



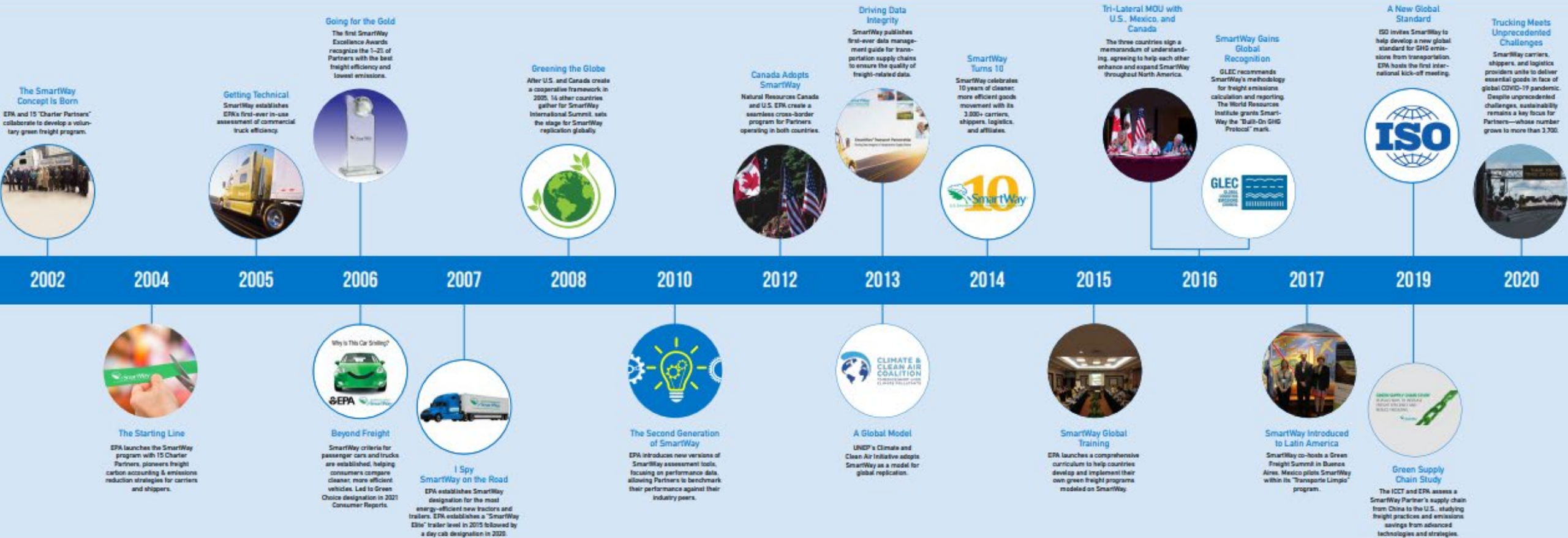
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SmartWay Evolution



Two Decades of Progress: SmartWay Partnership Milestones



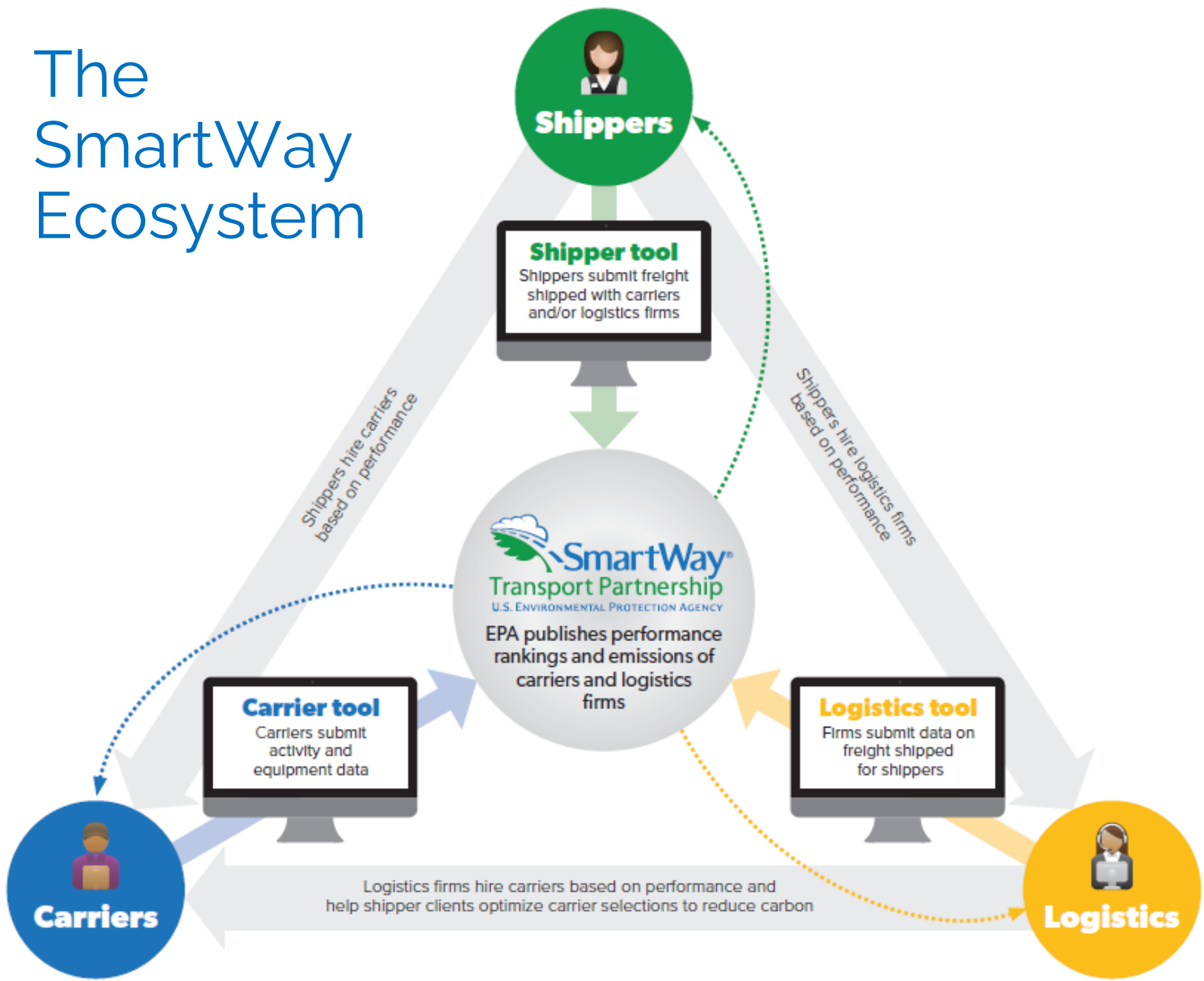
How Does SmartWay Work?



- Companies submit freight activity information using EPA assessment tools
- EPA validates data and uploads to SmartWay database
- Database combines partner data with EPA emission factors to calculate annual emissions footprint from transporting goods
- EPA ranks freight service providers by environmental performance
- Designed with and for the freight sector
 - Delivers solutions to marketplace needs and challenges
 - Voluntary and cost-free
- Proven value proposition
 - Shippers identify "greener" carriers
 - Carriers gain competitive advantage for leading shippers
 - Policy makers drive environmental, economic & societal benefits



The SmartWay Ecosystem



Shippers
Hire carriers and 3PLs; interested in sustainability and costs



3rd Party Logistics (3PL)
Can help shipper clients with carrier selection, operations



Carriers
Can help shippers & logistics customers improve environmental performance

SmartWay Results by the Numbers







- Since 2004, the number of companies that rely upon SmartWay has grown from 15 to over 4,000
- SmartWay Partners saved over \$52.3 billion in fuel costs and reduced harmful air pollutants by
 - 162 million tons of CO₂
 - 2.7 million tons of NO_x
 - 112,000 tons of PM
- SmartWay Partner energy savings are equivalent to 357 million barrels of oil OR eliminating annual energy use in 23 million homes



20 Years and Counting...



-  Program evolution must be continuous for healthy programs on a changing landscape
-  Pre- and Post-pandemic changes are driving all of the players to figure out what the near- and long-term decarbonization future looks like.
-  Understanding how decarbonization and freight efficiency can meet multiple goals
-  Importance of harmonization and collaboration to bring a unique strengths to bear on the urgent and seemingly daunting climate challenge

Questions for Considerations?



1. How will the “green freight ecosystem” continue to evolve and how might industry-government partnerships evolve for maximum impact?
2. How will new mandatory carbon reporting requirements drive private sector engagement in green freight programs?
3. How will new supply chain configurations, operations and advanced technologies impact emissions?
4. How will new standards, accounting methodologies and data sources impact data quality, access and exchange?
5. What does private sector and other stakeholders need from the government to help drive decarbonization strategies and *zero-emission technologies*?
6. How can organizations and stakeholders play their role to help drive freight decarbonization?



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Breakout Questions



1. What are the challenges we see in this area?
2. What could EPA do in this space within the next 5 years, in terms of potential solutions to this area?
3. Are there specific areas of research or additional work needed to complete a recommendation for the MSTRS?

Appendix

Key Components of SmartWay Success



Program with and for the freight sector

- Listen and evolve at a pace that serves the communities and markets you're attempting to influence.

Engagement

- Invest in mechanisms to engaging stakeholders to make our program as accessible as possible.

Balance competing considerations

- Simplicity – “honest broker” of standard benchmarking tools and methods
- Accuracy – performance-based assessment of CO₂, NO_x, PM
- Flexibility – multiple metrics, multimodal, multi-fleet, multi-categories
- Transparency – manageable granularity, protect sensitive info

Create strong value proposition for industry partners

- Triple Bottomline: Economic, Environmental, Social
- Branding, visibility and recognition
- Technology verification and operational best practices
- Reporting capabilities for internal and external audiences

Challenges even before Covid...



- **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 (2022)
- **Globalization of supply chains**
 - Global opportunities and competition
 - Other countries' carbon reporting requirements



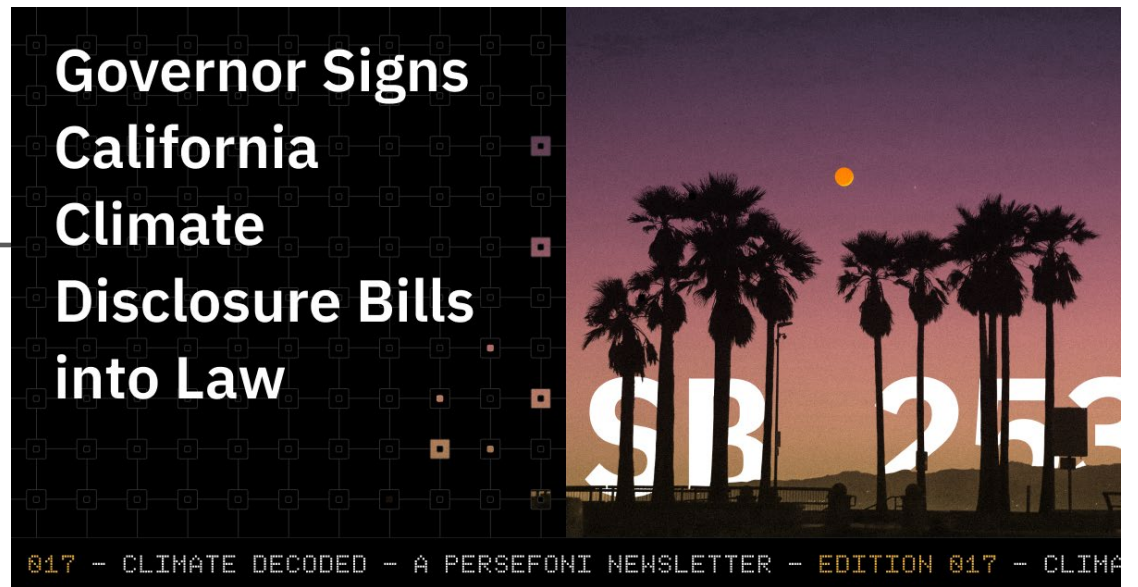
Post-Covid freight trends...

- ☁️ Supply chain disruptions demanding greater resiliency and efficiency
- ☁️ Energy price volatility
- ☁️ Nearshoring
- ☁️ Massive growth in ecommerce
- ☁️ Digitization and data exchange
- ☁️ Carbon disclosure requirements



Sustainability Drivers: Mandatory Reporting

- CA SB253
- SEC Enhancement and Standardization of Climate-Related Disclosures
- EU Corporate Sustainability Reporting Directive



What is SmartWay?



🌿 Launched by freight industry leaders in 2004 as a voluntary, market-based program aiming to:

- Improve U.S. freight efficiency
- Highlight the freight industry's efforts to reduce emissions
- Reduce dependence on foreign oil
- Provide a standardized benchmarking and reporting system
- Clean America's air

🌿 Adopted by Canada, piloted in Mexico and replicated around the globe

🌿 Over 4,000 Carriers, Shippers, 3PL's and Affiliates

- Key economic sectors and modes
- Small business, Owner-operators, Fortune 500 firms

