has consistently achieved above average to exceptional ratings from our customer service satisfaction surveys.

ENERGY EFFICIENCY



Energy conservation is by far the single greatest opportunity to reduce our dependence on fossil fuels and decrease carbon emissions. Becoming more energy efficient is not just a one-time initiative. Looking for ways to reduce energy consumption is an on-going endeavor, and as technology improves, Murphy continues to be on the cutting edge.

Murphy Electricity Consumption



In 2013, we have accomplished energy conservation through several strategies:

- Investment in high efficiency HVAC equipment at our new Eagan facility.
- Utilization of dock blankets, which helps increase temperatures by about 10 degrees and reduces heating expense by 15% in the winter.
- Installation of programmable thermostats and occupancy sensors at our Main Headquarters, which decreases energy consumption.
- Replacement of window air conditioning units with Energy Star-rated units that have programmable thermostats.

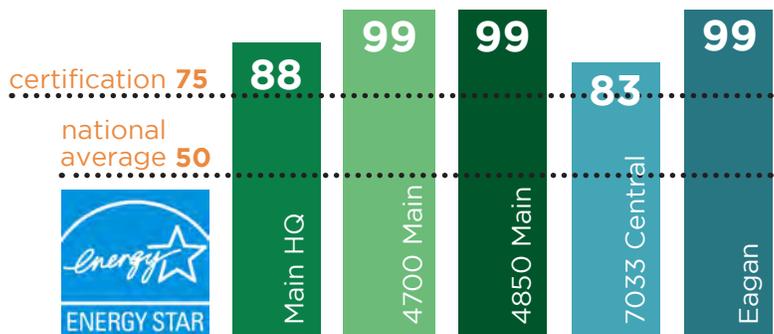


While the environmental benefits of reducing energy are the primary driver of our efforts, Murphy benefits in another important way: financially. As we reduce energy consumption, we also become less vulnerable to fluctuations in energy prices.

ENERGY STAR

Our Energy Star scores, which compare our properties to similar properties nationwide, are consistently high. A score of 50 represents median energy performance. Therefore in the marketplace, a high score means our facilities cost less to operate - **which means we can invest more in our people and customer service compared to our competitors** - keeping our company financially sustainable as well.

*Energy Star Score by Facility**



* Maximum possible score of 100

Murphy's 5 owned facilities have an average Energy Star score of **94** on a scale of 1 to 100, 44 points above average.

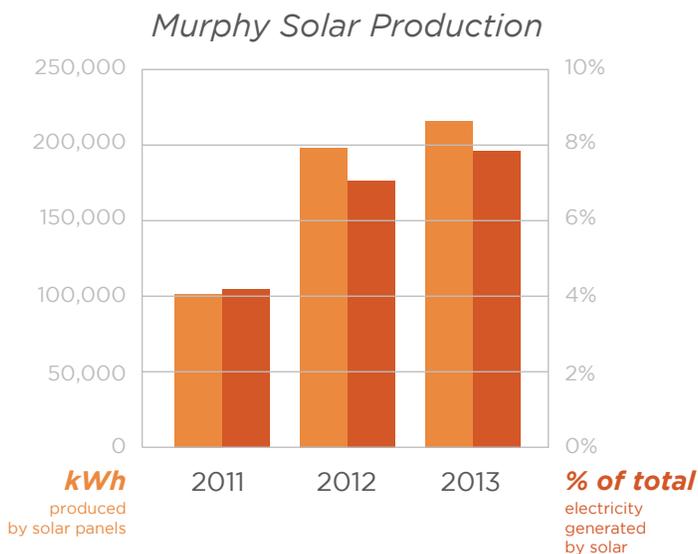
RENEWABLE ENERGY



Energy conservation can only take us so far toward reducing our reliance on fossil fuels. Renewable energy - specifically solar energy - can take us even further.

SOLAR POWER

Murphy has been working hard toward achieving our goal of increasing our percentage of electricity generated by renewable sources by utilizing our large, flat roofs for solar panels. To date, **we have installed 326 kW of solar power**. Guided by the State of Minnesota and utility company programs, we have achieved this by installing a series of 40 kW arrays on our owned buildings. This includes multiple 40 kW arrays on the Minneapolis campus.



As a result of 60 kW of solar panels being damaged from a tornado, Murphy repaired and put the still-productive solar panels to work in 2013. Now, they are tied to a bank of batteries that provide 6 kW of back-up power for our headquarters' primary electricity needs: servers, computers, and electric-powered forklifts.

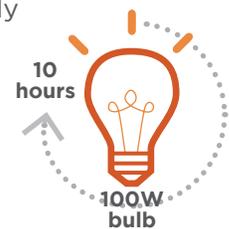


What do these systems do?

Each 40 kW system can produce between 30,000-50,000 kilowatt hours (kWh) per year, primarily depending on sunlight or snowfall.

1 kilowatt hour (kWh)

=



In Minnesota, 65% of electricity is produced through coal burning. When coal is burned to produce energy, it creates several byproducts: carbon dioxide (greenhouse gas), nitrous oxide, sulfur dioxide, and "coal ash" - which is the fine particulate matter that creates smog and contributes to respiratory illnesses. There are clear environmental reasons to move toward renewable energy, but there are also financial. **In 2013, our panels saved us about \$20,000 in electricity costs.**

Each 40 kW system takes up only about 2,000 square feet, and there is plenty more space on Murphy Warehouse's roofs. We will continue to invest in solar if and when it makes sound financial sense.

8% of Murphy's electricity is produced from solar power, making Murphy the **5th** largest producer in Minnesota.

WATER EFFICIENCY



Murphy continues to take strides to become more efficient in our operations. While our operations do not utilize a great amount of water, we recognize that water is a precious resource.

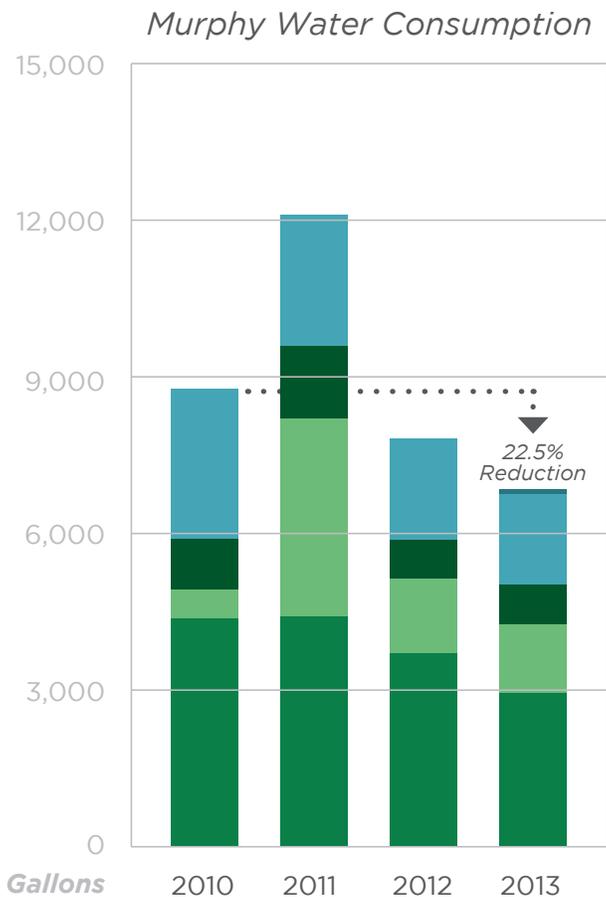
Our goal is to reduce water consumption by 25% below the 2010 baseline.

There are two primary components of water usage: plumbing fixtures and irrigation. Therefore, there are two strategies to accomplish this goal:

Upgrade plumbing flow and flush fixtures to low-flow.

Reduce irrigation through investing in:

- Landscape that requires less irrigation, such as native prairies.
- High-efficiency irrigation systems that sense current conditions and forecast weather patterns.



Facility
Eagan
7033 Central
4850 Main
4700 Main
Main HQ

In 2013, we upgraded plumbing fixtures at our Main headquarters and Eagan facility. In addition, **our Eagan location has a state-of-the-art satellite-based irrigation system.** Irrigation consumes by far the most water at all of our facilities, with the exception of one of the offices at Main headquarters. This building uses city water piped through heat exchangers for cooling—which is then dumped down the drain. Our longer-term capital plan includes replacing this cooling system with a roof-top unit, which, while increasing our energy usage slightly, would be more than offset by water savings.

Murphy's facilities used nearly **2** million gallons of water less than the 2010 baseline.

STORMWATER MANAGEMENT

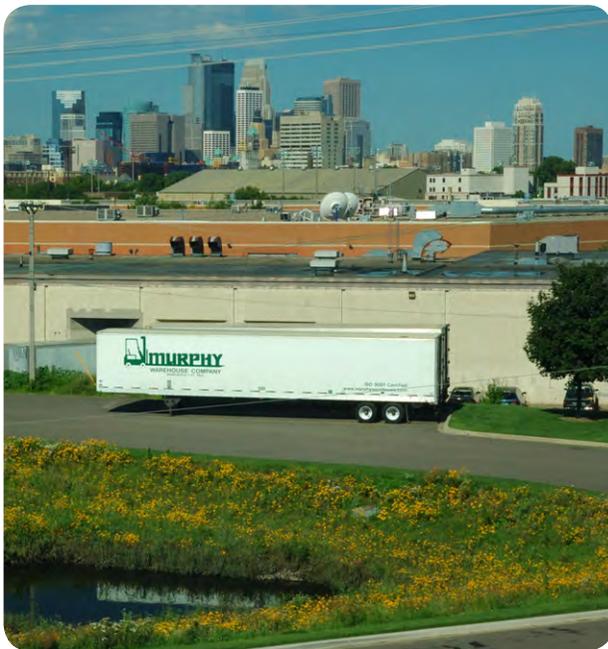


Stormwater runoff is a major source of water pollution. Conventional logistics campuses are made up of vast amounts of impervious surfaces, such as roofs and pavement. These hard surfaces, known as “gray infrastructure,” present a problem during major rainfall events because large volumes of stormwater can overwhelm and damage storm sewers. This often requires expensive infrastructure upgrades to reduce volume and improve water quality. Moreover, processing water takes a significant amount of energy, producing more greenhouse gas emissions and higher municipal taxes and fees.

Main Headquarters

Before 2008, nearly 100% of stormwater occurring at our headquarters in Minneapolis was running off-site. Since implementing these strategies, we retain nearly 100% of our stormwater on-site for major storm events. Because of this, we no longer pay a stormwater fee to the City of Minneapolis.

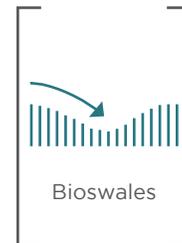
These infrastructure upgrades will pay for themselves in less than 7 years and continue to save us \$73,000 annually.



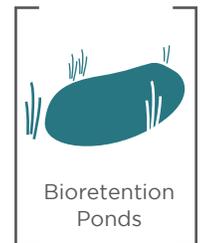
Realizing the significant contribution that the logistics industry makes to regional and national stormwater challenges, **Murphy has made an ambitious investment in reducing its stormwater impact.** Murphy’s strategy has been to invest in “green infrastructure,” which uses environmentally-friendly techniques to manage stormwater. These investments include:



Native Landscaping



Bioswales



Bioretention Ponds

These stormwater best management practices **increase on-site infiltration, reduce or eliminate pollution from stormwater runoff, and eliminate contaminants.**

Stormwater retention is based upon how much water the property will absorb on site for a two-year/twenty-four-hour storm event. It requires complex civil engineering analysis. At our 4700 and 4850 Fridley facilities, we mitigate 42% of our stormwater on-site.

Ultimately, the more a property absorbs on site, the less water runs off into the sewer – which is good for the environment and financially beneficial to Murphy.

At its headquarters, Murphy retains **100%** of its stormwater on-site.

BIODIVERSITY



Biodiversity is the variety of life in the world or in a particular habitat or ecosystem. Why is biodiversity important? Everything that lives in an ecosystem is part of the web of life, including humans. Each species of vegetation and each creature has a place on the earth and plays a vital role. **Maintaining a wide diversity of species in each ecosystem is necessary to preserve the web of life that sustains all living things.**

Most logistics campuses devote a majority of their site to storage and transportation, paying little attention to green space and biodiversity. These sites are typically surrounded by thin strips of turf grass, weeds, aggregate, and very few trees, which are often neglected or require high maintenance. In contrast, **Murphy has chosen to maximize the utility of its green space with biodiversity by planting native prairie landscapes**, which provide ecological services such as promoting biodiversity, the purification of water and air, pollination, and, importantly, carbon sequestration in plants.

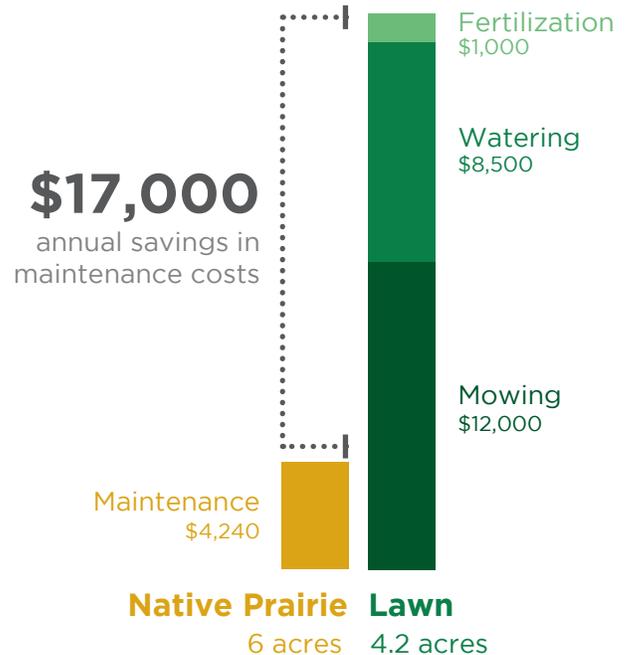


NATIVE LANDSCAPE

In 1994, Murphy installed its first native prairie in Fridley. **Today, all of our campuses have been planted with biologically-diverse native prairie and woodland species.** We have continued this tradition in 2013 with the addition of 44,782 sq. ft. of prairie and 105 trees at our new Eagan facility. Our efforts replaced conventional landscapes, made up of excessive turf grass area, with native vegetation that promotes stormwater retention, biodiversity, and carbon sequestration. These investments dramatically reduce maintenance costs and improve public relations. Even though numerous vehicles enter and exit the facilities every day, neighbors and visitors often refer to our campuses as **“the place where all the beautiful flowers grow.”**



*Native Prairie vs. Lawn
4700 & 4850 Campuses*



Murphy’s native prairie landscaping is over 15.5 acres, **17%** of our total land - almost twice as much as our lawn areas, and equal to 12 football fields.

TRANSPORTATION



Murphy owns and operates 27 long-haul trucks. These trucks travel an average of between 150 and 450 miles per day, consuming diesel fuel at a rate of 6.5 miles per gallon.

Recognizing that logistics requires energy, we do what we can to be as efficient as possible in our own logistical operations. Our strategies for reducing the environmental impact of our operations are:



Retrofitting our trucks and trailers to reduce wind resistance.



So far, we've saved **10% on fuel.**

As technologies improve, we will continue to look for ways to reduce our direct emissions from and consumption of diesel fuel.

Increasing our usage of biodiesel fuel.



In addition to being a renewable energy source, biodiesel emits less harmful pollutants compared with petroleum-based diesel fuel.

In 2013, we raised our percentage to **5%.**

Locating our facilities near...



Cities



Airports



Rail lines

reduces the miles traveled to store and transport our customers' goods. By lowering the miles traveled, we save on fuel costs while reducing our direct emissions from diesel fuel.



3x
more efficient
than trucks

For every pound of freight carried on a rail line, a truck carrying that same load would consume three times more fuel.

In 2013, Murphy serviced an average of 17 rail cars per day. This equals **17,860** trucks taken off the highway.

Data source: BNSF Rail Carbon Calculator

GREENHOUSE GAS EMISSIONS



Greenhouse gas emissions can result from direct and indirect consumption - or burning - of fossil fuels. Murphy reports on both: our direct greenhouse gas emissions from utilizing our 27 diesel-powered trucks and 95 propane-powered forklifts (the other 25 forklifts are electric-powered), and our indirect greenhouse gas emissions from heating, cooling, and ventilating our warehouses.

Murphy wants to reduce greenhouse gas emissions because it's simply the right thing to do. But there are other benefits as well. As we reduce carbon emissions, we are reducing pollutants - such as carbon dioxide, nitrous oxide, and methane - in addition to helping reduce smog and fine particulate matter.

Direct Greenhouse Gas Emissions

Equivalent Metric Tons of Carbon Dioxide in 2013 (Mte)



Indirect Greenhouse Gas Emissions



Because Murphy's indirect emissions from warehouse operations contribute about twice the amount of greenhouse gas emissions as do operating our trucks and forklifts combined, Murphy prioritizes its corporate-wide goals on measuring and managing our facilities.

Murphy's goal is to be under 50% of the national median for indirect greenhouse gas emissions for similar facilities, as measured by the EPA's Portfolio Manager online tool.



Murphy's greenhouse gas emissions are only **37.5%** of what similar size & type facilities emit.

GREENHOUSE GAS EMISSIONS

There are two components to attaining our goal:

Reducing Carbon

Accomplished by reducing fossil fuel consumption through both energy efficiency measures and generating energy from clean, renewable sources like the sun and wind.

9,300 Mte
Solar = 149 Mte
Energy Efficiency = 9,151 Mte

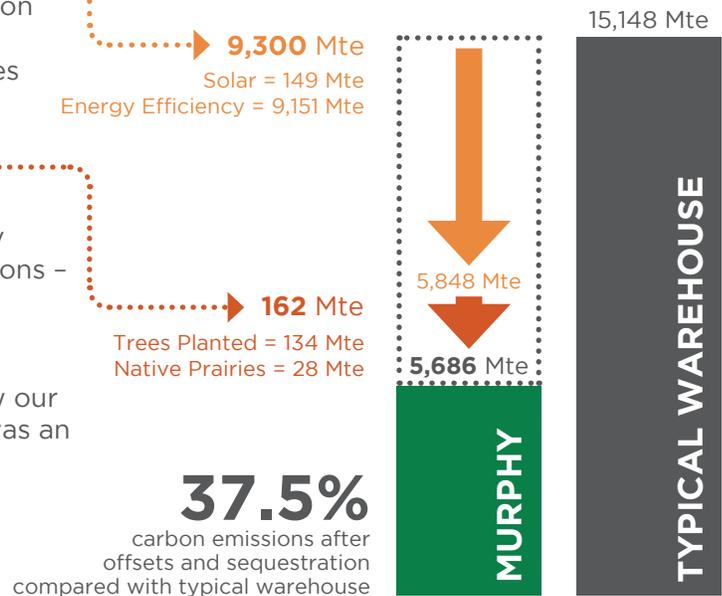
Carbon Offsets & Sequestration

Existing carbon still being emitted needs to be offset, either by purchasing carbon credits or by sequestering the carbon through one's own actions - like planting trees or installing native prairies.

162 Mte
Trees Planted = 134 Mte
Native Prairies = 28 Mte

Results for 2013 are slightly worse than our 26% performance for 2012 because we did not renew our contract for renewable energy credits - which was an additional carbon offset. We let the contract lapse because it did not make financial sense.

Equivalent Metric Tons of Carbon Dioxide in 2013 (Mte)



Data Source: U.S. EPA/DOE Portfolio Manager

CLIMATE CHANGE

Opportunity

We plan to stay ahead of the game in our industry. As more customers are looking to green their supply chain, we are here for them. Because we are investing in energy efficiency and renewable energy, we are lowering our operating costs while helping reduce greenhouse gases.

Risk

Climate change presents regulatory and physical risks for our business operations. From a regulatory standpoint, a carbon tax would have financial implications to our bottom line. It could also affect our customers' and our own ability to transport goods. We believe our central locations and access to rail lines are important risk - mitigating factors. We also continue to invest in our long haul trailers to improve their fuel efficiency.

From a physical standpoint, our locations are not near shorelines and our facilities are not that vulnerable. As a logistics company that serves the entire United States, however, any weather-related disaster on either coast affects our business. To manage this risk, we continue to diversify across industries and customers.

We view our efforts here as risk mitigation. The most recent legislation enacted in 2013 has not been discussed much, but businesses are getting closer to having to pay for carbon emissions. **The more we can reduce our carbon footprint, the better off we are financially, especially compared with our competition.**

Murphy's reduction in greenhouse gas emissions is equivalent to taking **2,000** passenger vehicles off the road for one year.

MATERIALS & RESOURCES

Material selection plays a significant role in sustainable building operations. The life cycle of a material - extraction, processing, transportation, use, and disposal - can have negative health and environmental consequences. **Murphy has adopted environmentally responsible procurement and waste management policies that can significantly reduce these impacts.**

PURCHASING

By showing preference for products with recycled content, we are doing our part to expand markets for recycled materials, slow the consumption of raw materials, and reduce waste entering landfills. In 2013, we formally established a corporate-wide sustainable purchasing policy for all of our campuses. This means we try to meet thresholds established for purchasing products with recycled content, rapidly renewable content, are rechargeable, or are third-party certified.



WASTE MANAGEMENT

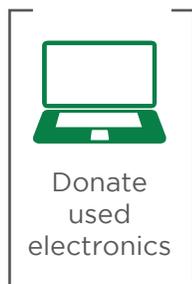
At Murphy, we are reducing the quantity of waste generated through responsible procurement practices. Our goal is to manage solid waste in a manner that will:

- Minimize landfilling and/or incineration and reduce toxicity
- Protect the environment and public health
- Conserve natural resources

The nature of our business is such that we encounter a great deal of packaging materials coming in to our warehouses. While we cannot avoid that, we can make a difference in where those materials end up. Through efforts like extensive cardboard, metal, and plastic recycling, along with the use of starch-based packing peanuts, we are able to divert more than 99% of the ongoing consumables we use daily in the office and warehouse from going into the landfill.

REUSE

Our commitment to reuse is further exemplified by several standard Murphy policies:



Murphy recycles **99%** of its solid stream waste.

HEALTH & WELLNESS

Health and sustainability go hand-in-hand. At Murphy, we know that our people are what make us great. In order to continue to be a preferred employer within the industry, Murphy employs several strategies around health and well-being.



COMPREHENSIVE BENEFITS

Our employees have a standard benefits package that includes the following:

- **Free annual wellness screening** to our employees and their spouses, which includes:
 - Blood tests measuring 36 attributes
 - Wellness coach available to all employees
 - Wellness round-tables
 - Health competitions and prizes
 - Educational seminars regarding common concerns
 - Employee Assistance Provider available for all employees and their families
- Generous **medical, vision, and dental coverage**
 - Preventative care for ages 6 and older
 - Well Child coverage up to age 6
 - Routine cancer screening and gynecological exams
- Life insurance
- Short and long term disability insurance
- Parental leave policy
- 401K profit sharing contributions

LEED CERTIFICATION & HEALTH

While many people view LEED Certification as primarily an energy savings endeavor, a significant component of **LEED aims to improve workers' health and productivity**. This is achieved through several policies employed by Murphy:

- Indoor air quality management plan that seeks to stay on top of ventilation issues
- Green cleaning policies that aim to reduce toxins often found in cleaning products
- Sustainable food purchasing policy that encourages organic and fair trade food, which is lower in pesticides and generally healthier
- Taking regular occupancy surveys to address employees' thermal, acoustic, and lighting comfort

Murphy's turnover rate was only **4.7%** in 2013, one of the lowest in the trucking and logistics industry.

SAFETY & SECURITY

Safety and security matter to sustainability because we are in the business of keeping our customers' goods clean, safe, and secure. Our own employees' safety in handling a customer's goods, whether it be on the truck, loading a rail car, using forklifts to move goods, or managing the business, is of utmost important to us. We would not be a sustainable business if we did not focus our efforts in this arena.



SAFETY

Putting our employees first means keeping them safe from injury. We place a high value on safety, as demonstrated by our **OSHA Certification** from the Minnesota Department of Labor and Industry. We do this through a high level of leadership and employee involvement, systems in place that identify, correct, and control workplace hazards, and employee safety training and education.

Safety Training

Our employees receive annual safety training to ensure we stay current, and we rotate the training locations among our owned facilities. In 2013, training consisted of the following:

- Emergency Response Plan
- Proper Hazardous Materials Handling
- Forklift Safety and Training
- AED and CPR Training

Murphy utilizes OSHA Standard 1904 for recording and reporting accident statistics. For 2013, Murphy's incidence rate was 1.88. The incidence rate takes into account total hours worked by Murphy employees and the amount of work-related injuries and illnesses that occurred.

Sanitation

In the interest of keeping employees and customers' goods safe and secure, we also invest in cleanliness. **We consistently achieve the "Excellence" certification from the American Sanitation Institute (ASI).**



SECURITY

Because our customers entrust Murphy to care for their goods while in storage, Murphy places a high value on security.

- All facilities are routinely assessed for risks associated with theft. We receive, by subscription, numerous security notices related to warehouse, logistics, and transportation activities in the United States.
- Murphy trains 100% of employees on anti-theft policies to protect clients' products in our care, custody, and control. We have a standalone inventory control department and perform cycle counts and full inventory reviews on a routine basis.

Murphy's incidence rate was only **1.88** in 2013, compared to the national average of 3.4 for the transportation and logistics industry.

Data source: US Bureau of Labor Statistics

COMMUNITY ENGAGEMENT

In keeping with our overarching goal of being a good corporate citizen, the communities surrounding Murphy facilities trust us to be a good neighbor. Because local businesses depend upon their communities for survival, involvement and community engagement is an integral part of our culture.

Local Community

Murphy employees annually contribute their time and money to various causes. Between the Murphy family and the Murphy business, 2013 highlights include:

- Volunteered consolidation and international shipping service for medical supplies and equipment to Children’s Surgery International in Africa
- Provided the U.S. Marines with storage for their Toys for Tots’ unused toys for use in subsequent years
- Donated truckloads of food to, and helped pack food for, the less fortunate at Second Harvest in Minneapolis
- Helped plan fundraiser for Cancer Kids Fund and participated in committee



Children’s Surgery International



Logistics Industry

Murphy puts a high value on community involvement and, in fact, requires our senior management and owners to have active involvement on committees, leadership roles, and conference attendance at the following industry groups:

- Council of Supply Chain Management Professionals (CSCMP)
- Warehouse Education and Research Council (WERC)
- International Warehouse Logistics Association (IWLA)
- Minnesota Warehouse Association (MWA)
- Minnesota Trucking Association (MTA)
- Urban Land Institute (ULI)

Leadership

Beyond donating time and money to non-profits, Richard T. Murphy, Jr. donates his expertise and leadership skills to a number of organizations:

- MN Department of Transportation - *Freight Advisory Committee*
- College of Design, U of MN - *Advisory Board Member*
- Children’s Hospital of MN - *Board*
- Carlson School of Business, U of MN - *Chair, Operations and Supply Chain Advisory Committee*
- Center for Transportation Studies, U of MN - *Executive Committee Chair and Board Member*



We pride ourselves for being a **good neighbor** by:

limiting our truck noise,

reducing light pollution,

and enhancing community aesthetics through our native prairies and trees.



Murphy Warehouse Company
701 24th Avenue SE
Minneapolis, MN 55414

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