Corporate Social Responsibility & Freight:
SmartWay Partners showcase their leadership and lessons learned

Sept 30, 2021
Housekeeping

- Audio is available via your computer’s mic/speakers or by phone.
- Submit a question or comment via the Q&A pane on your Zoom control panel.
- After the presentation, as time permits, our EPA hosts and presenters will answer questions submitted via the Q&A box.
- Today’s webinar is being recorded.
- The presentation slides will be shared after the webinar.
- Please complete the survey at the end of today’s webinar.
Today’s Speakers

Buddy Polovick  
Team Leader

John Lozano  
Logistics Manager

Edgard Pezzo  
Executive Director of Global Logistics and Containers

United States Environmental Protection Agency  
CLIF Bar & Company  
GM
Covered Today

- Welcome
- CSR drivers, challenges, opportunities
- New SmartWay resources
- Clif Bar’s journey
- General Motors’ journey
- Discussion and Q&A
Sustainability Drivers: Environmental Impacts of Transportation

Inventory of U.S. Greenhouse Gas Emissions and Sinks (EPA 2021)
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 & driver wages are largest costs for truck carriers: 66% of operating costs (2019)

- **Globalization of supply chains**
  - Global opportunities and competition
  - Other countries’ carbon reporting requirements
Resources on Corporate Social Responsibility (CSR) and Freight Sustainability Planning

Corporate social responsibility (CSR) for large public companies around the world has become a business norm. Research shows that around 80% of all Fortune 500 and S&P 500 companies now issue a CSR report. Many private, large, medium and small businesses have joined their ranks and publish reports on a range of environmental, social and economic concerns.

This page provides resources developed by SmartWay, its partners, affiliates and other stakeholders. These resources highlight strategies and real-world examples of how companies integrate sustainability into the transport of goods in their supply chains. It also links to several voluntary guidelines and frameworks commonly used by companies to report their sustainability performance. Lastly, it includes background research on CSR and why more
Freight Sustainability Leadership

Learn about resources, examples and guidance for freight sustainability leadership for shippers, carriers, and logistics companies.

Freight Efficiency and Emissions Reductions Leadership Actions

The most significant actions companies can do to demonstrate freight sustainability leadership are making decisions, conducting activities and employing technologies/strategies that yield emissions reductions from and improve efficiency in the freight sector. The information which follows is based on observations and experiences of SmartWay Partner companies that consistently exhibit superior environmental performance.

Performance Benchmarking and Reporting Practices

Internal Company Policies

- Create and institute a succession plan to carry on your company environmental commitment to track and report freight efficiency performance via SmartWay.
- Empower employees to make efficient freight efficiency and transportation decisions.
- Involve EPA SmartWay experts in your events/workshops for Industry Collaboration

- Share your freight sustainability strategies, lessons learned, and results with industry peers and your competitors to advance the freight sector.
- Collaborate with industry peers on efficiency initiatives such as co-loading, shared backhauls and other empty-mile reduction

Environmental Performance

- Go beyond GHG reduction efforts to focus on reducing black carbon, particulate matter (PM) and nitrogen oxide (NOx) emissions to improve local air quality, especially in urban and/or disadvantaged communities exposed to harmful emissions.
- Shippers and Logistics Companies – improve or change product and/or packaging design to facilitate efficient trailer/container or rail car loading; reduce truck trips; facilitate idling reduction by

Education, Publicity and Engagement

- Brand and market your company’s freight sustainability efforts:
  - As part of your company’s public-facing and consumer messaging;
  - To educate consumers, employees and suppliers on choices they can make to reduce GHGs and other pollutants.
Improving Supply Chain Freight Performance:

A Goal Setting Guide for SmartWay Shippers

Transportation and Climate Division
Office of Transportation and Air Quality
U.S. Environmental Protection Agency

1. STRATEGIES FOR IMPROVING YOUR ORGANIZATION’S FREIGHT EFFICIENCY PERFORMANCE

A. Work with Your Team and Employees
B. Work with Your Carriers and Logistics Service Providers
C. Work within Your Operations
D. Work with Your Suppliers
E. Work with Your Customers
F. Work with Your Community

2. GOAL SETTING GUIDANCE AND TIPS

03 Sample Performance Action Plan

<table>
<thead>
<tr>
<th>Strategy</th>
<th>What</th>
<th>When</th>
<th>Objective</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy 1: Optimize Packaging and Loading</td>
<td>Reduce weight and/or volume of packaging to drive more dense loading of freight which leads to fewer shipments and less emissions.</td>
<td>September 2022</td>
<td>Redesign packaging to increase product to package ratio.</td>
<td>Initiated</td>
</tr>
<tr>
<td>Strategy 2: Optimize Supply Chain Routing and Distribution</td>
<td>Redesign distribution network with more efficient network(s) which leads to fewer total miles and less emissions.</td>
<td>January 2023</td>
<td>Hire third-party logistics consultants to assess network design for optimal efficiency.</td>
<td>Initiated Assessment</td>
</tr>
</tbody>
</table>
Driving Change through the Supply Chain

John Lozano
Logistics Manager
In 1990, my son turned 33 and moved into a garage.

• Born on bike in 1992
• Organic energy food
• Family and employee-owned – 1100 employees
• HQ in Emeryville, California
• Bakeries in Idaho & Indiana
ENERGY TO MOVE THE WORLD

• Energy & nutrition from plants'
• Responsibly sourced ingredients
• Sustainably made

When we move, we can move the world. That’s why we’re making plant-based energy foods with ingredients that are sustainably grown and responsibly sourced—like USDA certified-organic oats—to energize our bodies and the change we want to see in the world.

(Learn more: www.clifbar.com/who-we-are/food-values)
OUR

FIVE

ASPIRATIONS
What Goes into a Clif Bar?

- Family- and employee-owned
- Climate-neutral business operations
- Living wage at Clif bakeries
- Sustainable packaging goals
- Commitment to inclusion, diversity, equity
- Sustainable zero waste bakeries
- LEED-certified bakeries
- Community service
- 1% of net sales donated to doing good
- Investing in organic research
- Organic ingredients (of course, no GMOs!)
- Plant-based food
- 100% renewable electricity from solar energy and renewable energy credits
Partnerships are Key

- Internal Collaboration (Sustainability, Community, Food Supply)
- Supply Chain (Logistics Partners)
- External Partnerships (EPA SmartWay)
Finding like-minded companies is a priority for us.

- Four 3PLs in North America and one 3PL in Europe
- Weekly meetings bring sustainability to life
- Commitment to learning & community service
External Partnerships

- Green Power for Clif facilities
- Reducing emissions from transportation
- Setting targets and reporting progress

Logos:
- Green Power Partnership
- SmartWay Transport Partnership
- RE 100
- EV 100
- CDP

Keywords:
- SmartWay · Transport Partnership
- U.S. Environmental Protection Agency
- Science Based Targets
- Driving sustainable economies
- Driving ambitious corporate climate action
How we use SmartWay

GHG Emissions & Freight Footprint
- Carrier specific GHG emissions
- Insight into reduction opportunities
- Track progress by our 3PL partners

Resource for Logistics Partners
- Drive awareness and change
- Reducing 3PL fuel use and impact
- Provides recognition from shippers
Reducing our Footprint

Environmental performance improved

- Increased shipping by rail
- Optimized network
- Improved SmartWay scores
- Green power at two DCs (RECs & on-site solar)
Freight Carbon Footprint

Total Freight Emissions by Mode
2016 - 2019

CO2 Emissions by Mode
CO2 (g)/tonne-km

- Air
- Marine
- Rail
- Road

2016 2017 2018 2019 2020
What We’ve Learned

• Keep sustainability engagement a top priority
• We can improve our use of EPA SmartWay resources
• Exciting to be at the center of an industry undergoing transformation
• The strength of relationships is what matters
Thank you
John Lozano
GM North America Logistics
Sustainability Update
Edgard Pezzo

September 30, 2021
Safety & Sustainability Message

KEYS TO T.I.R.E. SAFETY

Take 5 minutes every month to properly check your tires (including the spare) to ensure the safety of you, your passengers and other drivers.

T. Tread Depth and Wear
   Using a penny, place the top of Lincoln’s head into the tread. If part of his head is covered, the tread depth is still good. If you can see all of his head, then it is time to replace the tire.

I. Inflation
   Check the air pressure monthly and before long trips. Poor inflation can cause premature wear, increased fuel consumption and tire failure.

R. Rotation
   Ideally, tires should be rotated every 3,000-5,000 miles. When done consistently, this helps maintain proper handling, traction and helps you get maximum tread life.

E. Eye Check Every Day
   Inspect your tires daily for penetrations, bulges, cracks, cuts and abnormal wear. Don’t forget to check the tire edges for damage caused by misalignment or under-inflation.
We Are General Motors

We earn CUSTOMERS for life.

We build BRANDS that inspire passion and loyalty.

We translate breakthrough TECHNOLOGIES into vehicles and experiences that people love.

We create SUSTAINABLE solutions that improve the COMMUNITIES in which we live and work.

We are committed to SAFETY in everything we do.
VISION

GM is committed to a future of:

ZERO CRASHES  ZERO EMISSIONS  ZERO CONGESTION

TECHNOLOGY WILL HELP UNLOCK THIS FUTURE
Our most ambitious goal yet

Become carbon neutral in our global products and operations by 2040.

Aspire to eliminate tailpipe emissions from new light-duty vehicles by 2035.

Rooting our ambition in science by setting science-based targets to track our progress.
Our Why

We are acutely aware of the responsibility and opportunity to use our scale and resources to drive a better, more inclusive future for all. Our vision is one with zero crashes, zero emissions, and zero congestion. In this historic moment, our sights are set on the many ways we can drive sustainable value for each and every one of our stakeholders, but we can’t take this journey alone.

We call upon our suppliers to partner with us as we take bold steps and decisive action to fight climate change and create a strong legacy for our planet. We are committed to a bright future for all.

“Now more than ever, I am struck by the opportunity to play a meaningful role in helping people thrive on a planet that is safe and sustainable.”

Kristen Siemen
Chief Sustainability Officer
General Motors
Sustainability Team Formation

• GM Sustainable Supply Chain team established in early 2020
• Consists primarily of volunteers from across the organization
• Subdivided into Workstreams with different focuses/expertise
### General Motors Sustainable Purchasing Program

**Supplier Goals Framework**

*Initial Enrolled Suppliers to include SSE suppliers, key indirect, and key logistics suppliers*

<table>
<thead>
<tr>
<th>Level</th>
<th>Compliance</th>
<th>Commitment</th>
<th>Growth</th>
<th>Leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Terms and Conditions &lt;br&gt;Supplier Code of Conduct</td>
<td>Materiality assessment &lt;br&gt;Goals in all 3 sustainability pillars (relevant, impactful, transparent, improving, UN SDG linked)</td>
<td>~3% YoY absolute CO₂ reduction (scope 1 &amp; 2)</td>
<td>Leader Proactive actions &lt;br&gt;Leading innovator &lt;br&gt;Ambitious targets (Scopes 1,2&amp;3, SBTi, Zero Waste) &lt;br&gt;Proactive actions &lt;br&gt;Life cycle assessment (full)</td>
</tr>
<tr>
<td>1</td>
<td>All Tier 1 Suppliers</td>
<td>Enrolled Suppliers*</td>
<td>~3% YoY absolute CO₂ reduction (scope 1 &amp; 2)</td>
<td>Industry specific participation (e.g. GPSNR)</td>
</tr>
<tr>
<td>2</td>
<td>Sustainable procurement program &lt;br&gt;Supplier to cascade goals into own supply base</td>
<td>Actively support GM’s commitment to sustainable materials and packaging &lt;br&gt;Strong social sustainability commitment</td>
<td>Industry leading in multiple areas (e.g. SBTi, Zero Waste)</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Under Development</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# Logistics Workstream – Roles & Responsibilities

<table>
<thead>
<tr>
<th>Managers</th>
<th>Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Truck</td>
<td>Network Engineer</td>
</tr>
<tr>
<td>Ocean/Air</td>
<td>Logistics Coordinator</td>
</tr>
<tr>
<td>Rail</td>
<td>Container Analyst</td>
</tr>
<tr>
<td>Containers</td>
<td>Data Analyst</td>
</tr>
<tr>
<td>Finished Vehicle Operations</td>
<td>Buyer Support</td>
</tr>
<tr>
<td>Material Operations</td>
<td>Business Planner</td>
</tr>
</tbody>
</table>

- **Director**
  - Leadership
  - Direction
  - Recommendation
  - Approval

- **Managers**
  - Truck
  - Ocean/Air
  - Rail
  - Containers
  - Finished Vehicle Operations
  - Material Operations

- **Support**
  - Network Engineer
  - Logistics Coordinator
  - Container Analyst
  - Data Analyst
  - Buyer Support
  - Business Planner

- **Operations**
  - Sourcing process/pipeline
  - Supplier vetting & recommendation
  - Establish long-term targets

- **Support**
  - Data analytics
  - Metrics reporting
  - Supplier collaboration
Key Steps in Our Journey

- Benchmark and learn from competitors and suppliers
- Utilize resources from organizations like the EPA, EDF, and BSR
- Connect with leaders in freight sustainability industry
- Set both short-term and long-term goals
- Share strategy with leadership and procurement teams
- Request those who are passionate to lead
- Ask for feedback from key stakeholders
Our Strategy

Logistics Sustainability

Building a mindful, innovative supplier community to support health, well-being & our planet

VISION

STRATEGIC PILLARS

KPIs

Disclosure
- SmartWay, CCWG
- CDP & EcoVadis
- Sourcing
- % disclosing
- % APV
- Average rating

Measure
- Inputs/outputs
- Systems & tools
- Analytics
- Average payload
- Total miles
- CO2 per ton-mile

Innovation
- Processes
- Equipment
- Education
- # of projects
- # of innovations
- # trained

Reduction
- Energy
- Emissions
- Cost
- Fuel use
- CO2/NOx/PM
- $ per ton-mile

ENABLERS

Supplier Engagement Framework
- Workshops
- Dashboards
- Network Optimization
- Partnerships
- Investment

general motors

GM Confidential
# Logistics Workstream - Current Initiatives

Supplier Engagement Framework

<table>
<thead>
<tr>
<th>Scope</th>
<th>Mode</th>
<th>Freight Sustainability Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>GMNA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>US/CA</td>
<td>Truck</td>
<td>SmartWay (EPA)</td>
</tr>
<tr>
<td></td>
<td>Rail</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Barge</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CCA</td>
<td></td>
</tr>
<tr>
<td>MX</td>
<td>Truck</td>
<td>Transporte Limpio (SEMARNAT)</td>
</tr>
<tr>
<td>Global</td>
<td>Ocean</td>
<td>Clean Cargo Working Group (BSR)</td>
</tr>
<tr>
<td>Global</td>
<td>Air</td>
<td>Sustainable Air Freight Alliance (BSR) TBD</td>
</tr>
</tbody>
</table>

- Requesting all eligible logistics partners to participate in freight sustainability programs
- Integrating sustainability criteria (including SmartWay metrics) into the sourcing process
- Incorporating emissions data into business case analysis, scorecards, and internal KPIs
Logistics Workstream - Current Initiatives (cont.)

➢ Recent integration examples of carbon calculation methodology:

➢ **Business Case Analysis**: Evaluate the carbon footprint impact of various network alternatives (mode, frequency, supplier location, or equipment changes)

➢ **Sustainability Dashboard (KPIs)**: Summarize key sustainability metrics at a plant level

Example ONLY: Sample Data To Illustrate Dashboard

<table>
<thead>
<tr>
<th>Metric</th>
<th>CO2 Emissions</th>
<th>NOX Emissions</th>
<th>PM Emissions</th>
<th>Logistics Mileage</th>
<th>Smartway Carrier %</th>
<th>Avg. Carrier Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant Rank</td>
<td>.57 tons/unit</td>
<td>.12 tons/unit</td>
<td>.09 tons/unit</td>
<td>349/Unit</td>
<td>63%</td>
<td>3.08</td>
</tr>
</tbody>
</table>

Plant ranking and G/R/Y distinction to identify areas for improvement
Closing Comments

• GM is on an exciting journey to achieve our vision of zero crashes, zero emissions, & zero congestion
• Logistics is building a strategy founded upon collaboration and integrating sustainability into business decisions & KPIs
• A dedicated workstream with resources helps drive our progress

• Let me challenge you today to seek out passionate team members in your organization; provide the platform & voice for your teams
• Engage with suppliers to build an aggressive timeline to reduce carbon emissions

• ACT & BE BOLD!!!!!
Thank you!