

Anyway They Ship it, They Ship it the



June 18, 2014

Welcome our guests:



June Benefit:
Corporate Citizenship



Industry Description

Employment

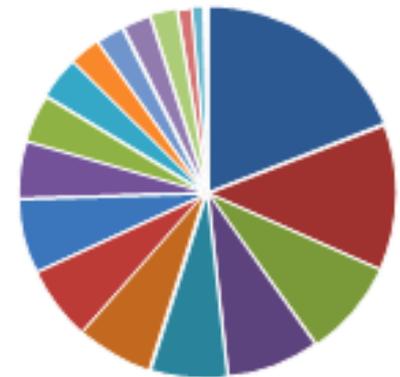
(Jobs)

GDP

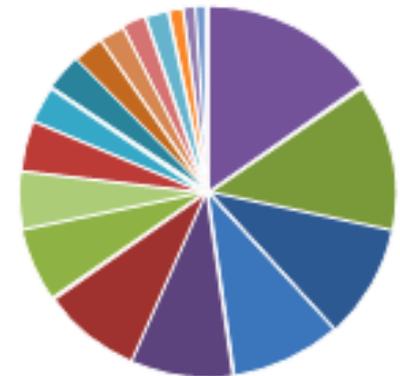
(\$Million)

Industry Description	Employment (Jobs)	GDP (\$Million)
Retail trade (including food services and drinking places)	28,113,476	\$1,204
Health care and social assistance	18,782,100	\$1,057
Manufacturing	12,393,700	\$1,584
Professional, scientific, and technical services	11,828,800	\$1,068
Administrative and waste services	9,939,300	\$386
Other services, except public administration	9,882,500	\$335
Construction	9,505,000	\$537
Finance and insurance	9,432,000	\$1,171
Real estate and rental and leasing	7,534,100	\$1,868
Wholesale trade	6,161,900	\$780
Transportation and warehousing	5,499,300	\$389
Educational services	3,923,400	\$154
Arts, entertainment, and recreation	3,822,000	\$127
Agriculture, forestry, fishing, and related activities	3,468,300	\$133
Information	3,359,300	\$639
Management of companies and enterprises	1,962,600	\$246
Mining	1,358,500	\$240
Utilities	600,200	\$268

Retail and Other Industries by Employment



Retail and Other Industries by GDP



Source: NRF



A Smart Move

IKEA partners with EPA to lower shipping costs and emissions

From May 2013 | By Janet Groeber |



100 percent renewable energy in its operations.

Privately held IKEA, a global retail player with some 300 stores in dozens of countries, treats its sustainability efforts seriously. From buying and building wind farms to adding rooftop solar arrays on its stores, IKEA's goal is to use

Maintaining inventory levels translates to low prices, which helped propel the retailer to its status as a home furnishings world leader. More than 1,000 suppliers in 55 countries create proprietary products for IKEA, which has been working to reduce shipping costs and emissions in its complex supply chain.

SmartWay Drivers: Economic Impacts of Freight

- **Freight transportation is cornerstone of U.S. economy**
 - Trucking & rail deliver goods and materials that drive economic growth and development
 - Domestic commodity and consumer goods shipments
 - Exports and Imports
 - Freight system moves:
 - 17.6 billion tons of freight per year
 - 48.3 million tons of freight daily
 - 57 tons of freight per person each year
 - \$16.8 trillion worth of freight yearly
 - \$46 billion worth of freight daily

- **Transportation logistics costs \$836 billion (5.4% of GDP)**

SmartWay Drivers:

Freight Sector Environmental Impacts

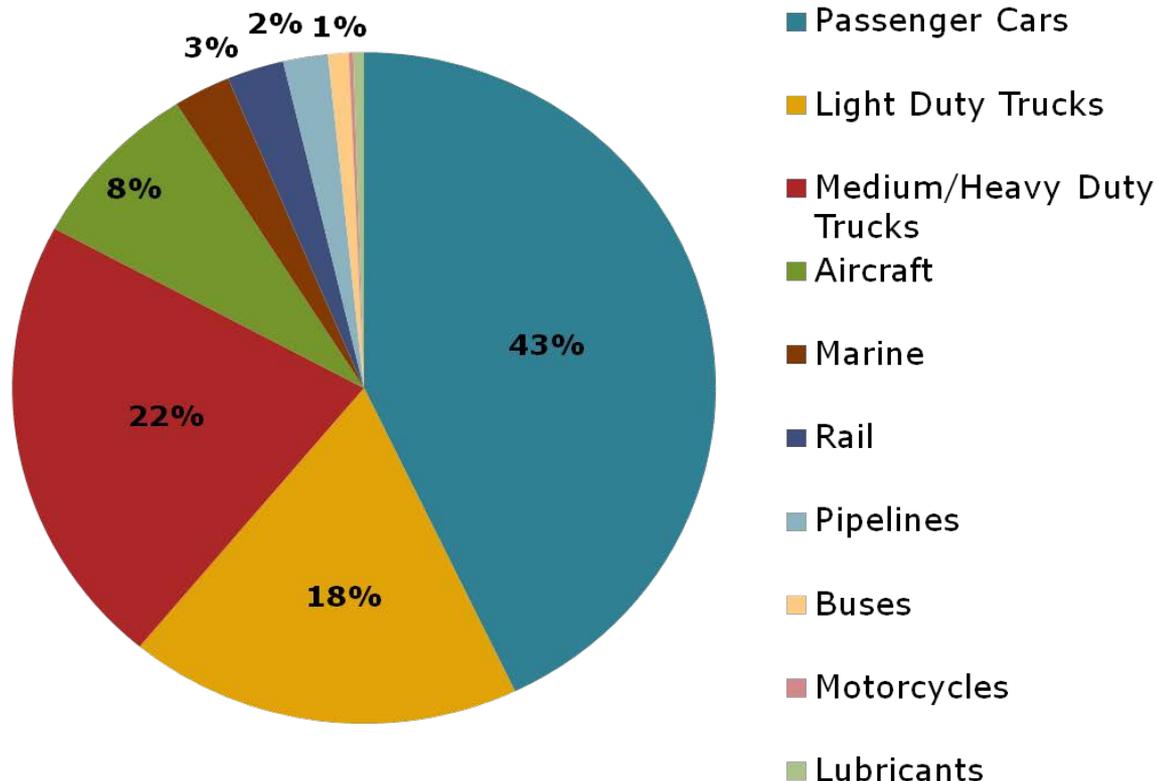
Transportation in U.S.:

- Over 1/4 total GHG emissions;
- About 2/3 petroleum-based fuel use.

In Transport Sector:

- Freight accounts for over 25% of all fuel consumed and GHGs emitted.
- Freight is fastest growing source of transport GHGs.

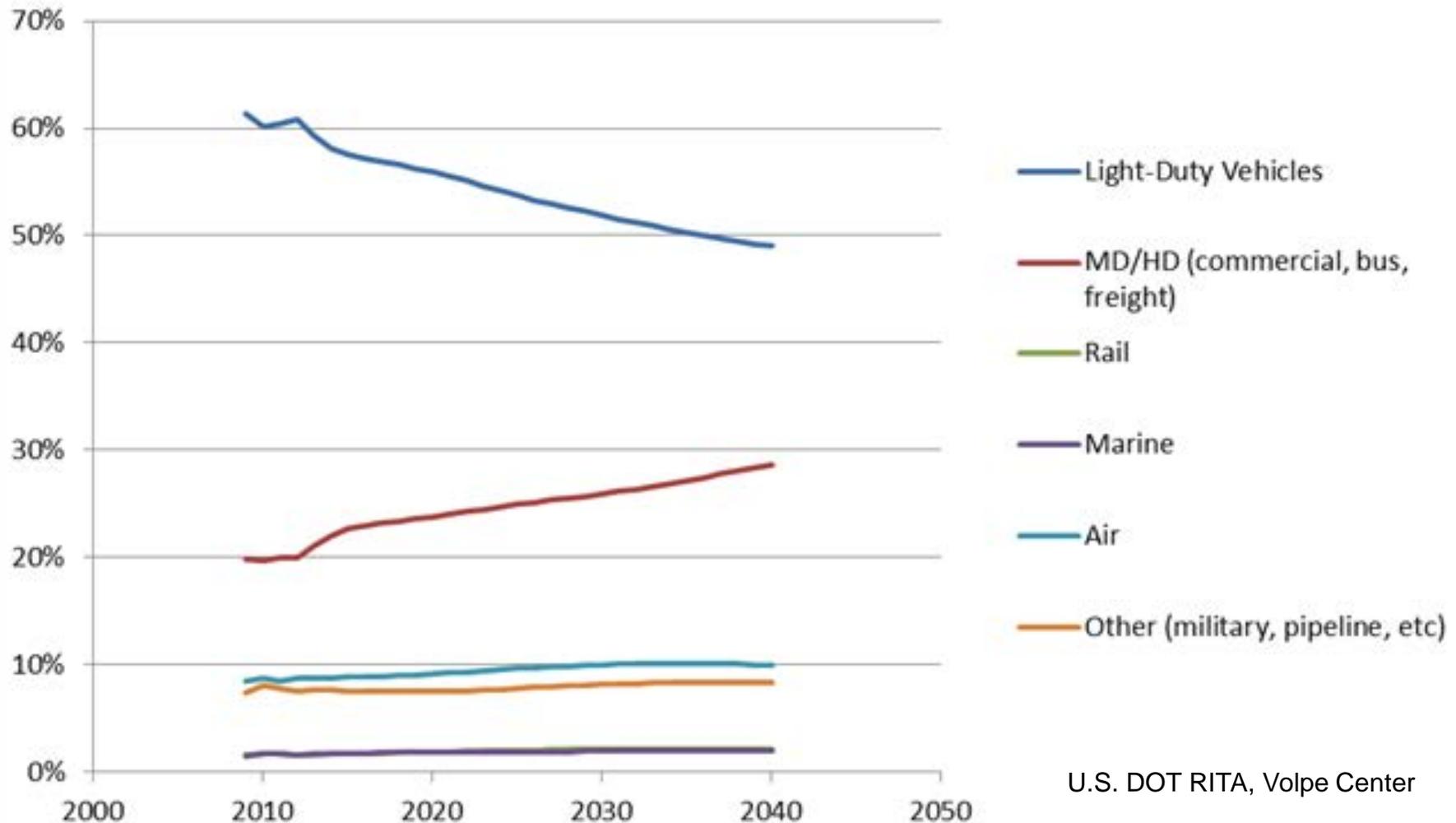
Transportation Greenhouse Gases



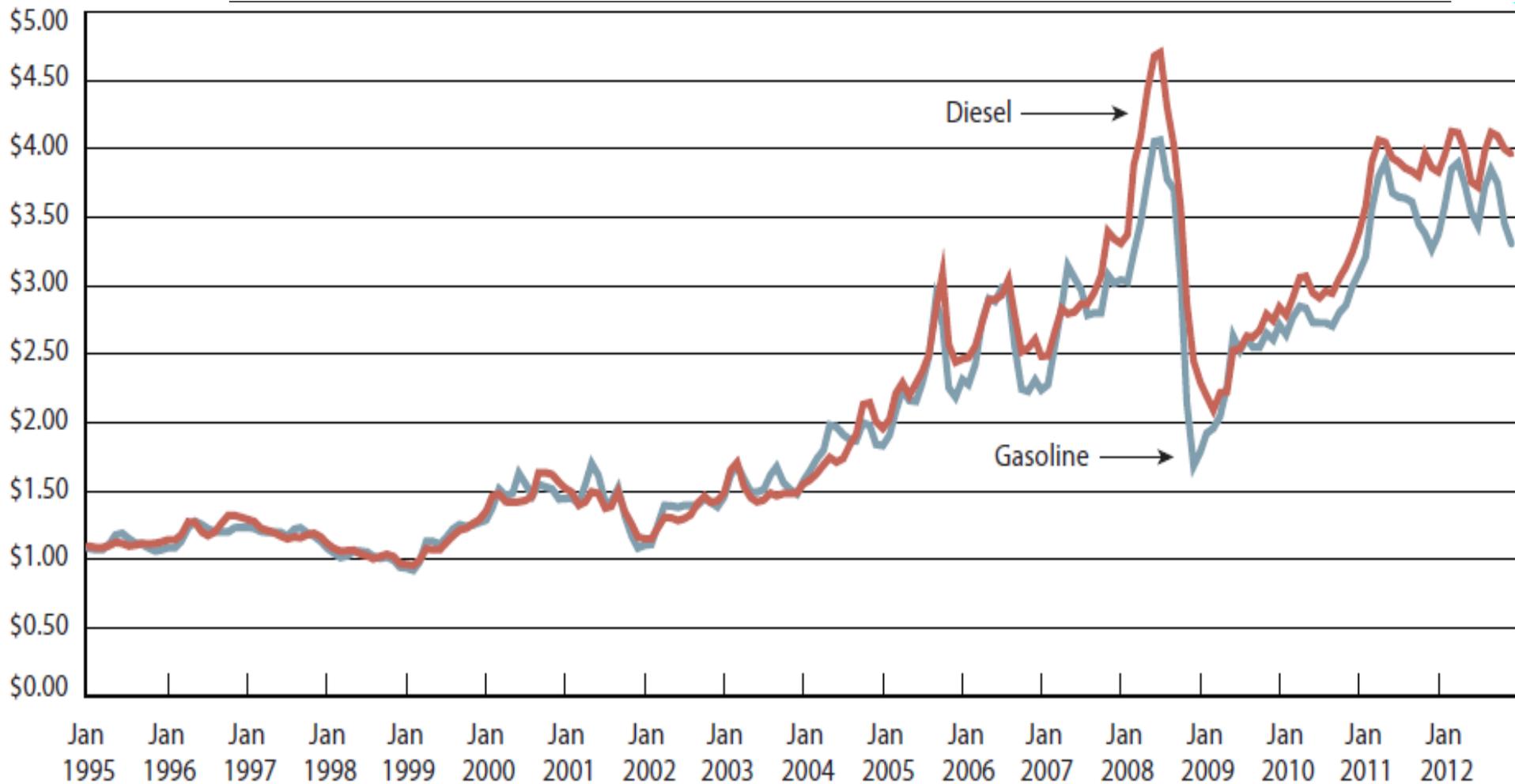
2011 Data - Inventory of U.S. Greenhouse Gas Emissions and Sinks (EPA 2013)

SmartWay Drivers: Energy use by Heavy Duty Trucks

Percent of Energy Used by Mode -- Transportation Sector (million barrels per day oil equivalent)



SmartWay Drivers: Energy Challenges



Source: U.S. Energy Information Administration

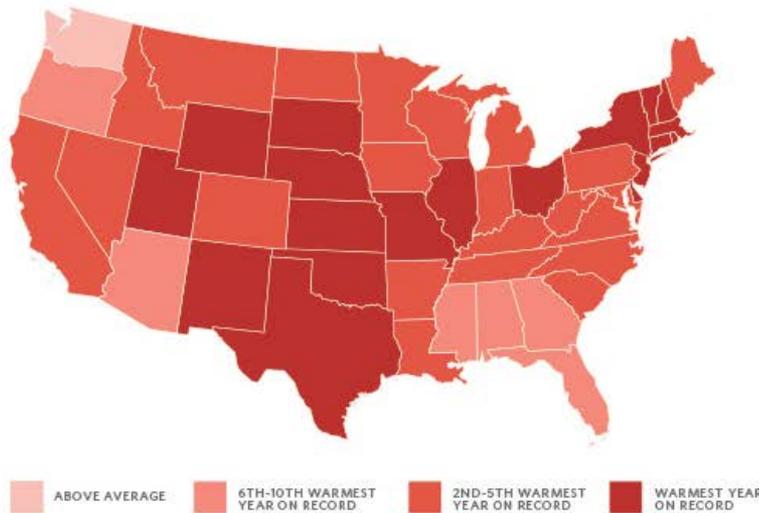
SmartWay Drivers: Climate Awareness

2012 WAS THE SECOND MOST EXTREME YEAR ON RECORD FOR THE NATION

SOURCE: NOAA, U.S. CLIMATE EXTREMES INDEX

RECORD HEAT ACROSS THE U.S.

STATE-BY-STATE TEMPERATURES IN 2012



SOURCE: NATIONAL CLIMATIC DATA CENTER/NCSDS/NOAA
Doesn't include Alaska, Hawaii or U.S. territories.

ALSO IN 2012:



WARMEST YEAR ON RECORD FOR THE U.S.

Doesn't include Alaska, Hawaii, or U.S. territories.
SOURCE: NOAA

356

RECORD HIGH TEMPERATURES TIED OR BROKEN

IN THE UNITED STATES.
SOURCE: NOAA, STATE OF THE CLIMATE REPORT



APPROXIMATELY

ONE-THIRD OF THE U.S. POPULATION EXPERIENCED 100° TEMPERATURES

FOR TEN OR MORE DAYS.
SOURCE: NOAA

DROUGHTS, WILDFIRES, AND FLOODS ARE ALL MORE FREQUENT AND INTENSE



PRECIPITATION WAS 2.57 INCHES BELOW THE 20TH CENTURY AVERAGE.

SOURCE: NOAA



15TH DRIEST YEAR ON RECORD

SOURCE: NOAA



WILDFIRES BURNED MORE THAN 9.3 MILLION U.S. ACRES

SOURCE: NATIONAL INTERAGENCY COORDINATION CENTER

SmartWay Drivers: Changing Needs of Industry

- **Customer and Consumer awareness**
 - Demanding corporate citizenship and accountability
- **Investor, Lender and Insurer requirements**
 - Assessing climate risk and business opportunities
- **Rising and volatile energy prices**
 - Fuel and driver wages continue to be largest cost centers for truck carriers: 62% of operating costs in 2011
- **Globalization of supply chains**
 - Increasing global opportunities and global competition
 - Other countries' carbon reporting requirements

ATRI: An Analysis of the Operational Costs of Trucking: A 2012 Update

What is SmartWay?

- Public-private partnership with freight sector
 - Market based, voluntary and no cost
- Provides information to help industry improve performance, save fuel and reduce costs
 - Standardized tools, data and information to help freight sector measure, benchmark, report and improve supply chain environmental performance
- Market incentives and recognition for top performers

Primary goal: Move more ton-miles of freight with less emissions, and less energy, at lower cost

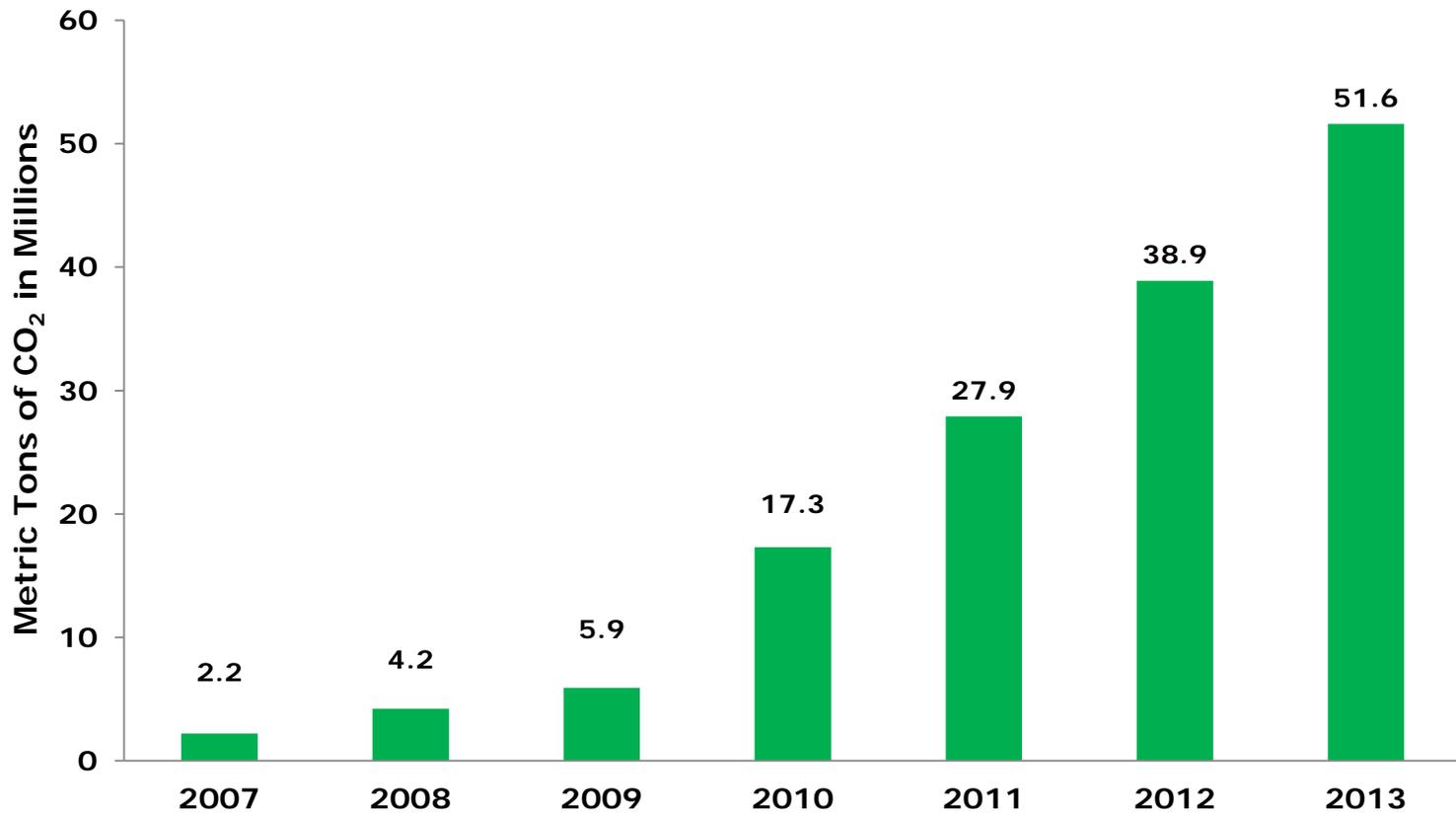
How: Accelerate adoption of advanced technologies and operational practices in the freight supply chain

SmartWay Snapshot

- Since 2004, SmartWay has grown to about 3,000 partners with broad freight industry support in U.S. and Canada
 - Top 100 U.S. truck carriers
 - All Class 1 rail lines
 - Fortune 500 shippers from key economic sectors
 - Major logistics firms
 - SmartWay Carriers operate 8% of freight trucks on the road
 - 663,000 class 4 – 8 trucks
 - 22% of total trucking miles
 - 49 billion miles annually
- Since 2004, SmartWay Partners saved:
 - 51 million metric tons of CO₂ (+ significant NOx & PM savings)
 - 120 million barrels of oil and 5 billion gallons of fuel
 - \$16.8 billion dollars in fuel costs
- ***Equivalent to taking 10 million cars off the road for one year***

SmartWay Partner CO₂ Savings

2007 to 2013 Performance Trends



How Does SmartWay work?



SmartWay Excellence Award

- Recognizes top 1% of all partners
- Based on environmental performance & leadership
- Recognizes large & small partners



High Praise For Going the SmartWay.

Congratulations
to the 2013 SmartWay
Excellence Award Winners

SmartWay partners know about increased supply chain efficiency and environmental stewardship. This award recognizes excellence in their achievements toward helping the environment, incorporating sustainability, and reducing their carbon footprints.

Learn more at epa.gov/smartway



The SmartWay Transport Partnership is an innovative collaboration between the U.S. Environmental Protection Agency and the freight industry. The partnership is designed to increase energy efficiency while significantly reducing greenhouse gases and air pollution.



Partner Spotlights



SmartWay Helps Tyson Foods Drive Out Miles Tackle Greenhouse Gas Emissions



SmartWay Helps Lead Kimberly-Clark to Greater Efficiencies and Reduced Transportation Costs

September 2012

Company Message

"We're serious about our responsibility to the environment, so we joined the SmartWay Transport Partnership. The framework enabled us to evaluate, measure and reduce the environmental transportation operations in a more comprehensive and specific. SmartWay has helped us reduce fuel usage and emissions, and improve our operational efficiency."

– Kevin J. Iglu, SVP and Chief E

Why Tyson Foods joined SmartWay

Tyson Foods has been a long time supporter of SmartWay's transportation sustainability, and joined the partnership immediately after EPA launched it in 2004. Upon joining the company goal was to use SmartWay's tools to accurately measure carbon

Partner Profile: Penske Logistics

The SmartWay to Logistics Management



Company Message

"We're constantly working to optimize our fleet as it relates to responsible sustainable practices, which include the reduction of fuel consumption and lowering emissions. The SmartWay program has provided us with the necessary strategies to accomplish this."

– Marc Athan, President, Penske Logistics

Why Penske Logistics joined SmartWay

Penske has always partnered with companies to create supply chain management solutions, so it made perfect sense to partner with EPA SmartWay. The collaboration between industry and government offers tremendous value. In addition, SmartWay's second generation tools have allowed Penske Logistics the opportunity to assess its freight operations and to improve efficiency.

Company Profile



Tyson Foods, Inc., Springdale, Arkansas, is one of the world's largest processors and marketers of chicken, beef and pork, the second largest food production company in the Fortune 500 and a member of the S&P 500. Tyson produces a wide variety of protein-based and prepared food products, serving customers throughout the United States and in more than 100 countries. Tyson employs approximately 115,000 team members.



Company Message

"At Kimberly-Clark, we see SmartWay as both good environmental policy and good business. The transportation strategies that SmartWay recommends are saving us fuel, lessening our carbon footprint, and making a big difference in bringing us closer to our sustainability goals." – Stelios Chrysandreas, Transportation Manager

Why Kimberly-Clark joined SmartWay

Kimberly-Clark is committed to sustainability in all areas of its business, including the delivery of its products. Joining SmartWay presented KCC's Corporate Transportation team with a great opportunity to more actively engage and expand its role in the company's sustainability plans.

Company Profile



Kimberly-Clark

Kimberly-Clark Corporation is a global health and hygiene leader serving 1.2 billion consumers in more than 80 countries featuring such global brands as Huggies, Kleenex, Scott, Kotex



Partner Profile

Stanley Black & Decker Uses SmartWay Tools to Reduce Freight Footprint

Company Profile

Stanley Black & Decker an S&P

500 company, is a diversified global provider of hand tools, power tools and related accessories, mechanical access solutions and electronic security solutions, healthcare solutions, engineered fastening systems, and more. Learn more at www.stanleyblackanddecker.com.

Contact:

Deborah Patterson
Vice President
Environment, Health, and Safety

Stanley Black & Decker
1000 Stanley Drive
New Britain, CT 06053

T 860.827.3825
F 860.515.2755

Stanley Black & Decker

Why Stanley Black & Decker Joined SmartWay

"Our success in measuring, and then shaving, energy demand and resultant Scope 1 and Scope 2 emissions associated with our brick-and-mortar operations has allowed us to apply the same productivity lens to reducing Scope 3 tailpipe emissions from vehicles that transport our finished goods and our employees. Our SmartWay Transport Partnership is the most well established of our Scope 3 emissions reduction initiatives and has stimulated parallel efforts around the globe."

Deborah Patterson, Vice President of Environment, Health, and Safety, Stanley Black & Decker

Stanley Black & Decker 2010-2011 SmartWay Emissions Factor Scope 3 CO₂ Emissions

2010				2011			
MODE	E-FACTOR (CO ₂ G/M)	CO ₂ (CO ₂ TONS/YR)		MODE	E-FACTOR (CO ₂ G/M)	CO ₂ (CO ₂ TONS/YR)	
Truck	1946	596,921		Truck	1730	493,038	
Multi-modal	1623	49,212		Multi-modal	1706	20,677	
Logistics	1968	19,480		Logistics	2007	16,074	
TOTAL		665,613		TOTAL		529,789	

Company Profile

Penske Logistics is a wholly owned subsidiary of Penske Truck Leasing. With operations in North America, South America, Europe and Asia, Penske Logistics provides supply chain management and logistics services to major industrial and consumer companies throughout the world. Penske Logistics delivers value through design, planning and execution in transportation, warehousing, and international freight forwarding and carrier management.

Point of Contact:

Andrew Cullen
Vice President
Energy & Telecommunications

SmartWay Social Media



 **U.S. Environmental Protection Agency** shared a link.
August 21

Our SmartWay program works with our partners to reduce carbon emissions and fuel consumption throughout the transportation supply chain. Read about how this program is helping Stanley Black & Decker, a SmartWay partner, achieve their sustainability goals and #ActOnClimate.

[SmartWay Resource Center | SmartWay | US EPA](#)
www.epa.gov



The Home Depot @HomeDepot

3m

We were recently honored w/ @EPA's 2013 #SmartWay Excellence Award. Learn more about our #environmental efforts here:

thd.co/zHMUTS

Expand

← Reply 🗑 Delete ★ Favorite ⋮ More



U.S. EPA @EPA

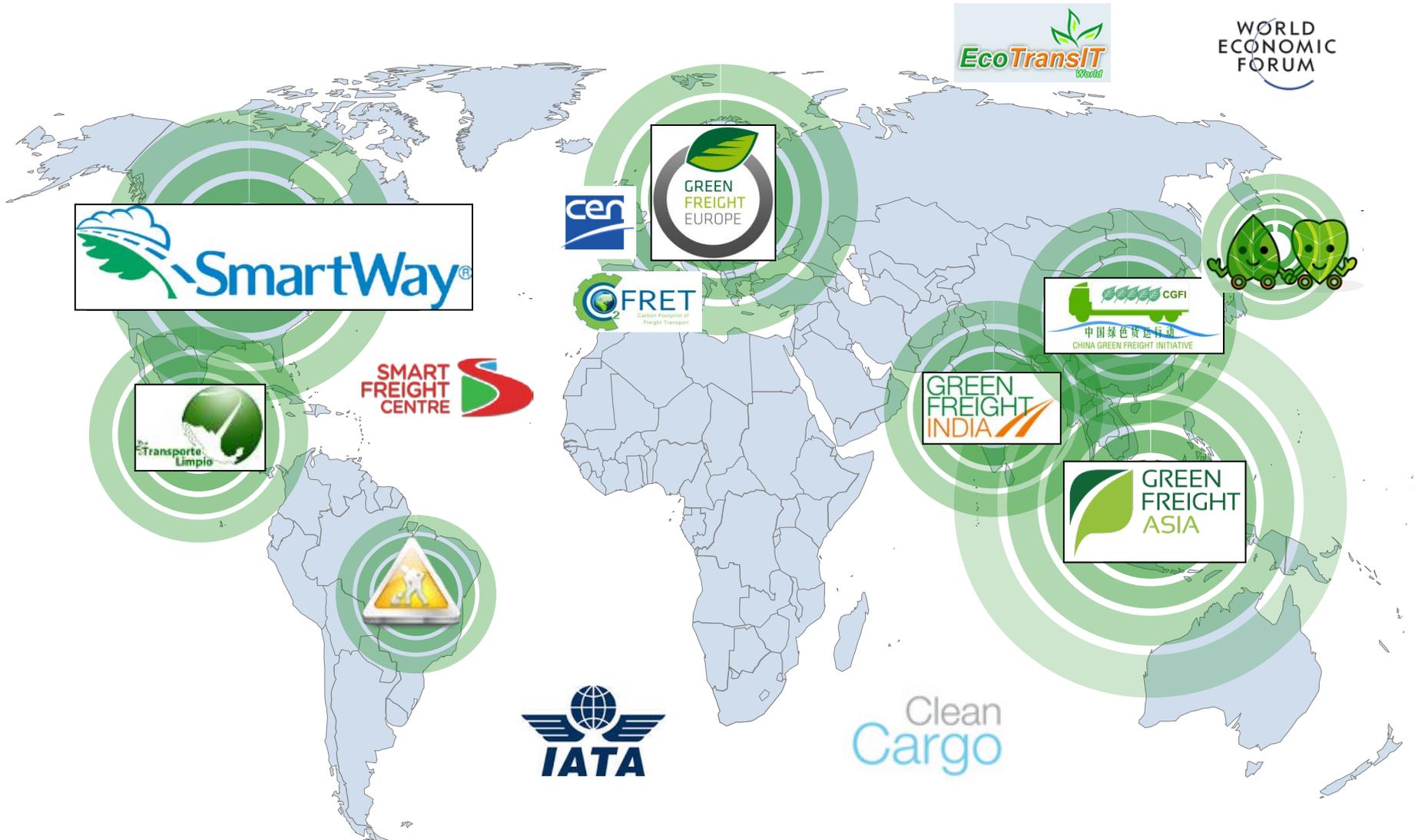
21 Aug

See how our SmartWay partners like Stanley Black & Decker achieve their freight sustainability goals & #ActOnClimate
go.usa.gov/jH6W

Expand



SmartWay-Green Freight Replication



Source: Green Freight Europe, Green Freight Asia Network, Transport & Travel Research Ltd

For more information:

www.epa.gov/smartway

smartway_transport@epa.gov

SmartWay Helpline 734-214-4767





SmartWay Charter Partner

Ryan McKinney
Manager, Carrier Relations and Solutions
Transportation
The Home Depot USA , Inc.



Carrier Relations and Solutions



**The Home
Depot**

- **Name:** Ryan McKinney
- **Title:** Strategy Manager- Carrier Relations and Solutions
- **THD Tenure:** 9 years
- **Education:** Georgia Institute of Technology
 - Industrial/Systems Engineering & Applied Physics
- **THD Experience:** Transportation, Sourcing, International Logistics, Distribution
- **Current Responsibility:** Strategy- Carrier Relations and Solutions
 - National Truckload/LTL Bids
 - Strategic Projects
 - Environmental Projects and Reporting





Our Organization



**Worlds
Largest Home
Improvement
Retailer**

- **History:** Founded in 1978
 - Bernie Marcus and Arthur Blank
 - Atlanta, GA
- **Stores:** 2,257
 - United States – 1,976
 - Canada - 180
 - Mexico – 100
- **Supply Chain:**
 - 70+ Distribution centers
 - 123,000 FEUs
 - 1.5M Truckload shipments
- **Employment:** 300,000 (approx)
- **Revenue:** \$78.8 billion USD (2013)
- **Transactions:** 1.4 billion





Sustainability Efforts



THE HOME DEPOT SUSTAINABILITY



Supply Chain

Goals and Details

THD Goal:

- 20% reduction in GHG emissions in supply chain by 2015
 - Equivalent to 200 million miles
 - 8,000 trips around the Earth
- Increase trailer utilization and cube
 - OB: 14% improvement 2013 vs 2011
 - IB: 21% improvement 2013 vs 2011
- Partnership with EPA/SmartWay
 - Charter partner (2004)
 - 2013 Excellence Awardee





THD and SmartWay



SmartWay

- **Business Policy:** 100% of contracted carriers must be current SmartWay partners
 - Verbiage within all contracts requiring active participation
 - Require certificate during carrier on-boarding
 - Monitor EPA/Smartway site for active carrier compliance to program requirements
 - Carrier contracts terminated if determined to be non-compliant
- **SmartWay Recognition:** SmartWay logo required in Supply Chain email signatures
- **Pay for Play: (Implemented in 2013)**
 - Bid process/tool allows for artificial rate adjustments prior to scenario analysis
 - Previously utilized functionality only for performance and incumbency
 - Utilize each EPA/SmartWay data to place carriers into 5 groups by metric
 - CO2 (50%) + NOx (25%) + PM10 (25%) = THD SmartWay Score
 - Scores grouped into 5 “SmartWay Buckets” for rate adjustments
 - 0%, .25%, .5%, .75%, and 1% rate adjustments





THD and SmartWay



Rate Adjustments

- Pay for Play (cont):**

TL BLENDED - 12 weeks								
SCAC	Carrier Name	Rank	Score	Rank (Invited Carriers)	Performance Adjustment	SmartWay Bucket	SmartWay Adjustment	Total Adjustment
SCAC1	Carrier1	5	95.46%	4	0.48%	1	0.00%	0.48%
SCAC2	Carrier2	6	95.39%	5	0.64%	1	0.00%	0.64%
SCAC3	Carrier3	2	96.53%	2	0.16%	2.5	0.75%	0.91%
SCAC4	Carrier4	1	98.51%	1	0.00%	3.25	1.00%	1.00%
SCAC5	Carrier5	4	95.61%	3	0.32%	3.25	1.00%	1.32%
SCAC6	Carrier6	10	94.42%	8	1.12%	1.75	0.25%	1.37%
SCAC7	Carrier7	9	94.69%	7	0.96%	2	0.50%	1.46%
SCAC8	Carrier8	11	94.38%	9	1.28%	2.25	0.50%	1.78%
SCAC9	Carrier9	7	95.35%	6	0.80%	3.5	1.00%	1.80%
SCAC10	Carrier10	15	94.28%	13	1.92%	1	0.00%	1.92%
SCAC11	Carrier11	12	94.33%	10	1.44%	2	0.50%	1.94%
SCAC12	Carrier12	16	94.25%	14	2.08%	1.75	0.25%	2.33%
SCAC13	Carrier13	13	94.31%	11	1.60%	2.5	0.75%	2.35%
SCAC14	Carrier14	19	93.92%	16	2.40%	1	0.00%	2.40%
SCAC15	Carrier15	14	94.30%	12	1.76%	2.75	0.75%	2.51%
SCAC16	Carrier16	21	93.47%	18	2.72%	1.75	0.25%	2.97%
SCAC17	Carrier17	17	94.23%	15	2.24%	2.75	0.75%	2.99%
SCAC18	Carrier18	23	92.62%	20	3.04%	1	0.00%	3.04%



SCAC43	Carrier43	46	90.85%	39	6.08%	2.75	0.75%	6.83%
SCAC44	Carrier44	53	90.01%	44	6.88%	1	0.00%	6.88%
SCAC45	Carrier45	52	90.03%	43	6.72%	1.5	0.25%	6.97%
SCAC46	Carrier46	49	90.59%	41	6.40%	2.5	0.75%	7.15%
SCAC47	Carrier47	55	89.33%	46	7.20%	2.5	0.75%	7.95%
SCAC48	Carrier48	54	89.65%	45	7.04%	3.5	1.00%	8.04%
SCAC49	Carrier49	65	82.35%	48	7.52%	2.5	0.75%	8.27%
SCAC50	Carrier50	64	84.29%	47	7.36%	3.25	1.00%	8.36%

- Carrier Distribution:** Sent to all carriers every 1st week of month

- All carrier data/ranks visible to all carriers (complete transparency)





THD and SmartWay



Smartway

Carrier Reviews:

- Conduct on-site carrier reviews yearly with top 35-40 carriers for The Home Depot.
- Require carriers to present current SmartWay efforts and initiatives

We have 310 drivers, 700+ 53ft Dry Van, 150 20ft/40ft/45ft specialty chassis.

Drivers: Owner Operator: 290
 Company Fleet : 20
 Team : 2
 Hazmat : 17%

YTD Turnover: 93.14%
 Age of Tractors: The fleet average is 5 ½ yrs.
 Trailers: The average age for our trailers is 6 years.

We are currently upgrading our fleet and recently purchased 30 Eco-Friendly Aerial Dynamic Trailers.

Tractor Technology: We currently have about 44% of our trucks equipped with Garmin ELDs (Electronic Logging Device). We are projecting to have the entire fleet equipped by the end of Q1 2014.

XXXX Lines is a Certified SmartWay Transport Partner.

Our current score is .75



Fleet Characteristics

Carrier Profile

Environmental Leadership



- SmartWay Transportation Partner since 2004
- SmartWay Excellence Award 2013
 (also 2007; 2009; 2011; 2012)

- Trailer blades (all trailers)
- Aerodynamic trucks & trailers
- 2007 & 2010 EPA compliant engines
 - Average truck age is under 23 months
 - 14% 2007
 - 86% 2010
- Alternative fuels
- Carbon reduction
- Clean Air Action Plan (CAAP) Air Quality Award
 - Winner of 6th Annual CAAP Award in 2013





*Leading the world
in essentials for a better life.*



**Kimberly-Clark:
Shipping it the SmartWay**

Optimizing Transportation Network



- **Name:** Stelios Chrysandreas
- **Title:** Transportation Optimization Manager
- **K-C Tenure:** 24 years
- **Education:** University of Alabama
 - Electrical Engineering & Business Administration
- **K-C Experience:**
 - Various roles throughout K-C's supply chain including Planning, Distribution Operations, Supply Chain Analysis and Transportation for the Consumer, Health Care and Global Nonwoven businesses.
- **Current Responsibilities:**
 - Achieving lowest transportation cost and best service through daily optimization
 - Modeling of the Network and Operational KPI's
 - Driving sustainability practices in transportation management for K-C



Leading the World in Essentials for a Better Life

57,000 employees worldwide

\$21.2 Billion in Net Sales in 2013

Well-known global brands HUGGIES® KLEENEX®
SCOTT® KOTEX® PULL-UPS® DEPEND®

#1 or #2 position in more
than 80 countries

Nearly one-quarter of the world's
population use our products daily



Kimberly-Clark

Leading the world in essentials for a better life.

K-C Global Brands



Kimberly-Clark

Leading the world in essentials for a better life.

SmartWay and Kimberly-Clark

- Joined in 2006
 - Opportunity to more actively engage and expand our role in K-C's sustainability plans
- Early goals – Lowering Operating Costs
 - Reduce Length of Haul and Total Miles
 - Reduce wait time and idling at shipping and customer receiving docks
 - **Increase Intermodal Utilization**



Shipping it the SmartWay - Growing Intermodal

- **Recognized Trends**
 - Driver shortage & retention
 - Hours of Service regulations
 - Fuel Supply & Prices
 - Highway congestion
 - ✓ Railroads making large investments in their networks
 - ✓ Our Customers are focusing on sustainability
- **Developed an Intermodal Growth Strategy**
 - 2006-2008 – Major Distribution Network redesign
 - Located new DC's in markets that reduced dray mileage
 - Invested in new TMS system to improve freight mode selection
 - Partnered with retail customers to optimize lanes and drive growth
 - Share sustainability benefits with our customers
- **Challenges**
 - Internal skepticism - “putting our customer freight on Rail”
 - Need additional transit which could increase inventory



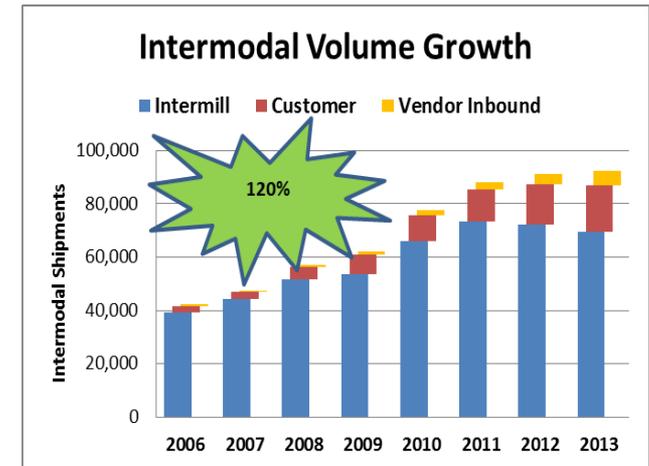
Intermodal Growth – A Success Story

- Since Joined SmartWay - Expanded intermodal utilization by 120%
 - 42,000 loads in 2006 to 95,500 in 2013
 - 49 million miles to 120 million miles
 - 560,000 trucks off the highways
 - Lined up trucks would stretch 6,700 miles



- Saved 62 million gallons of diesel
- Reduced CO2 by 630,000 metric tons
- **Saved \$355 Million**

- Helpful SmartWay tool: Modal Shift calculator



Environmental leadership & Competitive Advantage

“At Kimberly-Clark, we see
SmartWay as both good
environmental policy and good
business”

