

# KNIGHT-SWIFT SUSTAINABILITY REPORT

## 2020

KNIGHT-SWIFT TRANSPORTATION

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KNIGHT-SWIFT





## ABOUT THIS REPORT

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This report may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended, and such statements are subject to the safe harbor created by those sections and the Private Securities Litigation Reform Act of 1995, as amended. Such statements may be identified by words such as "anticipates," "believes," "estimates," "plans," "projects," "expects," "hopes," "intends," "strategy," "focus," "outlook," "will," "could," "should," "may," "continue," or similar expressions, and speak only as of the date the statement was made. Such statements are made based on the current beliefs and expectations of the Company's management and are subject to significant risks and uncertainties.

Actual results or events may differ materially from those anticipated by the forward-looking statements. Please refer to the various disclosures by the Company in its press releases, stockholder reports, and filings with the Securities and Exchange Commission, including without limitation, the Company's Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, for information concerning risks, uncertainties, and other factors that may affect future results.



KNIGHT-SWIFT



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This report marks the first time that Knight-Swift Transportation has reported under the Sustainability Accounting Standards Board (SASB) standards and metrics. We have included the sustainability disclosures related to the industry sector “Road Transportation,” which we believe are most closely aligned with our business.

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# ABOUT KNIGHT-SWIFT

Knight-Swift Transportation Holdings Inc. is a provider of multiple truckload transportation and logistics services using a nationwide network of business units and terminals in the United States and Mexico to serve customers throughout North America. In addition to operating full truckload fleets, Knight-Swift also contracts with third-party equipment providers to provide a broad range of truckload services to its customers while creating quality driving jobs for our driving associates and successful business opportunities for independent contractors.



Knight-Swift Transportation Holdings Inc. (Knight-Swift) is the result of the merger between Knight Transportation, Inc. (NYSE:KNX) ("Knight") and Swift Transportation Company (NYSE:SWFT) ("Swift"). We are the industry's largest full truckload company; operating with an extensive fleet of roughly 19,000 tractors, 58,000 trailers, and employing 23,800 people. Here at Knight-Swift, we serve a wide range of customers in a broad array of industries. Headquartered in Phoenix, Arizona, we provide the full complement of truckload and logistics services throughout the US, Mexico and Canada.



*Sustainability has always been at the core of our culture. While we have made significant strides in improving our environmental footprint over the years, we believe that setting an ambitious public goal to reduce carbon emissions generated by our fleet by 50% over the next 15 years quantifies our commitment. Our passionate and dedicated team members have the knowledge to rally around and execute on this achievable goal that will benefit our families, our communities, and future generations.*

*– Dave Jackson, CEO Knight-Swift Transportation*

# GREENHOUSE GAS, EMISSIONS & AIR QUALITY

## Short-Term Goal (Intensity Based)

Reduce CO2 emissions per mile by 5%<sup>(2)</sup> by 2025

## Long-Term Goal (Intensity Based)

Reduce CO2 emissions per mile by 50%<sup>(2)</sup> by 2035

| Topic <sup>1</sup> | Greenhouse Gas Emissions        |                                     |                        |                        |                           | Air Quality                     |              |                                     |
|--------------------|---------------------------------|-------------------------------------|------------------------|------------------------|---------------------------|---------------------------------|--------------|-------------------------------------|
| Code               | TR-RO-110a.1<br>Metric Tons (t) | TR-RO-110a.2                        | TR-RO-110a.3           |                        |                           | TR-RO-120a.1<br>Metric Tons (t) |              |                                     |
| Activity Metric    | CO <sub>2</sub> -e              | Short-Term and Long-Term Strategies | Total Fuel Consumed    | Percentage Natural Gas | Percentage Renewable Fuel | NOx                             | SOx          | Particulate Matter PM <sub>10</sub> |
| Result             | 2,358,670 t                     | See Discussion                      | 33,972,873 GJ          | <1%                    | 5%                        | 3,063 t                         | 10.2 t       | 33.8 t                              |
| Comment            | Engineering Calculations        | See Discussion                      | Reported in Gigajoules |                        |                           |                                 |              |                                     |
| Category           | Quantitative                    | Discussion and Analysis             | Quantitative           | Quantitative           | Quantitative              | Quantitative                    | Quantitative | Quantitative                        |

### Short-Term Strategy Discussion

We plan to continue our strategy of investing capital in new equipment to take advantage of improvements in tractor cab aerodynamic drag, engine efficiency, and developing fuel saving technologies. In addition, we are committed to completing our initiative to install Start-Stop idle reduction technology in each of our tractors to reduce emissions. We have deployed this technology in 55% of our tractors and plans to complete this project over the next 3 years. Along with our rigorous management and training efforts centered around fuel efficiency, we are also actively working: to implement next generation trailer aerodynamic solutions, optimize diesel emissions with new cleaner burning solutions, and implement various other strategies as technology is further developed.

### Long-Term Strategy Discussion

We will make meaningful progress using technologies and strategies that are currently available in the marketplace. However, to meet the long-term goal of a 50% reduction, we will be reliant upon new technologies that are currently under various phases of development. We are anticipating that Zero-Emissions Vehicles, including Battery Electric Vehicles and Hydrogen Fuel Cell powered vehicles, will move from prototype phase, to cost-effective market solutions. We are currently testing and closely monitoring these technologies and anticipates that these solutions will be a meaningful contributor towards the targeted reductions.<sup>2</sup>

<sup>1</sup> TR-RO-110a.2 Discussion of Long-Term and Short-Term Strategies to Manage Scope 1 Emissions

<sup>2</sup> (2) Both Short-Term and Long-Term Goals are based upon the 2019 emissions of CO<sub>2</sub>-e of 1,346 g/mile



### Limiting Factors

Limiting factors associated with our Long-Term Goal would include: the pace of development around Zero-Emissions Vehicles, the availability of fueling/charging infrastructure, the availability of financial incentives through the development phase, the range capabilities of Zero-Emissions Vehicles, and the development of appropriate aftermarket support systems, among others.

### Sustainability Initiatives



*Knight-Swift Zero Emissions Battery Electric Vehicle*

## SUSTAINABILITY INITIATIVE & ZERO-EMISSIONS VEHICLE

Knight-Swift anticipates meeting our goals through various initiatives, including:

- Implementing next generation tractor and trailer aerodynamic solutions;
- Continuing deployment of advanced idle reduction technologies;
- Utilizing next generation clean diesel engines;
- Operating Zero-Emissions vehicles, including battery electric and hydrogen fuel cell technology;
- Executing various other strategies as technology is developed and introduced to the market.



Knight-Swift is a charter member of the Environmental Protection Agency's (EPA) SmartWay program. Created to help companies advance supply chain sustainability and improve freight transportation efficiency, the SmartWay program assists corporate leaders and government policymakers in achieving their environmental goals.

Participating carrier partner performance is ranked against the performance of other companies in their sector relative to supply chain footprint, innovation and efficiency. **Knight-Swift is proud to be an 18-time consecutive SmartWay Award winner.**

# DRIVER WORKING CONDITIONS

*Knight-Swift's culture and our commitment to Safety, the well-being of our employees, and the operational success that defines our business are not accidental. We have carefully created a culture where operational excellence and safety go hand in hand; where our expectations are defined by producing consistent safe outcomes and where our employees can be productive, safe, and secure. Our safety culture has been carefully cultivated through our hiring and screening practices that ensure only competent, conscientious, and capable individuals are put in safety sensitive functions; where people are trained and prepared to be safe and successful; through an operational approach that simplifies and focuses expectations and which leverages information and technology in ways that support and empower our employees and foster ownership and accountability for safety performance and results.*

*In our business we clearly define roles and expectations; we train and educate our employees; we create accountability for performance; we recognize achievement; and we constantly scrutinize our results and search for ways to improve. We learn from others and we are always searching for and investing in technologies that help us strengthen this culture and improve our results. Over the past decade the company has invested significantly in technologies that improve safety and working conditions for our truck drivers including:*

- |           |  |           |   |
|-----------|--|-----------|---|
| <b>01</b> | Electronic Logging Devices (ELDs)          | <b>02</b> | Electronic Stability Control                      |
| <b>03</b> | Automatic Transmissions                    | <b>04</b> | In-Cab Power Invertors                            |
| <b>05</b> | In-Cab Telematics                          | <b>06</b> | Collision Mitigation/Adaptive Cruise Control      |
| <b>07</b> | Push button 5 <sup>th</sup> wheel release  | <b>08</b> | Forward Facing Cameras with Feedback and Coaching |
| <b>09</b> | Real-time Location Specific Weather Alerts | <b>10</b> | Sitting-duck Alerts                               |
| <b>11</b> | Speed Too Fast for Condition Alerts        | <b>12</b> | Automated Hazardous Material Handling Application |

These technology enhancements as well as various safety initiatives have been intended to sustain and improve our overall safety metrics.

**Total Fatality Rate (2019)<sup>3</sup>**

Fatality rate per 200,000 hours worked is .0090, all of which resulted from motor vehicle accidents.

**Total Recordable Incident Rate (2019)**

Per 200,000 hours worked = 3.03

<sup>3</sup> TR-RO-320a.1 (1) Total recordable incident rate (TRIR) and (2) fatality rate for direct employees



# DRIVER WORKING CONDITIONS

| Year | Voluntary/Involuntary | Annualized Turnover % <sup>4</sup> |
|------|-----------------------|------------------------------------|
| 2019 | Involuntary           | 10%                                |
| 2019 | Voluntary             | 40%                                |

At Knight-Swift Transportation, we are proud of our retention rates over time and are committed to the continuous improvement of attracting and retaining the best people. One of the ways we increase participation in careers in transportation, is through our proud partnerships.

We are proud to be part of the VA on-the-job training and apprenticeship program. Approved by the U.S. Department of Labor to assist military veterans as they transition to a civilian occupation, it's just one of the ways we support Swift veterans. Apprenticeships for veterans are open to Active-Duty members of the Navy, Marines, Coast Guard, Army and Air Force, as well as those who have served or are currently serving in either the Reserves or National Guard.



**+2,457**

The number of U.S. veterans hired in 2019, managing a strong program that is increasing year over year.



**+3,057**

The number of employment opportunities created in 2019 for individuals starting a new career in the transportation industry.



At our 14 nationwide Academies, we give our students exceptional CDL training experience not having them stray too far away from home. The Swift Academy is recognized by the Commercial Vehicle Training Association.

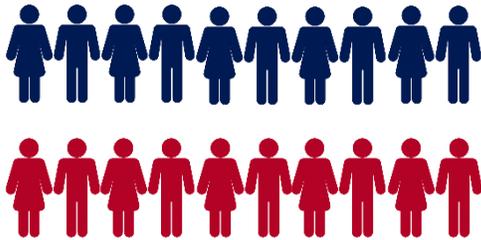
<sup>4</sup> TR-RO-320a.2. (1) Voluntary and (2) involuntary turnover rate for all employees



## DRIVER WORKING CONDITIONS

The Knight-Swift family of companies offer a wide array of benefits, services and amenities to our employees. This enables our drivers to maintain a healthy lifestyle on the road, improve their overall health and receive ongoing support for a long and successful career. Some of the relevant benefits and services include<sup>5</sup>:

- Medical, dental, and Rx benefits with variety of coverage options.
- Full suite of voluntary benefits offered including critical illness, hospital indemnity, accident, disability and supplemental life insurance.
- Free wellness program includes biometric screenings, health coaches and education to help drivers maintain or improve their health and prepare for their DOT exams.
- Medical testing within our own dedicated network and series of on-site clinics.
- Sleep apnea screening and treatment.
- Telemedicine and nurse-line services available 24/7 to support driver health needs while on the road.
- Employee Assistance Program (EAP) available 24/7 to support drivers and their families with counseling, financial and legal issues so they can focus on safe distraction free driving.
- Free life insurance coverage and will preparation services available to full time employees.
- Fully refurbished and upgraded driver lounge centers to maximize comfort and respite periods.
- Terminals equipped with state-of-the-art fitness centers.
- Onsite amenities including mini-markets with healthy food choices.
- Chronic condition management programs.
- Smoking cessation programs.
- Health and wellness onsite events to foster ongoing wellness education and awareness.

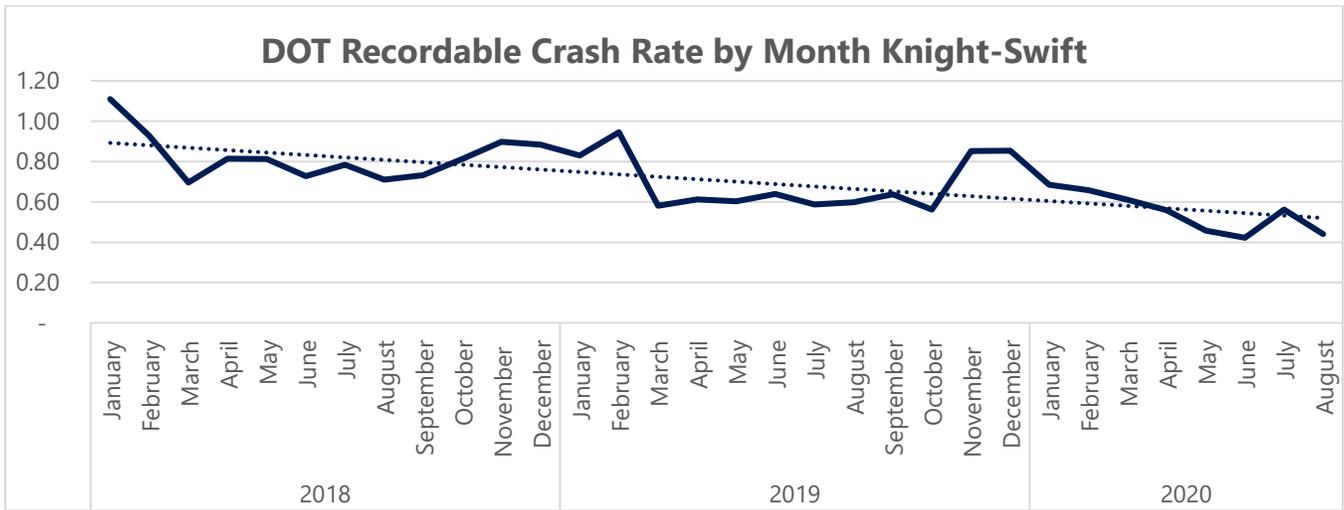


At Knight-Swift Transportation, we are committed to our corporate responsibilities as an industry leader and global citizen. To achieve this, we are engaging in continuous improvement efforts across key areas that impact our driving associates, our employees, our customers, our suppliers, our stockholders and our environment.

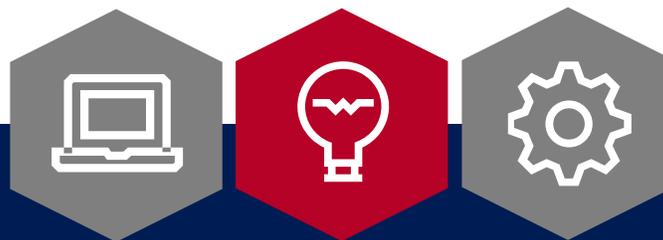
<sup>5</sup> TR-RO-320a.3. Description of approach to managing short-term and long-term driver health risks

# ACCIDENT & SAFETY MANAGEMENT

The commitment to highway safety has yielded outstanding results and recognition for our various companies over the years. The company's combined DOT recordable Crash Rate has declined 47% since 2017 producing superior rankings compared to our peers in the CSA CRASH BASIC.<sup>6</sup>



| DOT Crash Rate per MM (YTD 2019) | Total |
|----------------------------------|-------|
| Consolidated Rate per MM         | 0.69  |



<sup>6</sup> TR-RO-540a.1. Number of road accidents and incidents



Knight-Swift is National Safety Council Road to Zero Coalition Member and a Founding Member of the Alliance for Driver Safety and Security, also known as "The Trucking Alliance."

Proud Sponsors of Truckers Against Human Trafficking.

# ACCIDENT & SAFETY MANAGEMENT

| Safety Measurement System BASIC Percentiles <sup>7</sup> | (1) Unsafe Driving | (2) HOS    | (3) Driver Fitness | (4) Controlled Substances/Alcohol | (5) Vehicle Maintenance | (6) Hazardous Materials Compliance | (7) CRASH BASIC |
|--|--------------------|------------|--------------------|-----------------------------------|-------------------------|------------------------------------|-----------------|
| <b>Average</b>   | <b>22%</b>         | <b>65%</b> | <b>37%</b>         | <b>5%</b>                         | <b>51%</b>              | <b>38%</b>                         | <b>19%</b>      |



Each business has a separate operating authority which means the data is represented as an average of scores for the largest segments including Knight Transportation and Swift Transportation. This reported average value represents 99.5% of the Knight-Swift family of the data. The remaining 0.05% is excluded as immaterial due to the fact that the companies are not reported within the same peer group.

Knight-Swift companies had 16 minor hazardous material cargo incidents resulting in the release, containment, and clean-up of 372 gallons of materials in 2019<sup>8</sup>.

## Activity Metrics

| Code        | Activity Metric                                | Category     | Unit of Measure | Response/Comment   |
|-------------|--|--------------|-----------------|--|
| TR-RO-000.A | Revenue ton-miles (RTM)                        | Quantitative | RTM             | 37,351,870,752   |
| TR-RO-000.B | Load factor                                    | Quantitative | Number          | 87.1% (2019)   |
| TR-RO-000.C | Number of employees<br>Number of truck drivers | Quantitative | Number          | Consolidated Employee Count (2019) = 23,800<br>Consolidated Driver Count (2019) = 17,600 |

<sup>7</sup> TR-RO-540a.2. Safety Measurement System BASIC percentiles for: (1) Unsafe Driving, (2) Hours-of-Service Compliance, (3) Driver Fitness, (4) Controlled Substances/Alcohol, (5) Vehicle Maintenance, and (6) Hazardous Materials Compliance (Data represented for Swift Transportation and Knight Transportation only)

<sup>8</sup> TR-RO-540a.3. (1) Number and (2) aggregate volume of spills and releases to the environment



# WORKFORCE DEVELOPMENT

Our success depends on our ability to attract, retain, and develop a talented and skilled workforce. At Knight-Swift, we do this by offering learning and development opportunities to all employees through our online corporate universities. These learning experience platforms empower our employees with customized learning content designed for their specific needs. Through our universities, we aim to create a culture of continuous learning, where we focus on learning at every stage of an employee’s career journey.

In an effort to build the next generation of leaders, we also create and facilitate customized development programs for our employees, placing an emphasis on people managers and senior leaders. Our talent development work focuses on building high-performing teams that produce results, drive change, and sustain an innovative high-performance culture.

*Over **1,188,438 training courses** were completed by our employees in 2019 on topics including Safety, Regulatory Compliance, Communication, and Workplace Security among others. We also provide Defensive Driving Training and various training programs for drivers with varying degrees of prior experience.*



**30,000+**

The number of learners utilizing our universities in 2019

**989**

The number of self-paced courses available in 2019

**95**

The number of customized development tracks in 2019

**172**

The number of live instructor-led sessions held in 2019



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