

# 2023 Sustainability Report

Our **People** Are the Difference



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# A Message From Our CEO

I am pleased to introduce the inaugural Sustainability Report for STG Logistics. At STG Logistics, we are dedicated to managing our business responsibly and growing in a way that aligns our operations with principles that benefit our environment, communities, and society. This Sustainability Report underscores our commitment.

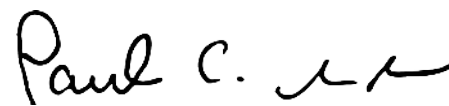
Our team at STG Logistics introduced initiatives in 2023 to ensure compliance with evolving regulations while striving to enhance our operations for the benefit of our customers and the communities we serve. Efforts such as emissions scorecards, optimization technology, and waste reduction at select warehouse sites present opportunities for standardization and expansion as we look ahead.

As a leading provider of intermodal solutions, we have eco-conscious logistics choices built into our business. Throughout 2023, we continued to convert freight from road to rail for our customers, which enhances operational efficiency, reduces greenhouse gas (GHG) emissions compared to over-the-road (OTR) alternatives, and lessens the social impacts of having trucks on the roads.

In 2023, we implemented new policies, processes, and benefits to cultivate a diverse workforce and foster an inclusive workplace culture. Diversity strengthens us, making us more resilient and adaptable in a dynamic industry landscape.

Our governance framework provides an approach for how we manage our business. At STG Logistics, we recognize the importance of upholding ethical standards and mitigating risk across our operations, ensuring our employees return home safely to their families every night. This is of the utmost importance to how we conduct our business.

As outlined in this report, our team's collective efforts showcase a commitment to maintaining and elevating our standards for sustainability at STG Logistics. We are just getting started. I am looking forward to building upon our progress in the years ahead.



**Paul Svindland**



**PAUL SVINDLAND**  
Chief Executive Officer

# About STG Logistics

## Who We Are

STG Logistics is the nation's largest, fully integrated port-to-door service provider. We offer an extensive range of logistics solutions across North America, including Intermodal, Drayage, Deferred LTL, Container Deconsolidation, Reconsolidation, Transloading, Warehousing, Over the Road Solutions, Outsourced Transportation Solutions, and Final Mile, serving our customers with unmatched efficiency and industry-leading solutions.

At STG Logistics, our people are the difference. Our dedicated team is the cornerstone of our success, and we empower them with cutting-edge technology, industry-leading visibility, advanced inventory management tools, and equipment on the warehouse floor and in our offices to support them to achieve excellence in their role. Combining our people and capabilities, we create a solution that leads the industry and one that our competitors cannot match in North America.

## Locations and Presence

Spanning a vast network of warehouses and partner container freight station (CFS) facilities, our presence extends throughout the United States and Mexico and is constantly expanding. With locations in major U.S. ports of entry and at pivotal gateway sites, including Southern California, Chicago, New York, and Miami, we provide comprehensive Ocean CFS, Air CFS, distribution, and transportation services. Our corporate headquarters in Bensenville, IL, serves as the strategic hub directing our nationwide operations.

### WHERE WE OPERATE



## Our Service Portfolio:

- DRAYAGE
- INTERMODAL
- TRANSLOADING
- OVER THE ROAD SOLUTIONS
- EXPEDITED DELIVERY
- AIR CARGO HANDLING
- OCEAN CARGO HANDLING
- STG SHIELD: LOSS PROTECTION
- SHARED AND CONTRACT WAREHOUSING
- E-COMMERCE FULFILLMENT
- VALUE ADDED SERVICES
- TECHNOLOGY INTEGRATIONS

### What We Do

As North America's premier coast-to-coast logistics provider, STG Logistics offers an unparalleled port-to-door supply chain solution. The comprehensive services we provide include the following:

**WAREHOUSING:** STG Logistics offers flexible, scalable, and cost-efficient warehousing solutions. STG Logistics procures, operates, staffs, and manages warehouses across the United States.

**CARGO HANDLING:** With a rich history in CFS operations, our expertise spans planning, receiving, segregating, repalletizing, and shipping diverse cargo. Operating over 70 facilities nationwide, we facilitate seamless import air and ocean cargo operations throughout the United States, whether on demand or at prescribed intervals.



### DRAYAGE AND INTERMODAL SERVICES:

STG Logistics offers one of the largest and most accessible intermodal networks in North America. Our intermodal, drayage, and STG Express services facilitate the delivery of shipments of all sizes. Our goal is to provide a comprehensive and efficient delivery solution for each of our clients. With approximately 2,600 contracted independent owner-operators in our network, STG Logistics facilitates container movement from ports and railroads on behalf of steamship lines, cargo owners, and freight forwarders alike. STG Logistics controls over 15,000 53' domestic containers for the exclusive use of our customers.

**TECHNOLOGY INTEGRATION:** Our robust technology solutions connect customers with their cargo, ensuring efficient inventory management, complete visibility, and reduced operational costs. Our custom-developed platforms, integrated with best-in-class cloud provider solutions, can connect to any enterprise resource planning e-commerce, inventory, or warehouse management system.

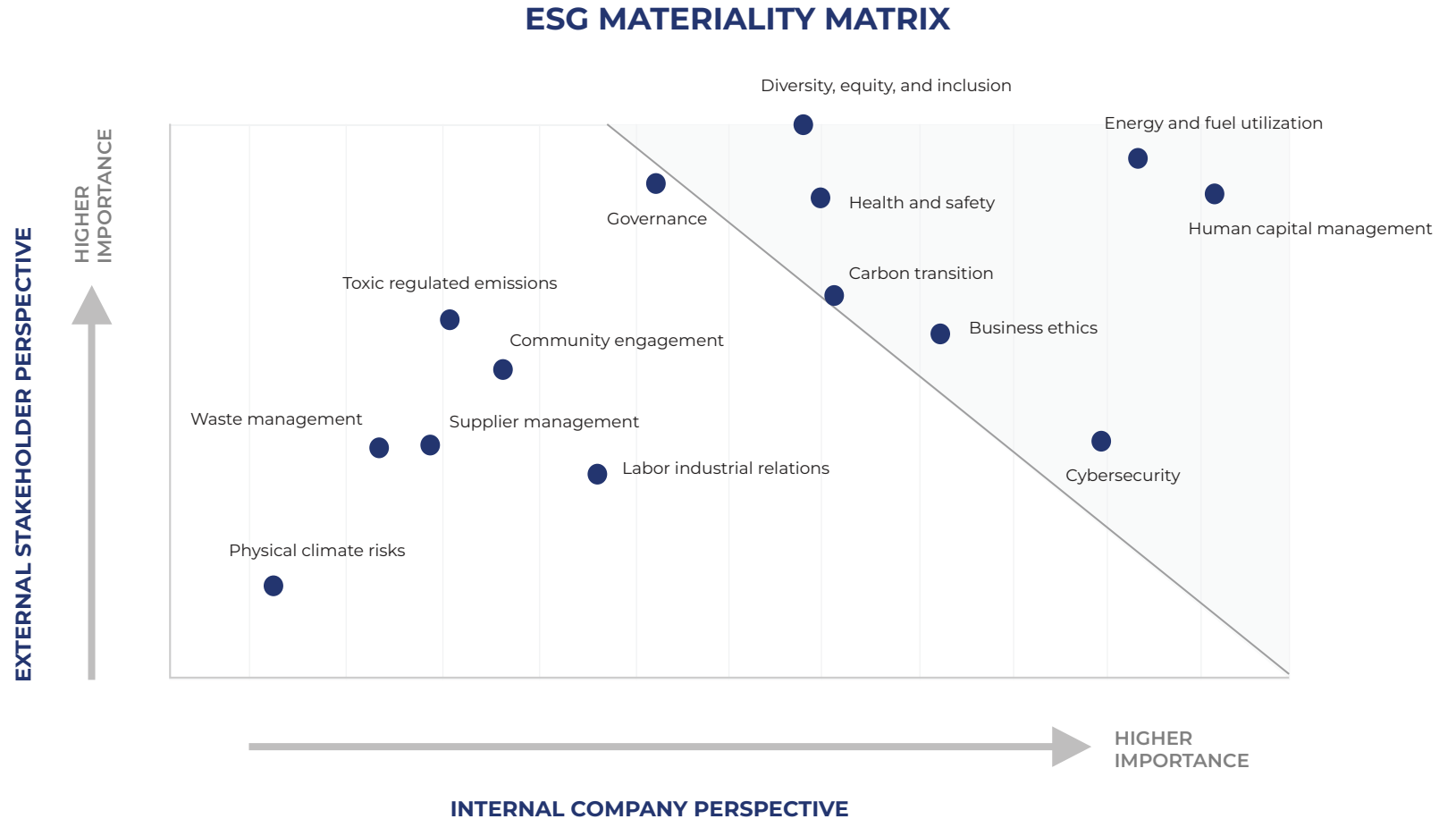
# Our Approach to Sustainability

At STG Logistics, we recognize the intrinsic business value of integrating sustainability into our operations and strategy. This includes aligning our vision with the long-term interests of our stakeholders. In 2023, we embarked on an ambitious journey. We significantly ramped up focus on sustainability by identifying areas of opportunity and shaping our strategic roadmap for the days and years to come.

## Materiality

In 2023, we undertook a comprehensive materiality assessment that identified, assessed, and prioritized sustainability topics crucial to our stakeholders and business value.

The materiality assessment, conducted in collaboration with third-party consultants, engaged our executive leadership team, internal stakeholders, and external parties, including customers. The resulting materiality matrix illustrates the high-priority issues identified by STG's stakeholders.



The top seven material issues highlighted by our stakeholders were business ethics; carbon transition; cybersecurity; diversity, equity, and inclusion (DEI); energy and fuel utilization; health and safety; and human capital management. These issues guide our sustainability strategy to optimize impactful growth.

As we navigate this sustainability journey, we keep at the forefront a commitment to sustainability, innovation, and stakeholder alignment, which propels us toward an ever-more sustainable and responsible future.

## Stakeholder Engagement

At STG Logistics, we regularly engage with our internal and external stakeholders to achieve our business and sustainability goals. We leverage various strategies and platforms to ensure that priorities and requirements across stakeholder groups are captured.

### Customers

#### ENGAGEMENT

Collaborate with customers to understand requirements and offer logistics solutions to meet current needs, including sustainability considerations.

#### ENGAGEMENT ACTIONS

- Customer calls
- Customer-specific questionnaires
- EcoVadis
- Supplier Assurance

### Industry

#### ENGAGEMENT

Participate in the rule-making bodies of leading industry associations and alliances to underscore a culture of employee health and safety.

#### ENGAGEMENT ACTIONS

- Membership in the Intermodal Association of North America (IANA) and the Commercial Vehicle Safety Alliance (CVSA)

### Employees

#### ENGAGEMENT

Create a culture in which employee engagement through multiple channels is at the center of our approach. Foster a workplace that promotes a safe and healthy work environment.

#### ENGAGEMENT ACTIONS

- Employee engagement surveys
- Executive town halls
- Extra mile platform
- Monthly wellness postcards
- Health and wellness posters in communal areas
- Online and in-person training
- Weekly and monthly digital newsletters
- Weekly transportation and safety calls

### Regulators

#### ENGAGEMENT

Participate in meetings and other forums to remain apprised of upcoming regulations and manage risk.

#### ENGAGEMENT ACTIONS

- Attend presentations by the Federal Motor Carrier Safety Administration on upcoming regulations
- Voting member on the CVSA Vehicle Committee and member of IANA's Safety Committee

# Environmental Stewardship

Our business model at STG Logistics supports customers to reduce their environmental impact by offering services that make moving freight substantially more eco-efficient than traditional methods. Furthermore, we have undertaken several key initiatives that optimize our energy and fuel utilization in operations to reduce our environmental impact. We recognize the opportunity to accelerate our carbon transition efforts and remain committed to decisions that reduce our environmental footprint and lead to a more sustainable future.

## Key Highlights for 2023

Completed more than 282,100 rail shipments, offering significant environmental benefits via reduced emissions, decreased road congestion, and optimized transportation efficiency compared with OTR alternatives.		Received the delivery of 2,000 recently purchased containers, increasing capacity to move freight over rail rather than OTR.	
Invested in innovative technology to increase operational efficiency and reduce environmental impact.		Implemented waste consolidation and pallet refurbishment programs.	

We operate in accordance with our Environmental Policy and Procedures, which aim to minimize the environmental impact of STG’s operations and promote sustainable transportation and storage practices. In addition, we strive to provide clear direction to customers and vendors with which STG Logistics conducts business. The policy and procedures apply to all facilities owned and/or operated by STG Logistics, covering areas such as transportation, warehousing, and waste management. Guided by the below key policy statements, we will:

- Comply with all applicable environmental laws and regulations related to logistics operations.
- Strive to reduce our carbon footprint by promoting environmentally friendly transportation methods, such as electric vehicles, rail, and sea freight.
- Work to minimize our use of packaging materials and encourage the use of recyclable and biodegradable packaging.
- Ensure that all waste generated during our logistics operations is properly handled and disposed of in an environmentally responsible manner.
- Engage in the continuous improvement of our environmental performance by regularly monitoring and evaluating our logistics operations.



## Optimizing Efficiency through Technology

Technology is a cornerstone of sustainability efforts at STG Logistics. We leverage advanced technology to optimize operations, translating to fewer trucks on the road and fewer miles traveled.

In 2023, we began integrating modular GPS chassis devices in driver cabins. This integration provides us the ability to collect precise, asset-specific mileage and data to support preventive maintenance. It also provides exact locations to repair vendors, which facilitates timely support for OTR repairs. This further contributes to optimized efficiency and reduces the number of extra miles, which reduces our overall carbon footprint.

During the year, STG Logistics also teamed up with Descartes WinRoute to foster greater efficiency in our operations and reduce empty miles. Through route optimization, STG Logistics can pinpoint the most efficient options from an environmental and business perspective. Currently, our teams use this tool daily at our largest internal terminals, and we are in the process of rolling out route

optimization software to all 35 terminal locations that dispatch our fleet of owner-operator contractors.

Route optimization helps allocate trucking resources by identifying inefficient street turns and connecting related disparate moves to ensure the most efficient daily route for each truck asset, which is measured by maximizing the number of loaded miles traveled and minimizing the number of empty miles traveled daily.

Each week, we review a report revealing the most significant areas of opportunity to reduce empty miles. The terminals use this information to facilitate continuous improvement. We project that optimization reduced mileage traveled by approximately 6% in 2023. Using the 2023 run rate, the reduction reflects an annual savings of around 6 million miles. Given average fuel efficiency, this translates to approximately 923,000 gallons of fuel saved during the year.

**~923,000**

**GALLONS OF FUEL SAVED IN 2023 THROUGH ROUTE OPTIMIZATION**

## Port-to-Door Efficiency

**CARGO RECEIVED**



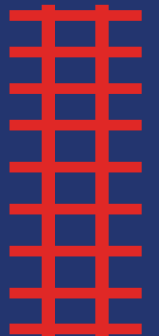
**OTR ROUTES OPTIMIZED FOR MAXIMUM EFFICIENCY**



**REAL-TIME DRIVING DATA ANALYZED**



**CARGO DELIVERED TO CUSTOMERS**



**CARGO TRANSITIONED TO RAIL AS APPROPRIATE**



## Providing More Eco-efficient Solutions to Our Customers

We are proud to be a leading provider of intermodal solutions for cargo owners and logistics companies, offering one of the largest and most accessible intermodal networks in North America. Being an industry leader in intermodal services, we offer our customers the option to leverage more reliable and eco-efficient logistics solutions. Rail is more cost-effective than OTR transportation methods for most long-haul freight and is less prone to regulatory delays. In addition, each time STG Logistics converts a shipment from OTR to rail through our intermodal business, it is an environmental win. This transition reduces carbon emissions and minimizes the environmental footprint associated with traditional trucking methods. In 2023, STG Logistics completed more than 282,100 rail shipments.

By embracing intermodal solutions, STG Logistics enhances operational efficiency while actively mitigating the environmental impact of freight transportation for our customers, fostering a more sustainable and environmentally friendly approach to logistics.

## Changing How We Work

In 2023, we took a comprehensive look at our warehouse and office operations with the aim of designing and implementing significant changes to reduce our environmental impact.



**IN 2023**

**STG LOGISTICS RECYCLED**

**~800**

**PALLETS MONTHLY**

**In the Warehouse:** At STG Logistics, we keep pace with progressive environmental legislation through various related initiatives, particularly in California. This commitment is reflected across our operations.

**Energy and Emissions Reduction:** We prioritize tracking and minimizing GHG emissions at our warehouse facilities. To do so, we actively seek low- or no-emissions vehicles and equipment whenever possible. In addition, we have implemented energy-saving measures at various warehouse locations. Notable examples include the installation of high-efficiency LED lighting with motion detectors. Beyond contributing to a more sustainable future, these upgrades are accompanied by a significant reduction in overall energy consumption.

**Waste Management:** Our approach to waste management extends beyond compliance. In two California warehouse facilities, we have instituted a pallet repair program aimed at extending the lifespan of pallets. This initiative not only contributes to a reduction in our environmental impact but also decreases our reliance on new pallet purchases, promoting a more circular and sustainable supply chain.



**“Smash My Trash” Program:** In 2023, STG Logistics introduced the Smash My Trash program. Through the program, a third-party vendor utilizes a mobile dumpster compactor that compresses and compacts waste at STG warehouse facilities. The process makes waste management more efficient and reduces the number of truckloads to dispose of that waste, further reducing GHG emissions. The Smash My Trash program resulted in a 33% decrease in waste management costs at our Compton, California facility in 2023.

### IN THE OFFICE

We made a strategic decision to reduce our office footprint and adopt a remote and/or hybrid work model at STG Logistics for roles where onsite presence is not required to fulfill position responsibilities. This decision has produced many environmental benefits.

The reduction in employee commutes keeps cars off the road and reduces GHG emissions. We have also minimized resource consumption associated with our previously dedicated office space.

To support sustainability with ongoing office-based operations, our office supplies provider tracks the company’s carbon emissions and

reductions from each order. Only a pre-approved list of items may be added to an order, and each selection is made with consideration for its environmental impact.

### FOSTERING LONG-TERM VALUE AND SUSTAINABILITY

In 2023, our company made notable strides in our sustainability efforts; nevertheless, we understand that our work is just beginning. We strive for meaningful, long-term sustainability measures that drive value for our stakeholders and positively impact the environment. Our work in 2023 identified where we are making progress and highlighted opportunities. We look forward to capitalizing on these opportunities in 2024 and beyond.

# Taking Care of Our People

At STG Logistics, a commitment to our core values — People First, Authenticity, Integrity, and Passion — defines our corporate culture. We invest in our team members, striving to ensure they feel personally and professionally supported and safe in the workplace. Employee engagement is at the center of our approach. Feedback from our teams guides our priorities for continuous enhancement. Simultaneously, we foster an environment that promotes being transparent and taking initiative in the workplace to prevent safety incidents.

## Employee Development

At STG Logistics, we are dedicated to nurturing a culture of continuous learning and growth, thus fostering a workplace where our employees truly thrive. Our robust employee

training and development program highlights our commitment to effectively training new employees and upskilling current employees to meet professional goals and support internal advancement.

STG Logistics leverages a specialized learning platform, Training Yard, which houses more than 800 courses. These include mandatory training and optional offerings, such as leadership modules, well-being programs, and safety training modules.

We offer new hire job-specific curriculums for entry-level positions in addition to industry-specific content. Beyond technical training for position requirements, employees are required to complete anti-harassment, business ethics,

and annual cybersecurity training to meet compliance requirements. Specific job roles may necessitate additional training, such as human rights modules. Managers can request the assignment of remediation training as part of performance improvement plans. In addition, our training calendar incorporates monthly thematic focuses, providing specialized sessions aligned with companywide initiatives or national awareness campaigns, such as mental health awareness, to promote employee well-being and skill development.

**STG Logistics averaged 44 hours of training and development time per employee in 2023.**

### Key Highlights for 2023



Introduction of a new employee handbook.



Debut of the first companywide employee engagement survey.



Implementation of inclusive practices, including a diversity holiday and the extension of family planning benefits.



External recognition for STG's exemplary health and safety programs.

## Employee Well-Being

Our commitment to employees' holistic well-being is reflected in our efforts to foster a workplace culture that goes beyond the traditional work environment. Through various initiatives and programs, we strive to nurture employees' physical, mental, and emotional wellness, ensuring a fulfilling and enriching experience within our organization.

In addition to the rollout of the new STG Logistics Employee Handbook, 2023 saw a meticulous compensation and benefits review. This involved streamlining policies across the company following multiple acquisitions. It also supported an increased focus on inclusive coverage, helping ensure equitable benefits for all employees.

## BENEFITS

To promote health and well-being among our employees, we offer a competitive benefits package.

**Healthcare Benefits:** We aim to help remove financial barriers for our employees to seek healthcare by offering free medical plans for all eligible full-time employees. Additionally, a \$500 annual contribution by the company is deposited into these employees' health savings accounts (HSAs) for use on out-of-pocket expenses.



**In 2023, STG Logistics introduced a free healthcare plan for all full-time employees. STG Logistics believes that offering these benefits helps support health equity and remove barriers for employees who may have not sought care in the past due to financial concerns.**

**Pregnancy Care Leave (PCL) Policy:** Our PCL policy is designed to adjust an employee’s work life to their pregnancy with a range of accommodations, including a paid time off (PTO) bank of up to 80 hours to be used for health and wellness purposes during pregnancy, in preparation for the birth of a child, or following the loss of pregnancy to help employees recover physically and emotionally.

**“Talk to Your Doc” Program:** Launched in 2023, this initiative encourages employees to establish a proactive relationship with their healthcare providers and stay informed of their current health status through the completion of a wellness examination.

**Inclusive Bereavement Support:** In 2023, STG Logistics enhanced the inclusivity of our bereavement benefits by broadening the definition of a family member for which bereavement leave qualifies. We also offer beneficiary advocate support, such as emotional support for grief and loss and funeral planning.

**Enhanced PTO Policies:** Leadership at STG Logistics carefully listened to employee feedback and shifted to a new PTO strategy in 2023 wherein employees can roll over PTO to a maximum rather than a “use it or lose it” approach. This provides greater flexibility for employees to use PTO in the way it works best for them.

In addition to the benefits and policies outlined, STG Logistics provides benefits and services designed to help employees feel secure in their financial future, including 401(k) and retirement benefits; legal resources; and confidential support, resources, and information related to a range of sensitive topics.

## ADAPTING TO A MOBILE WORKFORCE

Recognizing the geographic diversity of our workforce and the fact that we have a sizable number of non-wired employees, STG Logistics has taken steps to ensure that crucial health and well-being information reaches the employees not on company email. For example, we share monthly wellness postcards to inform employees about the diverse benefits accessible to them. Supervisors print and display health and well-being information in communal areas. These informational posters feature QR codes, allowing employees to access additional details on their personal devices.



## Employee Engagement

Inclusivity, engagement, and appreciation are central to our employee engagement efforts. To ensure that we are taking care of our employees and focusing our efforts on the right areas, we place significant emphasis on employee feedback.

In 2023, STG Logistics conducted our first employee engagement survey, achieving a 70% engagement score. The survey provided an avenue for anonymous employee feedback. Based on the feedback, we created an action plan and increased communication on our vision and company activities. We plan to conduct a more extensive employee survey during the first quarter of 2024 and every six months thereafter as our standard cadence.

We also regularly engage our workforce through weekly and monthly digital newsletters. “The Weekly Line-Up” and “The Inbound Bulletin” foster engagement by informing employees about company happenings, calendar updates, wellness initiatives, and upcoming programs.

We strive to cultivate appreciation and unity across the organization. Launched in 2022, our Extra Mile program allows employees to express recognition and celebrate achievements using engaging GIFs and other social media-style communications on an internal platform.

Recognition translates into reward points that employees can redeem at major retail stores. Reward points can also be earned via participation in company-sponsored programs and achievements in safety. In 2023, STG Logistics awarded over \$100,000 in rewards.



## Diversity, Equity, and Inclusion

DEI is a key cultural pillar at STG Logistics. We strive to cultivate an environment where every individual feels empowered to show up and thrive as their authentic self. This means fostering an atmosphere free from discrimination and supportive of personal growth and success. For example, in 2023, our employees invested over 3,380 hours in training programs focused on preventing harassment and discrimination, underscoring our commitment to fostering an inclusive and respectful work environment.

In 2023, we extended our benefits to be more inclusive. Our family planning and fertility benefits now encompass all genders, acknowledging these concerns as potentially relevant to anyone. Our benefits package also includes coverage for same-sex partners, reinforcing our commitment to inclusivity in all facets of employee support.

In addition, we introduced a diversity holiday that grants employees 8 hours to commemorate diversity in a manner that resonates with them the most.

At STG Logistics, our commitment to fostering an inclusive work environment is not just a goal but a reflection of our core value of People First. We believe in building a workplace that celebrates diversity, respects individuality, and ensures that every employee thrives and succeeds. To underscore this commitment and incorporate an enhanced, data-driven approach to DEI at STG Logistics, we plan to capture employee opinions through the 2024 engagement survey and new data regarding our employee applicant pool.

During the year, we took initial steps to put into place a supplier diversity program, extending our approach to diversity to our supply chain. We look forward to progressing this program in 2024.

**More than 50% of STG's full-time workforce is from underrepresented groups.**



### Paloma Burnell Wins 2023 Women in Supply Chain Award

Paloma Burnell, Senior Vice President of Sales Operations, was named one of the winners of the 2023 Women in Supply Chain Award. This prestigious award honors female supply chain leaders and executives whose accomplishments, mentorship, and examples set a foundation for women at all levels of the supply chain network.



## Health and Safety

We hold an unwavering commitment to a “Safe Today, Home Tonight” approach to employee health and safety. We prioritize health and safety in every aspect of our operations, building and elevating a robust safety culture that places the well-being of our workforce at the forefront.

### KEEP EACH OTHER SAFE

We provide a safe, clean, and secure work environment for all stakeholders, including employees, contractors, visitors, suppliers, and customers. Safety is core to every decision we make at STG Logistics. We maintain a health and safety program conforming to best practices in our sector across our warehouse, transportation, and office operations. To be successful, such a program must embody proper attitudes toward injury and illness prevention on the part of both supervisors and employees. Further, it requires cooperation in all health and safety matters not only between supervisor and employee but also between co-workers. Only through such a cooperative effort can a safety program in the best interest of all be established and preserved.

That is why we will continue to focus on this cooperative effort and align ourselves behind one message: “Keep Each Other Safe.” This statement empowers all employees to hold their co-workers accountable for safe behavior in any environment where we spend our days. This mission requires everyone to uphold their end of the deal. Unsafe behaviors and conditions must be brought to attention, and quick action needs to be taken to reduce the risk of injury or illness.

Our commitment is engrained in our daily operations, emphasized during executive town halls and weekly transportation safety calls. These safety calls, which include approximately 100 safety and operations leaders, provide a platform to discuss best practices and, if applicable, review any incidents from the prior week. We strive to ensure full transparency, knowledge sharing, and continuous improvement.



To underscore our commitment to a safe workplace, executive compensation and bonuses are linked to safety metrics.

### RECOGNITION AND LEADERSHIP

We are honored to have received recognition from our customers for our safety initiatives. In 2023, STG Logistics received the prestigious Dow Chemical Gold Safety Excellence award for our 2022 operations. This award recognizes our commitment to safety across all Dow facilities. In addition, our Freeport, Texas operations site was spotlighted with a Dow Safety Sustainability award. This recognition highlights our outstanding safety record: we worked over 50,000 documented working hours in Freeport with no recordable U.S. Occupational Safety and Health Administration (OSHA) incidents.

STG Logistics demonstrates industry leadership as an active member of the IANA and the Commercial Vehicle Safety Alliance. STG employees actively contribute to the rule-making bodies within these associations, reflecting our dedication to not only adhering to but also shaping industry safety standards.



## SAFETY MANAGEMENT SYSTEM

**Personnel:** We have systems and processes in place to promote the highest safety standards, which are overseen by our employees dedicated to ensuring safety at our sites. Regional safety managers serve as expert resources; they conduct field training and system audits. Each operating location has a dedicated safety specialist responsible for local safety oversight. STG's internally audited health and safety system covers 100% of employees, as well as workers who are not employees but whose work and/or workplace we control.

of health and safety incidents, we activate our established emergency response plan. Our contingency plans cover various scenarios, including inclement weather. Automated external defibrillators (AEDs) are available across our facilities, and teams of trained first responders are ready in case of an emergency.

**Transparent Incident Reporting:** STG Logistics has implemented the Origami system to record and categorize unplanned events. This commitment to transparency helps minimize surprises and facilitates full transparency at all levels—a company philosophy when it comes to safety.

**Injury and Illness Program:** STG's injury and illness program sets out the company's strategy for safety training, communication, claims management, and structure. STG Logistics offers occupational health services if an employee gets hurt on the job, contacting and coordinating transportation to a nearby clinic and offering a return-to-work program to support employees to return to their job once medically appropriate.

## SAFETY TRAINING

Every employee at STG Logistics undergoes general and/or job-specific safety training. Monthly safety training sessions contribute to meeting annual regulatory and job-specific training requirements. Depending on an employee's role, this may include rigorous testing and job observation before employees operate independently. In 2023, state highway enforcement officers also partnered with more than 800 commercial vehicle operators who support STG Logistics operations to provide learning opportunities.

## PREVENTATIVE MEASURES

Our proactive mindset involves vehicle inspections beyond the federal requirement for our owned vehicles and periodic hazard assessments. Safety committees and monthly safety meetings further underscore our dedication to getting ahead of any potential issues.

## SAFETY IN HIRING AND ONBOARDING

Promoting a culture of safety begins with working with the right people. New commercial vehicle operators must have at least one year of driving experience in the industry. The majority of our commercial

vehicle operators have the additional qualification of holding a hazardous material endorsement and a Transportation Worker Identification Credential.

We prime new employees with our SafeStart program—an essential introduction to safety at STG Logistics. This comprehensive safety overview acts as a day-one checklist, guiding new employees through safety awareness, safety procedures, and necessary documentation.

## RESULTS

Our proactive approach to health and safety has yielded tangible results. In 2023, STG's total recordable incident rate (TRIR) was 0.83, a nearly 43% decrease from 2021. We have also observed a consistent trend of decreasing workers' compensation claims related to warehouse incidents.

At STG Logistics, our commitment to health and safety goes beyond compliance; it is engrained in our operational philosophy. We will continue to uphold the highest standards, ensuring that our employees work in an environment where safety is non-negotiable. As we move forward, our dedication to health

and safety remains steadfast, reflecting our commitment to our most valuable resource—our employees.



# Governance

At STG Logistics, ethical business practices and compliance underpin how we operate. This dedication is reflected in our evolving governance structure and stringent internal controls, ensuring accountability and responsibility to our stakeholders. Amid significant growth over the past 18 months, STG Logistics has prioritized consolidating our diverse business lines and teams under the unified “One STG” banner.

## Corporate Governance

Throughout 2023, STG Logistics took steps to fortify our governance framework. We aimed to reinforce oversight and foster a highly ethical culture across the organization. In addition to our Board of Directors (Board), our four newly formed Board-level committees provide oversight and manage risk for key aspects of our business.

### BOARD OF DIRECTORS

Our Board provides independent oversight and guidance to STG Logistics. The Board meets regularly to receive updates from senior executives regarding all matters requiring Board attention and action. Board members have a range of have a range of experience, bringing intermodal, trucking, cybersecurity, legal, and finance expertise.

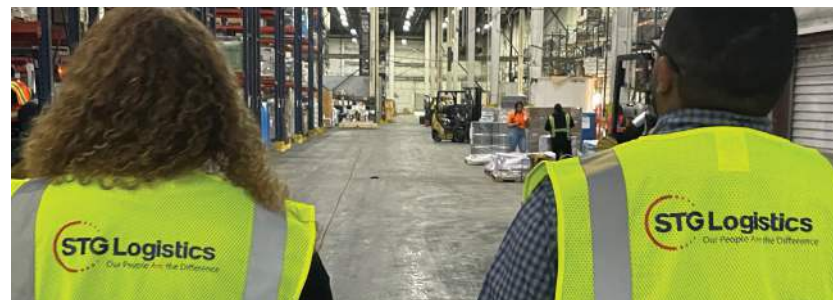
### Key Highlights for 2023



Establishment of four Board-level committees, notably the Environmental, Social, and Governance (ESG) & Safety Committee.



Introduction of companywide ethics training, achieving 100% employee participation.



# Our Board is comprised of:

**12** MEMBERS

**6** OF **12** ARE INDEPENDENT DIRECTORS

**2** MEMBERS ARE EXECUTIVES

**10** ARE NON-EXECUTIVES

**The ESG & Safety Committee performs oversight for matters related to safety and ESG. These may include ecological impacts; climate change; energy usage; DEI; employee engagement; employee health and safety; human rights; community relations; business ethics; and other areas as appropriate. In consultation with management, the committee assists the Board in developing, maintaining, and enhancing strategies related to ESG, sustainability, and safety.**



### BOARD-LEVEL COMMITTEES

In late 2022, the Board approved four charters to establish Board-level committees, which stood up during 2023. Each committee, comprising three or more directors, aims to minimize risk and preserve long-term value for stakeholders, thus supporting STG Logistics as we navigate operational complexities.

The Commercial Committee provides oversight for commercial strategy and operational results.

The Audit, Finance & Compensation Committee reviews financial and risk management at STG Logistics; assists with review and oversight

regarding legal/regulatory compliance, as well as the integrity of financial statements, the audit process, and related internal controls; and appoints independent auditors, oversees their work, and approves associated fees. The committee also assists the Board in matters of compensation, including plans and policies related to executive officers and companywide compensation.

The Technology & Cybersecurity Committee provides oversight for matters related to information technology, digital transformation, and cybersecurity.

## Business Ethics

Ethical business practices are at the core of how we conduct our operations at STG Logistics. The trust and confidence we earn from our employees, customers, and communities are integral to our success. We recognize that our credibility hinges on upholding integrity, adhering to commitments, demonstrating honesty, and achieving our company goals through honorable conduct.

### CREATING A CULTURE OF ETHICAL BEHAVIOR

Amid significant growth at STG Logistics over the past 18 months, our focus on business ethics has intensified. We have aligned policies and processes across newly acquired entities to establish oversight and systems fostering ethical behavior in line with best practices.

Within the company, business ethics is a driving force that involves every individual. Although leadership establishes company expectations around ethical behavior, it is a collective responsibility driven by managers and frontline employees.

Externally, it is critical that stakeholders recognize the paramount importance of ethical conduct at STG Logistics. We comply with customers' ethical codes to demonstrate integrity, build trust, and serve as responsible stewards of their businesses. Our vendor onboarding includes sharing our code of conduct, outlining expectations, and fostering ethical collaborations.

### ETHICS POLICIES AND CODES

STG's Employee Handbook includes our policies and codes for ethical conduct at the company. New employees are required to review the handbook as part of the onboarding process, and all employees have continuous access to the handbook through our intranet.



## Code of Ethics and Business Conduct

Our Code of Ethics and Business Conduct outlines our ethical guidelines, articulating STG's commitment to an ethical environment and the expectation for all employees to share that commitment. It also provides resources for reporting concerns about potential violations.

### Anti-harassment/Sexual Harassment Policy

STG Logistics is committed to inclusiveness, equity, and diversity to foster an engaging and productive work environment. Fair and respectful treatment is extended to all employees. STG Logistics selects candidates for employment, promotion, training, or any other benefit based on their skills, abilities, and merit.

At STG Logistics, we unequivocally prohibit unlawful harassment or discrimination based on race, color, religion, sex, national origin, age, disability, or veteran status, fostering an environment free from discrimination, harassment, and retaliation.

Our Code of Ethics and Business Conduct directly addresses our emphasis on inclusion. All employees are required to adhere to the following:

- Treat others with dignity and respect.
- Address and report inappropriate behavior and comments that are discriminatory, harassing, abusive, offensive, or unwelcome.
- Foster teamwork and employee participation, encouraging the representation of different employee perspectives.
- Seek insights from employees with different experiences, perspectives, and backgrounds.
- Avoid slang or idioms that might not translate across cultures.
- Support flexible work arrangements for co-workers with diverse needs, abilities, and/or obligations.
- Confront the decisions or behaviors of others that are based on conscious or unconscious biases.
- Be open-minded and listen when given constructive feedback regarding others' perception of your conduct.



### Equal Employment Opportunity

Our dedication to equal employment principles spans all facets of employment, aligning with federal, state, and local laws and ensuring fairness in recruitment, compensation, and termination.

### Anti-Corruption Policy

At STG Logistics, a stringent anti-corruption policy prohibits any form of improper advantage or benefit to foreign officials, candidates, or third parties. In addition, the policy states that employees, contractors, and affiliates must not accept anything of value to provide an improper benefit. In 2023, 100% of Board members reviewed and acknowledged the policy.

### Whistleblower Policy and Procedures

A comprehensive whistleblower policy safeguards employees reporting in good faith against retaliation. We ensure an accessible and confidential reporting mechanism through a hotline, managed by a third party, with no

reported complaints in the past 18 months. However, if a complaint is received, STG's Chief Administration Officer and General Counsel are notified and escalate the complaint as required. The hotline is detailed in the employee handbook and is prominently displayed in communal areas.

### ETHICS TRAINING

In 2023, we introduced annual ethics training for all employees. The training focuses on ethics in various work relationships internal and external to STG Logistics; it covers behavior, discrimination, fraud, conflict of interest, and compliance with our Code of Ethics and Anti-Corruption Policy.

The course mandates a review of our Code of Ethics and Business Conduct, Anti-Corruption Policy, and guidance on the Foreign Corrupt Practices Act. In 2023, we achieved a 100% training completion rate by ensuring that both wired and non-wired employees had access to the course.

## Cybersecurity

At STG Logistics, we heavily rely on technology to enhance our customer service. With that in mind, we place rigorous emphasis on cybersecurity, adopting a proactive approach to identify and mitigate potential risks before they happen.

### CYBERSECURITY GOVERNANCE

Our commitment to cybersecurity is integrated into how we conduct our business. Our policies, processes, systems, and communications establish the foundation for cybersecurity governance at STG Logistics.

Given our considerable reliance on technology to provide excellent customer service and offer logistics solutions, we employ advanced controls for maintaining servers at secure off-site locations. We also employ encryption, redundant architecture, and intelligent perimeter defenses to secure data and assets. Additional information can be found on our Cybersecurity webpage.

### Cybersecurity Policy

STG's comprehensive cybersecurity policy encompasses guidelines and provisions to mitigate cybersecurity risks. The policy outlines procedures for managing confidential data, devices, email and password protocols, and additional cybersecurity measures. It uniformly applies to all STG Logistics employees, contractors, and individuals with system access.

### Leadership and Incident Management

STG's Chief Information Officer (CIO) reports to the CEO and Board of Directors, providing regular cybersecurity updates during briefings and formal board meetings.

STG's cybersecurity team assesses incidents based on criticality, enabling immediate automated responses through our cybersecurity platforms. Our team responds with necessary actions, escalating the response if required and sharing information with the Board as warranted.

### Third-Party Engagement and Oversight

As contracted personnel make up a significant portion of our workforce, we place comparable focus on vigilant management of access for third parties. We routinely review third-party access to STG's cybersecurity environment and company assets, as well as include cybersecurity provisions in vendor agreements that must be signed before the agreements are finalized.

Our commitment to cybersecurity governance extends to our partners and customers. We maintain a policy specific to Carrier Connect, a trucking mobile application that enables licensed motor carriers to provide updates to STG's operational system. The STG Logistics Carrier Connect Privacy Policy underscores our commitment to privacy and outlines our data collection and usage policies for the Carrier Connect trucking application.



## CYBERSECURITY MANAGEMENT

### SOC 2 Certification

Our pursuit of the Service Organization Control Type 2 (SOC 2) certification to align with international cybersecurity compliance standards reflects our dedication to continually enhancing cybersecurity management. The SOC 2 process offers invaluable insights into our cybersecurity program's strengths and areas for improvement. Focusing on opportunities for improvement, in 2024 we plan to implement strengthened measures to receive the certification and align with globally recognized best practices.

### Information Security Committee

In 2023, STG Logistics formed the Information Security Committee. The Committee comprises senior executives, including STG's CEO, CIO, and chief operating officer. The Committee, which does not directly report to the Board, serves as a forum to deliberate on information protection, fostering strategic discussions on safeguarding information and systems.

## STG Logistics maximizes data security through robust tools and technology, including the following:

- **ENDPOINT DETECTION**
- **LOG MONITORING**
- **EVENT AND THREAT CORRELATION SOFTWARE**
- **INCIDENT DETECTION SYSTEMS**
- **ROUTINE VULNERABILITY SCANNING**
- **MULTI-FACTOR AUTHENTICATION**



### Leveraging Technology for Security

### PROMOTING CYBERSECURITY AWARENESS

Our mandatory annual cybersecurity training ensures that every individual is on the same page regarding STG Logistics' cybersecurity requirements and expectations. In 2023, 96% of STG's employees completed the training.

We also foster cybersecurity awareness and compliance via departmental security-oriented town halls, as well as the regular circulation of cybersecurity-related information, advisories, bulletins, and phishing alerts. For example, STG Logistics sends regular reminders to "think before you click" on sensitive information or emails from unknown sources.

Our proactive approach has shored up our cybersecurity posture thus far, and we are committed to continual improvement to keep pace with the evolving cybersecurity environment.

# Transparency

## About This Report

STG's inaugural Sustainability Report details our progress in sustainability efforts for our 2023 fiscal year from January 1, 2023, to December 31, 2023, unless otherwise noted. Through disclosure and transparent reporting, we strive to build trust, accountability, and credibility with our stakeholders. This report monitors the initiatives aimed at reducing our environmental impact, strengthening actions to take care of our people, and upholding responsible governance.

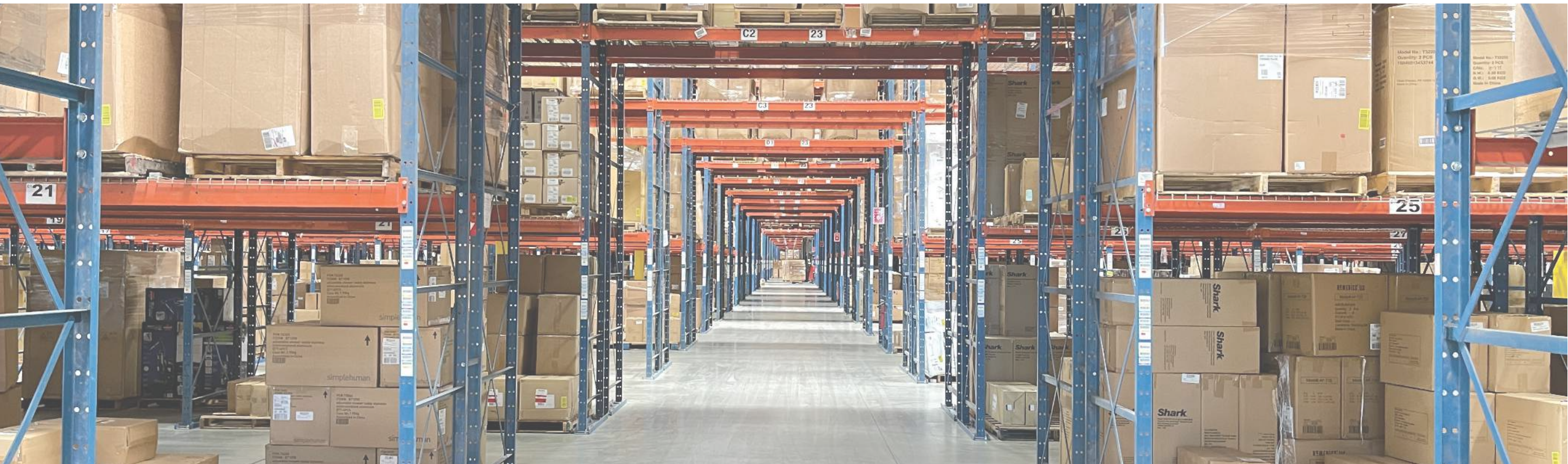
Our Sustainability Report is intended to be our primary source of annual disclosure and provide a transparent account of our approach and performance. This report has been prepared with reference to the Global Reporting Initiative (GRI) standards released in October 2021. We also disclose in alignment with the Sustainability Accounting Standards Board (SASB): Air Freight and Logistics and Road Transportation.



For questions regarding STG's sustainability initiatives or any other content that we include in this report, please contact Chad Aden, Vice President, Safety and Enterprise Risk, at [sustainability@stgusa.com](mailto:sustainability@stgusa.com).

## Performance Data Tables

GOVERNANCE			
	2021	2022	2023
<b>Board of Directors</b>			
Size of the Board of Directors	6	10	12
Executive members	1	2	2
Non-executive members	5	8	10
Independent directors	3	4	6
Women on Board	1	1	1
People from underrepresented groups	2	3	3



<b>SOCIAL - WORKFORCE</b>		
	2022	2023
<b>Workforce</b>		
Total employees	1,640	1,521
Full-time	1,632	1,514
Part-time	8	7
Drivers classified as independent contractors	-	97.8%
New employee hires	494	210
Global turnover	34%	35%
<b>Employees by region</b>		
United States and Canada	1,617	1,498
Latin America	23	23
<b>Employees by gender (U.S. only)</b>		
Women	705	639
Men	912	858
Non-binary	-	-
Not disclosed	-	1
<b>Employees by ethnicity (U.S. only)</b>		
White	715	683
Black	194	145
Asian	82	74
Hispanic	561	513
Native American	7	4
Native Hawaiian/Other Pacific Islander	25	17
Two or more races	32	29
Not specified	1	33

SOCIAL - WORKFORCE		
	2022	2023
<b>Employees by age (U.S. only)</b>		
<30	222	223
30-50	834	735
>50	561	540
<b>Management diversity</b>		
Company executives	38	46
Women executives	5	8
Executives from underrepresented groups	7	10
Women directors and above	24%	40%
Women VP-level and above	6%	17%
Women managers and above	18%	34%

SOCIAL - HEALTH AND SAFETY		
	2022	2023
<b>Employees</b>		
TRIR	.8	0.83
Fatality rate	0%	0%
Number of lost-time work-related injuries	1	6
Rate of lost-time work-related injuries	7%	22%
Number of recordable work-related injuries	9	13
Rate of recordable work-related injuries	60%	48%
<b>Non-employees</b>		
Number of contractor fatalities due to work injury	0	0
<b>Accident and safety management</b>		
Number of reportable spills	11	9

## GRI Index

STG LOGISTICS HAS REPORTED THE INFORMATION CITED IN THIS GRI CONTENT INDEX FOR THE PERIOD JANUARY 1, 2023, TO DECEMBER 31, 2023 WITH REFERENCE TO THE GRI STANDARDS.		
GRI 1: Foundation 2021		
GRI STANDARD	DISCLOSURE	LOCATION
The organization and its reporting practices	2-1	Organizational details <a href="#">About STG Logistics, pp. 2-3</a>
	2-2	Entities included in the organization's sustainability reporting <a href="#">About STG Logistics, pp. 2-3</a>
	2-3	Reporting period, frequency and contact point <a href="#">About this Report, p. 24</a>
	2-4	Restatements of information This is our inaugural report. No restatements applicable at this time.
	2-5	External assurance STG Logistics has not received external assurance for this report.
Activities and workers	2-6	Activities, value chain and other business relationships <a href="#">About STG Logistics, pp. 2-3</a>
	2-7	Employees <a href="#">Performance Data Table</a>
	2-8	Workers who are not employees <a href="#">Performance Data Table</a>
Governance	2-9	Governance structure and composition <a href="#">Corporate Governance, pp. 18-19</a> <a href="#">Performance Data Table</a>
	2-11	Chair of the highest governance body STG Logistics has a separation of the CEO and Chair of the Board of Directors roles.
	2-12	Role of the highest governance body in overseeing the management of impacts <a href="#">Corporate Governance, pp. 18-19</a>
	2-13	Delegation of responsibility for managing impacts <a href="#">Corporate Governance, pp. 18-19</a>
	2-15	Conflicts of interest <a href="#">Business Ethics, pp. 20-21</a>
	2-16	Communication of critical concerns <a href="#">Corporate Governance, pp. 18-19</a>
	2-17	Collective knowledge of the highest governance body <a href="#">Corporate Governance, pp. 18-19</a>
Strategy, policies, and practices	2-22	Statement on sustainable development strategy <a href="#">Our Approach to Sustainability, p. 4</a>
	2-23	Policy commitments <a href="#">Business Ethics, pp. 20-21</a>
	2-24	Embedding policy commitments <a href="#">Business Ethics, pp. 20-21</a>
	2-25	Processes to remediate negative impacts <a href="#">Business Ethics, pp. 20-21</a>
	2-26	Mechanisms for seeking advice and raising concerns <a href="#">Business Ethics, pp. 20-21</a>
	2-28	Membership associations <a href="#">Our Approach to Sustainability, pp. 4-5</a>
Stakeholder engagement	2-29	Approach to stakeholder engagement <a href="#">Our Approach to Sustainability, pp. 4-5</a>
Disclosures on material topics	3-1	Process to determine material topics <a href="#">Our Approach to Sustainability, pp. 4-5</a>
	3-2	List of material topics <a href="#">Our Approach to Sustainability, pp. 4-5</a>

## GRI Index

STG LOGISTICS HAS REPORTED THE INFORMATION CITED IN THIS GRI CONTENT INDEX FOR THE PERIOD JANUARY 1, 2023, TO DECEMBER 31, 2023 WITH REFERENCE TO THE GRI STANDARDS.

GRI 1: Foundation 2021			
GRI STANDARD		DISCLOSURE	LOCATION
<b>ENVIRONMENT</b>			
GRI 302: Energy 2016 GRI 305: Emissions 2016	3-3	Management of material topics	Environmental Stewardship, pp. <a href="#">6-9</a>
<b>BUSINESS ETHICS</b>			
GRI 206: Anti-competitive Behavior 2016	3-3	Management of material topics	Business Ethics, pp. <a href="#">20-21</a>
GRI 418: Customer Privacy 2016	3-3	Management of material topics	Cybersecurity, pp. <a href="#">22-23</a>
GRI 205: Anti-corruption 2016	3-3	Management of material topics	Business Ethics, pp. <a href="#">20-21</a>
	205-2	Communication and training about anti-corruption policies and procedures	Business Ethics, pp. <a href="#">20-21</a>
<b>EMPLOYEES</b>			
GRI 401: Employment 2016	3-3	Management of material topics	Employee Well-Being, pp. <a href="#">12-13</a>
	401-1	New employee hires and employee turnover	<a href="#">Performance Data Table</a>
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Well-Being, pp. <a href="#">12-13</a>
	401-3	Parental leave	Employee Well-Being, pp. <a href="#">12-13</a>
GRI 403: Occupational Health and Safety 2018	3-3	Management of material topics	Health and Safety, pp. <a href="#">15-17</a>
	403-1	Occupational health and safety management system	Health and Safety, pp. <a href="#">15-17</a>
	403-2	Hazard identification, risk assessment, and incident investigation	Health and Safety, pp. <a href="#">15-17</a>
	403-3	Occupational health services	Health and Safety, pp. <a href="#">15-17</a>
	403-5	Worker training on occupational health and safety	Health and Safety, pp. <a href="#">15-17</a>
	403-6	Promotion of worker health	Health and Safety, pp. <a href="#">15-17</a>
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and Safety, pp. <a href="#">15-17</a>
	403-8	Workers covered by an occupational health and safety management system	Health and Safety, pp. <a href="#">15-17</a>
	403-9	Work-related injuries	<a href="#">Performance Data Table</a>
GRI 404: Training and Education 2016	3-3	Management of material topics	Employee Development, p. <a href="#">10</a>
	404-1	Average hours of training per year per employee	Employee Development, p. <a href="#">10</a>
	404-2	Programs for upgrading employee skills and transition assistance programs	Employee Development, p. <a href="#">10</a>
GRI 405: Diversity and Equal Opportunity 2016	3-3	Management of material topics	Diversity, Equity, and Inclusion, p. <a href="#">14</a>
GRI 406: Non-discrimination 2016	405-1	Diversity of governance bodies and employees	<a href="#">Performance Data Table</a>

## SASB Index

2023 SASB INDEX		
SASB Code	Accounting Metric	2023 Answer, Cross-Reference, Omissions, and Explanations
<b>Road Transport</b>		
<b>Greenhouse Gas Emissions</b>		
SASB - TR-RO-110a.1	Gross global Scope 1 emissions (metric tons CO <sub>2</sub> e)	STG Logistics does not currently track gross global Scope 1 emissions
SASB - TR-RO-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	STG Logistics is in the process of putting into place the systems and processes to collect Scope 1 emissions data
SASB - TR-RO-110a.3	(1) Total fuel consumed, (2) percentage natural gas and (3) percentage renewable.  Fuel consumed by (1) road transport, percentage (a) natural gas and (b) renewable, and (2) air transport, percentage (a) alternative and (b) sustainable	(1) 2,057,466 gigajoules (2) Not disclosed (3) Not disclosed  Total fuel consumed is for road transport only. STG Logistics does not operate air assets
<b>Air Quality</b>		
SASB - TR-RO-120a.1	Air emissions of the following pollutants: (1) NO <sub>x</sub> (excluding N <sub>2</sub> O), (2) SO <sub>x</sub> , and (3) particulate matter (PM <sub>10</sub> ) in metric tonnes (t)	STG Logistics does not currently track air emissions
<b>Workforce Health &amp; Safety</b>		
SASB TR-RO-320a.1	(1) Total recordable incident rate and (2) fatality rate (3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	(1) Unavailable (2) <a href="#">Performance Data Table</a> (3) Not disclosed
SASB TR-RO-320a.2	(1) Voluntary and (2) involuntary turnover rate for all employees	(1) <a href="#">Performance Data Table</a> (2) Not disclosed
SASB TR-RO-320a.3	Description of approach to managing short-term and long-term driver health risks	Health and Safety pp. <a href="#">15-17</a>
<b>Accident &amp; Safety Management</b>		
SASB TR-RO-540a.1	Number of road and rail accidents and incidents	Road accidents and incidents: 611
SASB TR-RO-540a.3	(1) Number and (2) aggregate volume of spills and releases to the environment	(1) <a href="#">Performance Data Table</a> (2) Information unavailable
<b>Activity Metrics</b>		
SASB - TR-RO-000.A	Revenue ton kilometers (RTK) for (1) road transport and (2) air transport	(1) Not disclosed (2) Not applicable to STG Logistics
SASB - TR-RO-000.B	Load factor for (1) road transport and (2) air transport	(1) Unavailable (2) Not applicable to STG Logistics
SASB - TR-RO-000.C	Number of employees, number of truck drivers	1,521 employees; 2,001 truck drivers, including independent contractors
<b>Air Freight and Logistics</b>		
<b>Labor Practices</b>		
SASB TR-AF-310a.1	Percentage of drivers classified as independent contractors	<a href="#">Performance Data Table</a>
SASB TR-AF-310a.2	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	STG Logistics considers this confidential information
<b>Supply Chain Management</b>		
SASB - TR-AF-430a.2	Total GHG footprint across transport modes	STG Logistics does not currently track total GHG footprint across transport modes
SASB - TR-AF-430a.3	Discussion of policies and strategies to identify, assess and manage business disruption risks associated with contract carrier safety	Strategies to assess and manage risks associated with contract carrier safety are determined on a case-by-case basis
<b>Accident &amp; Safety Management</b>		
SASB TR-AF-540a.1	Description of implementation and outcomes of a Safety Management System	Health and Safety, pp. <a href="#">15-17</a>
SASB TR-AF-540a.2	Number of aviation accidents	This metric is omitted based on lack of applicability to STG Logistics



