

2024 SmartWay Leader: RXO Capacity Solutions, INC & LLC

ABOUT COMPANY

RXO

RXO (NYSE: RXO) is a provider of asset-light transportation solutions. RXO offers tech-enabled truck brokerage services together with complementary solutions including managed transportation, freight forwarding and last mile delivery. The company combines large capacity and advanced technology to move freight efficiently through supply chains across North America. The company is headquartered in Charlotte, N.C.

For more information, visit our website:
<https://rxo.com/about-us/esg/>

Contact:
Lauren Kummer
Program Manager - Sustainability & Purpose
lauren.kummer@rxo.com
604-757-4804

SMARTWAY PROFILES IN LEADERSHIP AREA OF EMPHASIS

Corporate Social Responsibility (CSR)/Environmental, Social and Governance (ESG) — Applying a management concept that focuses on the integration of social and environmental action in a company's business operations (e.g., ESG, greenhouse gas accounting/reporting, GHG target setting in sustainability-related or community-related goals).

“Our core business model is to find more efficient ways for shippers and carriers to move freight while enabling them to lower their carbon footprint through the reduction of empty miles. Our technology, including our RXO Connect™ platform and RXO Drive™ application, effectively connects the freight needs of shippers with truckload capacity that would otherwise go unused, reducing empty miles and enabling our customers to lower their carbon footprint. Our focus on sustainability not only reduces the environmental impact of the trucking industry, promotes responsible social behavior, and improves business resilience, but also helps us meet customer needs, enables us to attract and retain talent, and spurs innovation and growth. I'm grateful to our employees, customers, partners, and shareholders for their ongoing support and collaboration. Collectively, we have the opportunity to create a more sustainable and prosperous future for RXO and the customers and communities we serve.”

- Drew Wilkerson, CEO, RXO

CSR PRINCIPLES: CORPORATE ACTION TO CUSTOMER OPTIONS

RXO, which became a standalone company in 2022, prioritized the development of corporate sustainability reporting in its first year. To achieve this goal, the RXO team built the organization's sustainability program from the ground up using Key Performance Indicators (KPIs) for sustainability and organizing sustainability assessments. The team has completed the Standard and Poor's (S&P's) CSA (Corporate Sustainability Assessment) and EcoVadis. The completion of the Carbon Disclosure Project is scheduled for the near future.

Enabled by the sustainability assessments, RXO released its first Corporate Sustainability Report using the GRI (Global Reporting Initiative) and SASB (Sustainability Accounting Standards Board) standardizations for their companywide KPI disclosures. This evaluates water usage, scope 1 and 2 carbon emissions, energy usage, waste and more. By using these common approaches and standards, stakeholders can more readily compare RXO's KPIs to other entities. These metrics will now serve as benchmarks to track year-over-year progress.

The target audience for RXO's CSR program includes customers with sustainability programs and initiatives, investors, as well as RXO employees. A cornerstone of this program was the company's fuel savings initiatives. For RXO's brokerage business unit, the initiatives revolve around helping its network of independent carriers reduce fuel usage. Initiatives include:

-  Assisting customers with switching shipments to intermodal solutions where they would have previously been shipped by truck.
-  Providing creative solutions that assist RXO's network of independent carriers to reduce empty miles, thus decreasing fuel usage and greenhouse gas (GHG) emissions. Customer solutions include:
 - Maximizing cube utilization. Based on an analysis of trailer capacity usage and a focus on route consolidation, the RXO cube utilization project has successfully reduced the number of unnecessary miles traveled.
 - Intelligent "Load Looper" feature. In 2023, RXO introduced the Intelligent Load Looper engine, which empowers carriers to effectively plan multi-leg trips, thereby reducing unnecessary travel and making a positive impact on carbon emissions.

- "Get Me Home" feature. Several carriers prefer to run short hauls that allow them to be back home over the weekend. RXO's "Get Me Home" feature allows them to view such trip options at the click of a button.
- "Reloads/Plan Next Move" feature. While searching RXO's load board, carriers can, at any point, find reloads for a load so they can plan a trip with the best economics. Reloads allow the carrier to find the next load for a trip they are browsing or currently moving. Both allow the carrier to reduce the number of miles by finding more freight when they are empty.
- "Roundtrips" feature. Roundtrips help the carrier loop loads together and find loads to take them in a roundtrip. These trips are built intelligently to keep empty miles under a threshold.
- "Drop Trailer" feature. The Drop Trailer feature allows partner carriers to make use of RXO's trailers, cutting down on idling, empty miles, and fuel consumption. For example, rather than waiting and idling at the drop-off point to be unloaded, drivers simply drop the trailer and move onto their next load.

In addition, RXO provides discounts on services for partner carriers on low rolling resistance (LRR) SmartWay-verified tires through its RXO Extra program/fuel card. LRR tires help in reducing fuel usage and emissions.

Call-Out Benefit

By incorporating CSR principles into all aspects and at all levels of your operations, you can improve your corporate sustainability while you enhance your driver experience to achieve a win-win scenario.

OUTCOME/ RESULT/ IMPACT

- Successful implementation of CSR reporting, using broadly accepted protocols, provides a valuable and comprehensive baseline for measuring future progress on performance indicators.
- Progress on CSR performance metrics achieved through a layered approach to improving freight efficiency by using intermodal shifts where appropriate, then reducing empty and unoptimized miles, and finally improving carrier fuel efficiency.
- Applications designed to optimize loads and routes that also provided options to enhance driver experience and lifestyle.

“LEADING THE WAY”: TRANSFERABLE LESSON LEARNED

Developing a mature CSR reporting program can take substantial resources, requires coordination across departments and, in some instances, support from outside of your organization. However, this is an investment that will pay dividends in revealing sustainability and efficiency opportunities as well as establish baselines to support long-term goal achievement.

Data integrity and completeness are critical to reporting. It is important to know who to ask, what kind of data to ask for, know how the data was generated, and give them enough lead time to provide it.

Communication of the CSR and sustainability initiatives – to both internal and external stakeholders – is critical to the success of CSR efforts and can contribute to broadly advancing CSR awareness.

CONCLUSION

CSR efforts depend upon the inputs and support from a broad set of stakeholders – both inside and outside of an organization – to be accurate and actionable. But, they can provide insights into current operations and establish baselines for evaluating year-over-year CSR performance. CSR is for all levels of an organization and investment in apps that optimize operations and provide choices for drivers that improve their lifestyle provide win-win outcomes.

SmartWay Profiles in Leadership

Profiles in Leadership is SmartWay's newest recognition initiative. Beginning this year, EPA will recognize freight sustainability leadership actions of SmartWay Affiliates and eligible SmartWay Partners (Logistics companies, Air carriers, Barge carriers and Rail carriers). EPA developed this recognition concept after hearing that Affiliates and Partners would like to see greater opportunities for recognition of sector leadership. EPA SmartWay created this new type of recognition to provide additional opportunity for advancing freight transportation sustainability.

SmartWay defines leadership in this context as the ability to drive change, influence industry, lead freight efficiency performance, and sustain freight-related environmental excellence. *Profiles in Leadership* is an official SmartWay program acknowledgement of leadership demonstrated by investments that are strategic, financial, and innovative, which will yield future environmental and efficiency benefits.