



SmartWay Awardee Webinar

Best Practices of 2017 SmartWay Excellence Award Recipients

January 17, 2018



2017 Excellence Award Goals

- Recognize top partners
- Screen partners based on environmental performance
 - Using the most recent, completed annual reporting cycle from all Partner categories
 - Use semi-finalist process to select awardees in some categories
- Aim for a mix of large/small partners
 - Using total annual miles traveled as indicator

<https://www.epa.gov/smartway/smartway-2017-excellence-award-epa-criteria>



2017 SmartWay Excellence Award – EPA Criteria

What are the SmartWay Excellence Awards?

The SmartWay Excellence Awards are EPA's means to recognize Partners that have optimized the environmental performance and efficiency of their freight management operations.

The SmartWay Excellence Award program recognizes approximately the top two percent of partners with superior environmental performance.

- To be eligible for consideration, qualified companies must be partners in good standing (i.e., timely and accurate submittal of required data in the 2016 reporting cycle for all partner categories and also a timely 2017 reporting cycle for carriers).
- EPA makes a full review each year of every partner's SmartWay Tool submission to assess qualifications for award consideration.
- Semi-finalists in selected partner categories will be contacted to submit an application.
- All Excellence Award finalists will be screened for any adverse environmental actions which may prohibit public recognition for their SmartWay achievements.
- EPA will notify those partners that are selected as Awardees.

Timeline and Notification

- **January:** The SmartWay Award process and data review commences EPA identifies candidates using data submitted via the 2016 SmartWay Tool, from all Partner categories.
- **February:** Shipper, logistics and multimodal carrier semi-finalists are identified and invited to submit supplemental information. (Other carriers do not submit supplemental information).
- **April 3, 2017:** Submission deadline for shipper, logistics and multimodal carrier semi-finalists supplemental information.
- **May:** Final reviews and adverse environmental actions screening.
- **July:** Awardees notification (no public announcement until fall).
- **September/October:** Announcement of Award recipients.

Carrier Criteria

Carrier (barge, rail and most truck sub-category) awardees will be selected based entirely on environmental performance criteria. Finalists who demonstrate top environmental performance based on a 50% CO₂ + 25% NO_x + 25% PM weighting of g/ton-mile fleet level result from the SmartWay Carrier Tool. Exceptions for truck carriers are noted below.

Barge

- Barge carriers are assessed on 50% CO₂ + 25% NO_x + 25% PM g/ton-mile result.

Rail

- Rail carriers are assessed on 50% CO₂ + 25% NO_x + 25% PM g/gross ton-mile result.

Truck

- Drayage carriers are assessed on 25% CO₂ + 25% NO_x + 50% PM g/mile result.
- Package and Less-than-Truckload carriers are assessed on 50% CO₂ + 25% NO_x + 25% PM g/mile result.

Multimodal (applies to companies with an actual Multimodal classified fleet). Two sub-categories for multimodal carriers include:
1) truck/rail and 2) truck/rail/air.

- Package and Less-than-Truckload carriers are assessed on 50% CO₂ + 25% NO_x + 25% PM g/mile result. Eligible Multimodal partners will be invited to submit a semi-finalist application.

Continued

U.S. EPA SmartWay | EPA-420-F-17-001 | www.epa.gov/smartway



2017 Excellence Award Leadership Highlights

The 2017 SmartWay Excellence Awards program for shippers, logistics companies and freight carriers is a recognition program of the U.S. Environmental Protection Agency's (EPA) SmartWay Transport Partnership. SmartWay is a voluntary, market-driven partnership that aims to reduce emissions and foster the development of a clean and efficient freight supply chain.

Through the SmartWay Excellence Awards program, EPA recognizes leading shippers, logistics companies and freight carriers that are optimizing the environmental performance and efficiency of their freight operations, while serving as role models for other businesses to follow. This year we are recognizing 62 companies (eleven shippers, three logistics companies four multi-modal and 44 truck carriers) with a 2017 SmartWay Excellence Award. This represents about the top 1 to 2 percent of all SmartWay Partners.

The 2017 SmartWay awards recognition is based on partners demonstrating superior performance using SmartWay's second generation environmental assessment system for transportation supply chains. This enhanced system includes a full suite of performance-based SmartWay tools and benchmarking software that enable each SmartWay partner to complete a thorough assessment of its goods movement and freight activity. Partners also receive a set of comprehensive and detailed reports on their company's environmental performance and operational efficiency.

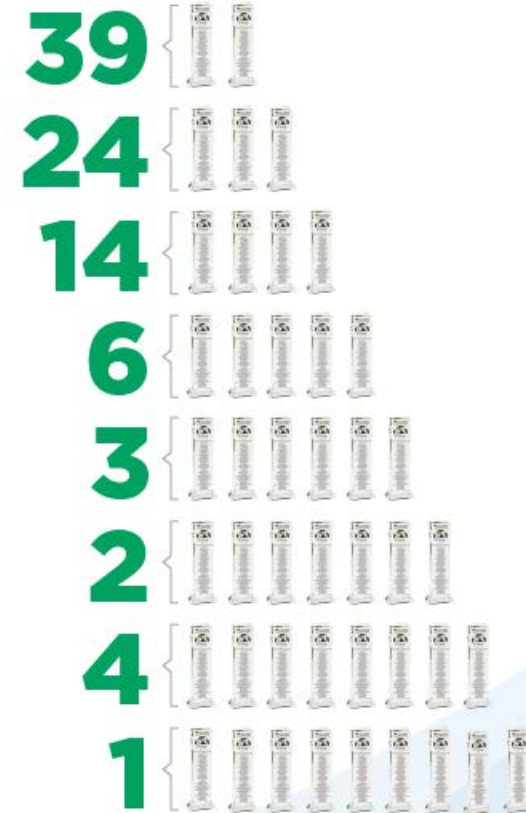
EPA identified the top 2017 SmartWay Excellence Award recipients from among all shippers, logistics and carrier businesses that participate in SmartWay, are partners in good standing and that provided prior-year performance data to EPA using SmartWay tools.

Candidates in SmartWay's shipper and logistics management categories were evaluated based on their impact, size and commitment to using high-performing SmartWay freight carriers. In 2017, eligible shippers and logistics companies were partners in good standing and used real world data to complete their SmartWay shipper and logistics management tools. The selected candidates achieved a superior level of environmental performance and the highest level of efficiency within SmartWay by demonstrating that they ship more goods per mile, more efficiently, using higher performing SmartWay carrier partners.

Candidates in SmartWay's freight carrier category were evaluated based on their efficiency and environmental performance in moving products and merchandise. In 2017, eligible carriers included large and medium-to-small companies that are partners in good standing within key business sectors, including: truckload, less-than-truckload, refrigerated, package, specialized, expedited, tanker, flatbed, mixed, dray, heavy haul, auto-carrier, moving, barge and multimodal freight operations. Within these respective fleet characterizations and based on their size, these carriers achieved a superior level of environmental performance and the highest level of efficiency within SmartWay by demonstrating that they carry more goods per ton-mile, using less fuel and emitting fewer greenhouse gas and air pollutant emissions.



EPA has recognized SmartWay Excellence Award winners 10 times between 2006 and 2017.



SmartWay Awardee Presenter: Stelios Chrysandreas



Stelios Chrysandreas is a North America Transportation Manager for Kimberly-Clark Corporation. He has responsibility for achieving lowest transportation cost and best service through daily optimization, the modeling of the Network and Operational KPI's, as well as driving sustainability practices in transportation management for K-C.

Stelios started his career with Kimberly-Clark as a graduate of the University of Alabama in 1990 with a Bachelor of Science in Electrical Engineering and a Masters in Business Administration. He has held different 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.

Prior to his current role, Stelios helped design and execute the current North America Distribution footprint that ensured locating Distribution Centers in markets that supported the growth of Intermodal usage.

Stelios is based at Kimberly-Clark's Shared Service Center in Knoxville, TN.



Kimberly-Clark 2017 Overview

www.kimberly-clark.com

Lead the world in
essentials for a better life



Who We Are Today

42,000 employees worldwide

\$18.2 Billion in Net Sales in 2016

#1 or #2 share position in 80 countries

Strong global brands, including five billion-dollar brands



Kotex[®]



Cottonelle[®]

Kimberly-Clark and SmartWay

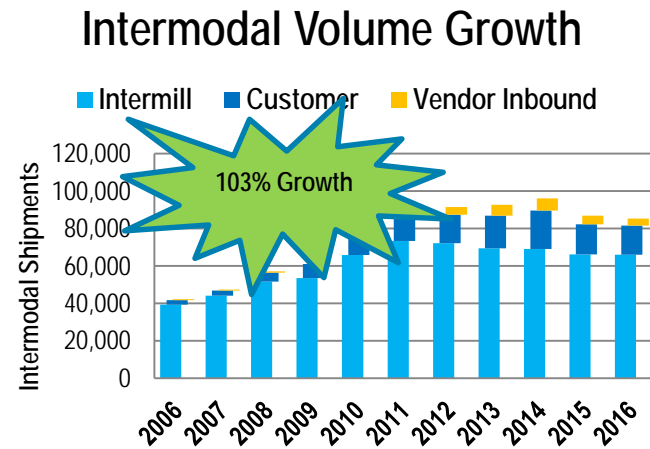
- SmartWay – Voluntary program developed by the EPA
 - Freight shippers, carriers, and other stakeholders partner with EPA to measure, benchmark and improve logistics operations so they can reduce their environmental footprint
- Joined in 2006
 - Opportunity to more actively engage and expand our role in K-C's sustainability plans
- Ways we lowered operating costs
 - Influence Carrier Participation
 - Reduce Length of Haul and Total Miles
 - Reduce wait time and idling at shipping and receiving docks
 - Increase Intermodal Utilization
- Received SmartWay Excellence Award 2007, 2008, 2009, 2013, 2014, 2015, 2016, and 2017.

Intermodal Growth – Environmental leadership & Competitive Advantage

- **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 – More than doubled Intermodal utilization
 - 42,000 loads in 2006 to 86,000 in 2016
 - 49 million miles to 112 million miles
 - 834,000 trucks off the highways
 - Saved 91 million gallons of diesel
 - Reduced CO2 by 925,000 metric tons
 - Saved \$526 Million
- Helpful SmartWay tool: Modal Shift calculator



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

SmartWay Awardee Presenter: Justine Russo

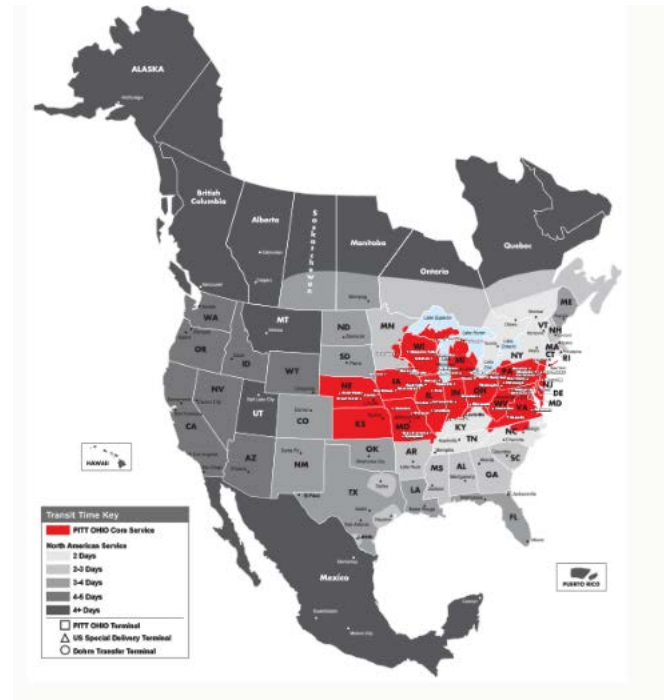


As the Director of Sustainability and Business Intelligence for PITT OHIO, Justine Russo leads PITT OHIO's award-winning sustainability programs. This includes heading the cross-functional Steering Committee, implementing the company's carbon calculator, and reporting on actionable sustainability metrics. In 2017, she joined the Board of Directors of Sustainable Pittsburgh. As part of her role at PITT OHIO, Justine also develops data-driven solutions, delivering analysis and tools that leverage information from throughout the PITT OHIO organization, with a concentration on customer, marketing, and sales analytics. Justine graduated from the University of Pittsburgh with an MBA and a BS in Civil Engineering.

PITT OHIO

SUPPLY CHAIN ■ GROUND ■ LTL ■ TL

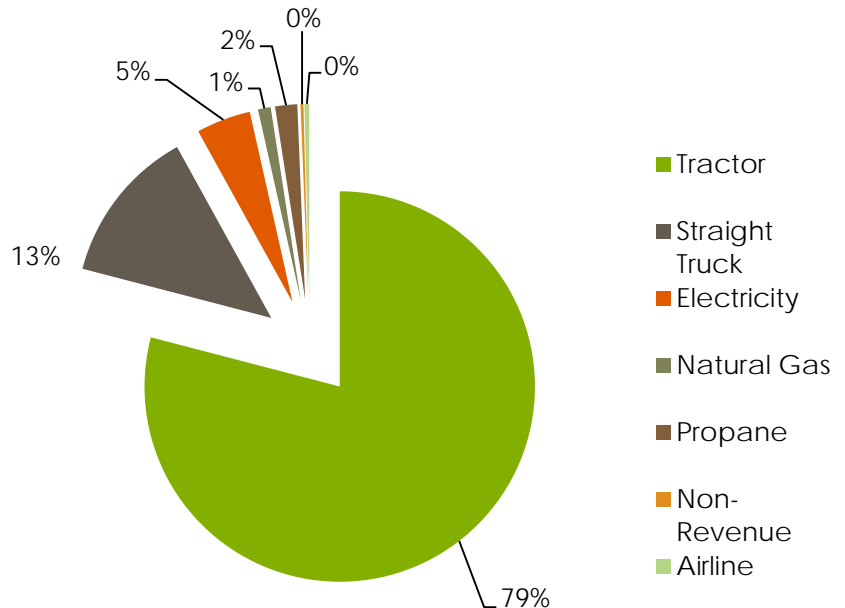
- PITT OHIO is a transportation solutions provider with both asset and non-asset based solutions
- Founded in 1979 and headquartered in Pittsburgh PA
- Customer Driven, People Driven, Quality Driven
- Sustainability is a key strategy at PITT OHIO. We focus on the 3Ps: People, Purpose, and Planet



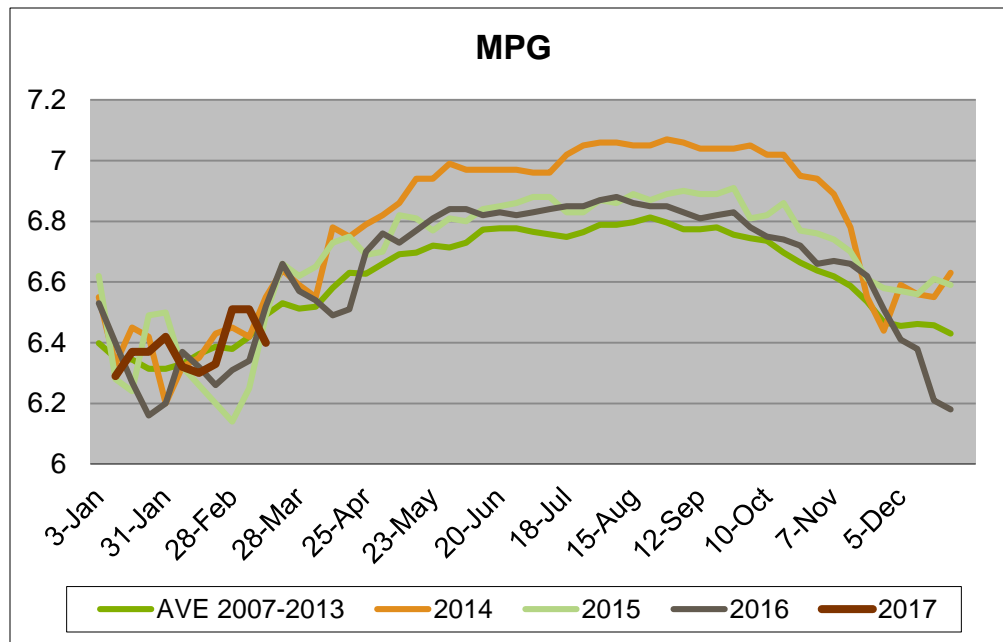
The Impact of MPG

- Sustainability is a key strategy at PITT OHIO. We focus on the 3Ps: People, Purpose, and Planet
- Starting in 2011, we developed a carbon calculator to understand our environmental impact.
 - Unsurprisingly our carbon output is primarily from the trucks we operate
- **A 0.1 mpg improvement for an organization of PITT OHIO's size saves approximately 200,000 gallons of diesel and 2,000 metric tons of CO2**

Sources of CO2



External Impacts to MPG



- 2014 was the first year we saw a decline in MPG since implementing our driver retraining on Shifting, Speeding, and Idling. This decline was due to the Polar Vortex
- 2015 we saw a second decline due to another cold winter
- 2016 we increased speed tolerances for driver safety on the highways
- All new equipment purchased is automatic which also degrades MPG performance

MPG Strategies

- 33 CNG tractors
 - MPG is worse for CNG, but the CO₂ output per gallon is less than biodiesel
- Added 600 trailer skirts
- Onboard computers measure
 - Average of S.S.I. (shifting, speeding, idling)
 - Average of Over Speed Time(%)
 - Average of Over Rpm Time(%)
 - Average of Long Idle Time(%)

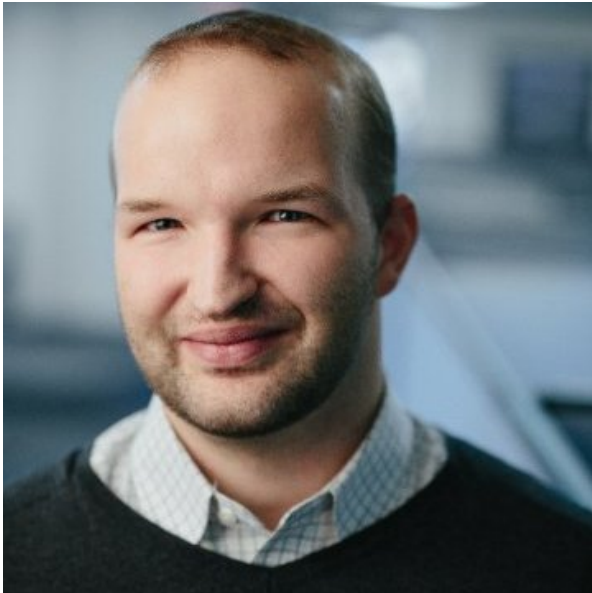
Example of data

Veh	Q3 2016 MPG	Q3 2017 MPG	DIFF	% moving time	% over RPM time	% over speed time	% long Idle time
66	10.71	7.38	-3.33	-8.97	-24.06	-33.25	5.33
33	7.99	6.39	-1.61	28.29	56.88	20.39	4.41
75	13.67	12.29	-1.39	-12.03	-12.55	-11.54	2.97
60	6.32	5.84	-0.48	-22.23	-1.49	-14.50	-4.01
40	7.85	7.38	-0.47	-0.84	-4.12	0.17	-0.46
59	6.73	6.29	-0.44	-4.57	0.06	-3.50	1.55
73	9.93	9.58	-0.35	0.71	1.61	-0.02	-0.45
29	6.36	6.02	-0.34	0.52	5.51	-1.85	1.42
32	6.23	5.94	-0.29	10.58	6.16	7.81	1.57
09	6.44	6.16	-0.28	-1.81	-1.93	-10.12	0.32
06	10.95	10.69	-0.26	-1.71	-0.08	-0.03	1.02
56	6.68	6.47	-0.20	0.75	2.55	-0.05	-0.40
68	6.63	6.48	-0.16	-1.99	1.09	-14.73	-0.58
31	6.64	6.49	-0.15	-0.16	-1.05	-3.05	-0.84
52	6.76	6.61	-0.15	-2.90	-0.97	-5.40	1.64
21	6.31	6.16	-0.15	-4.83	-0.03	-1.27	2.87
83	6.30	6.40	0.10	-2.56	-0.86	-2.32	-1.01
33	6.57	6.68	0.11	2.18	-0.48	2.19	-0.52
18	6.01	6.16	0.15	1.10	0.03	0.73	-5.62
33	6.38	6.58	0.19	-29.99	-10.90	-23.35	-2.18
20	6.29	6.49	0.20	-3.34	-0.98	3.43	1.53
73	6.46	6.66	0.20	6.01	-2.50	9.07	-0.61
57	11.40	11.66	0.26	1.48	-1.81	-0.35	-5.16
58	7.07	7.34	0.27	0.82	-0.08	-0.75	-1.65
28	6.50	6.82	0.31	9.07	-7.44	-2.40	-2.27
67	5.76	6.21	0.45	-3.23	-2.85	1.94	1.54

2018 Strategies

- Develop Quarterly MPG Reports for Terminal Managers and Executive Team
- First Terminal Award for Sustainability
 - People
 - Purpose
 - Planet

SmartWay Awardee Presenter: Jon Krystek



Jon Krystek is currently the Chief Operating Officer at **Knichel Logistics** responsible for all aspects of Knichel's day to day operations. Since 2003, Knichel Logistics has been providing transportation services and solutions to its customers. Prior to overseeing Knichel's intermodal and ultimately all operating divisions, Jon was a pricing analyst and pricing manager for Knichel's Intermodal division. Prior to joining Knichel Logistics in 2005, Mr. Krystek was Global/China Sourcing Co-Op for General Electric Transportation - Rail. He is a 2004 graduate of Gannon University in Erie, PA with a B.S. in International Business with minors in Marketing and Finance and a 2011 graduate from the University of Denver with a Masters in Intermodal Transportation. Mr. Krystek is a member of the Intermodal Association of North America.

Best Practices: Mode Optimization – Highway to Rail



Overview of Knichel Logistics



KNICHELLOGISTICS.COM

KNICHEL LOGISTICS TIMELINE

APRIL
2003
INCEPTION
Knichel Logistics opens its doors as an Intermodal Marketing Company.

DECEMBER
2012
CRS ACQUISITION
Knichel Logistics makes its first foray into expanding by acquiring Carrier Referral Services, a local trucking provider.

JANUARY
2014
WBENC CERTIFIED
Under Kristy's leadership, Knichel Logistics is certified by the Women's Business Enterprise National Council as a woman-owned business.

DECEMBER
2015
RECORD YEAR
Knichel reaches a milestone! The end of 2015 capped a year where revenues reached \$50M. Starting at \$2M in 2003, this is a major accomplishment for the company.



DECEMBER
2007
KRISTY TAKES OVER
Bill announces his retirement and Kristy officially takes over as President of Knichel Logistics.



SEPTEMBER
2013
QE IMPLEMENTATION
Knichel upgrades to a new TMS that is tailored to intermodal operations while strong in OTR brokerage with customizable reporting.

JUNE
2015
BLUEGRACE FRANCHISE
A partnership is forged with BlueGrace Logistics as Knichel made its LTL division into a BlueGrace franchise to leverage their technology, expansive relationships, and buying power.



The founder of Knichel Logistics, William Knichel, began working in the railroad industry in 1974. In 1986, he moved to a third party IMC. After operating for years as an independent agent for a national carrier, William formed Knichel Logistics in the spring of 2003 with his daughter Kristy. The office is located in Gibsonia, PA – just north of Pittsburgh.

In December of 2007, Kristy took over the family business as President. Knichel Logistics is a very family-oriented business with Kristy's brother William Knichel Jr. holding the position of Vice President and her sister, Kandy Knichel-Barkley, functioning as Vice President of Administration.

Industries Served:

- Paper & Packaging Products
- Food and Beverage
- Plastics & Rubber Products
- Refractories
- Glass
- Health & Beauty
- Apparel/Textiles

Knichel Logistics' Capabilities

INTERMODAL

- Wholesale contracts with all Class I Railroads/extensive North American rail network access
- Access to over 80,000 53' rail controlled containers
- Mode optimization – highway to rail conversion

OVER THE ROAD

- Dry Van, Flatbed, Specialized Equipment
- Temperature Controlled
- Over-Dimensional/Over-Weight Freight
- Expedited Service, Team Service, Drayage Service
- Dedicated Moves
- Warehousing, Transloading, and Special Projects



LESS THAN TRUCKLOAD

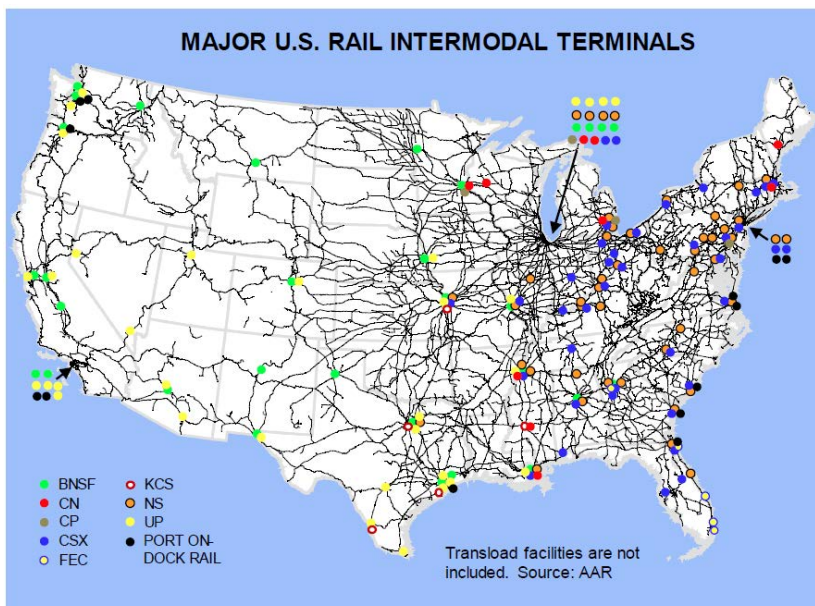
- Standard LTL
- Enterprise Solutions – LTL Transportation Management Program
- Volume LTL and Partial/Consolidation Services
- Refrigerated LTL
- Guaranteed Delivery and Expedited Solutions



WHAT IS INTERMODAL?

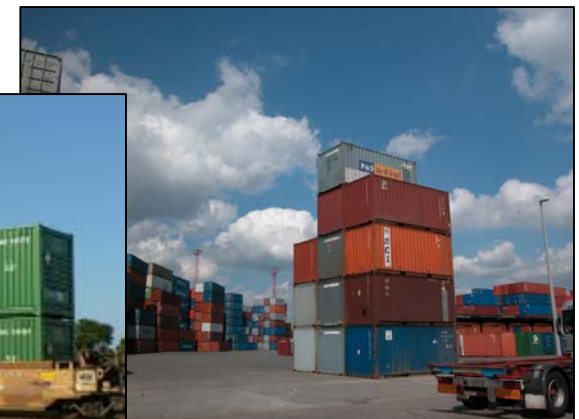
Intermodal is the long-haul movement of shipping containers and truck trailers by rail, combined with a (usually much shorter) truck movement at one or both ends. This shorter truck movement at each end is called drayage. Intermodal allows railroads, ocean carriers, trucking companies, and intermodal customers to take advantage of the best attributes of various transportation modes to yield an efficient and cost-effective overall freight movement. It is also often referred to as truck-rail-truck.

THE INTERMODAL NETWORK:



RAIL EQUIPMENT:

- 53' COFC (Container on Flat Car): Standard intermodal equipment
 - Standard Inside dims: 52' 6" L x 99" W x 110" H
 - Standard max weight: 43,000 lbs. (exceptions can be made)
- ISO Small box containers: 20'/40'/45'
 - Limited routings: Usually westbound to west coast ports only
 - These are domestic returns of international boxes back to the ports. Certain Steamship lines allow us use of the container that is inland to return back to the west coast (rather than repositioning it empty).
 - Not available at all origins
 - 20' must move on the rail in pairs, so moving a single domestically has very limited availability
 - 40'/45's can be a good option for dense product (weighs out before cubes out)
 - Standard inside 40' dims: 39' 6" L x 92" W x 94" H
- 53' Reefer
 - Not available in all lanes
 - Qualcomm monitoring while on rail



An ideal intermodal opportunity can be summarized with two key components:

- 1. Origin and destination close to the rail terminals**
- 2. Long length of haul**

ECONOMICS:

In longer length of haul shipping lanes, intermodal pricing can be particularly price competitive with motor carrier pricing, yielding savings up to 40 percent. The economic advantages of intermodal are, however, highly variable and dependent on several factors:

- Distance to the rail terminal
- Direction (more economical in backhaul directions)
- Competition (2 or more rail routings in the lane)
- Service level
- Equipment type
- Equipment availability

CAPACITY:

Intermodal can be a significant source of capacity, particularly in peak season surges.

SUSTAINABILITY:

- Intermodal shipping is **four times** more fuel efficient than truckload.
- **One train can carry the load of 280 trucks** which makes intermodal a far more environmentally friendly method of shipping.
- Switching from truckload to intermodal greatly **reduces highway congestion**.
- **Transit time is reasonably comparable to truckload**, unless you require a highly expedited service.
- In longer length of haul lanes, intermodal pricing can be particularly price competitive with motor carrier pricing, **yielding up to 40% cost savings**.
- Intermodal can be a **significant source of capacity**, particularly in peak season surges and when truck capacity tightens.
- Intermodal is another viable option in your shipping arsenal. Having the choice of utilizing a **competitive alternative to truckload** is a wise way to optimize your freight shipping.

OPTIMIZATION:

1. Having a holistic view of the complete transportation network – **not just rate shopping**
 - Inbound, outbound, inter-facility
2. Focusing on the planning optimization of using intermodal
 - Loading efficiency
 - Cube utilization
3. How does a shipper achieve the most value, efficiently and effectively? –
Two potential paths:
 - Just add intermodal to the mix to compete against other modes
 - Then evaluate by running through various scenarios such as low-cost, best service, maximizing intermodal, etc.
 - Blended service – May use multiple service options on a lane to cover a variety of service options to allow them to dynamically make the best choice, given the specific circumstances