Echo Global Logistics

FY2023
ESG Report

ECHO))

Transportation Simplified™

About This Report

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Echo at a Glance

Echo has the clients, carriers, expertise, and financial stability to lead the logistics industry.

Company

$3.6B
Revenue 2023

2,600+
Employees

2019
Began ESG Reporting

Clients

20%+
Fortune 500 Companies

35K+
Active Clients 2023

3.4M
Loads Delivered 2023

Carriers

50K+
Carriers in Network 2023

16K
Loads Moved Every Day

400+
Private Fleet Network

Awards

#1
Inbound Logistics
Top 10 3PL (2017-2023)

12 Years
as a Transport Topics
Top 25 Freight Broker

7 Years
Inbound Logistics
Green Supply Chain Partner

Revenue and employee count include Fastmore and Roadtex entities.

Letter From Our CEO

Our Culture Defines Who We Are

In a year of growth, opportunity, and innovation, Echo Global Logistics continues to move forward, exemplifying our core values, and one in particular: "Carry the Load Together."

Our team continued building on our sustainability initiatives in 2023. We're committed to helping our clients reduce their carbon footprints and foster programs internally to reduce our energy consumption. We look toward the future in finding innovative ways to engage stakeholders on climate change and to reduce and offset our internal carbon footprint.

Echo also continued efforts to strengthen our Diversity, Equity, and Inclusion (DEI) initiatives, from how we support and promote our Business Resource Groups to encouraging inclusivity through engagement. DEI is a way of seeing and engaging with the world, and as such, we detail these efforts as part of our 2023 ESG report.

Being together in a shared workspace encourages us to strive for better, leads to greater collaboration and cohesion, and helps us maintain our award-winning culture – a key component to our success. In 2023, we began refreshing our headquarters in downtown Chicago, creating a new and enhanced workspace. The updated office allows us to continue pursuing our goals of team building, mentorship, training, and collaboration.

Our company is guided by Echo's values, which encourage all of us to work hard, go farther, do better, and support one another in the workplace, in our client and carrier partnerships, and in the global community. We hope you find this report insightful.

Sincerely,

Doug Waggoner
Chief Executive Officer

Doug Waggoner
CEO

Materiality and Relevant Topics

Identifying the material issues for investors and other stakeholders is crucial to managing ESG risks and opportunities. We recognize the importance of ESG issues for our operations and our external stakeholders, including clients, carriers, and investors. As part of our first ESG report, we undertook a comprehensive materiality analysis to identify and prioritize key ESG issues.

We considered sector-level materiality to identify all issues relevant to companies that operate in the associated sectors. We identified these themes using standards from the Sustainability Accounting Standards Board, investor trend review, and an analysis of peer organizations.

We further refined the material issues based on discussions with selected stakeholders, including management, employees, clients, carriers, and external parties. The fundamentals of the materiality assessment still hold true and continue to align with our core values.

Echo Global Logistics ESG Materiality, FY2023

Environmental
· Climate Change
· Greenhouse Gas (GHG) Emissions

Social
· Diversity, Equity, and Inclusion
· Employee Engagement and Development
· Employee Well-Being

Governance
· Governance Structure
· Ethics and Behavior
· Data Security
· Business Continuity

Environment

Echo acknowledges that climate change is one of the major challenges of our time. As a leading 3PL, we're in a unique position to influence behaviors that can drive positive change. Our systems allow us to track and report our clients' carbon footprint and provide opportunities to use SmartWay-certified carriers. Our key environmental initiatives include minimizing the effects of climate change and reporting Greenhouse Gas (GHG) Emissions.

Climate Risks and Opportunities

Echo assessed climate-related risks by using the Task Force on Climate-Related Financial Disclosures' recommendations. In assessing the risks, Echo considered transition and physical risk factors. These are captured together as risks and related opportunities. These risks are included in our risk register and are assessed on an ongoing basis.

	Climate Change Risks	Potential Effects
TRANSITION	**Policy and Legal**	
	- Increased regulations on reporting obligations - Increased regulations on carriers, reducing capacity	- Increased compliance costs - Increased operational costs, driven by reduction in supply, and higher operating costs for carriers
	Technology	
	- Costs to transition to lower emissions technology - Unsuccessful investment in new technologies	- Increased costs in converting to energy-efficient products, such as cloud servers and energy-efficient equipment - Increased capital investments in new technology development
	Market	
	- Customer change in preference to use low-emission carriers - Investment decisions that are based on climate risk management	- Increased costs of operations in using "Green" carriers - Opportunity cost on lost investments due to a lack of focus on climate risk management
	Reputation	
	- Enhanced expectation from clients to comply with their climate risk management approaches - Inability to attract top talent due to climate risk reputation	- Reduced revenue for services due to Echo being unable to comply with clients' requirements - Reduced revenue due to effects on workforce management
PHYSICAL	**Acute**	
	- Failure of data centers from climate-related events - Inability to serve clients because of extreme weather	- Reduced revenue from not being able to fulfill service requirements - Increased costs in re-establishing data center and rebuilding data - Reduction in revenue due to inability to service clients
	Chronic	
	- Extreme heat, variability in precipitation, variable temperature, and water stress could affect several key consumer industries, resulting in reduced shipping needs	- Reduction in revenue due to reduced demand for services

Operational Greenhouse Gas Emissions

Echo identifies GHG Emissions in line with the Greenhouse Gas Protocol, an international corporate accounting and reporting framework developed by the World Resources Institute and the World Business Council for Sustainable Development. The Greenhouse Gas Protocol differentiates between direct and indirect emissions using a classification system across three scopes:

- **Scope 1** covers direct emissions from sources that Echo owns or controls. As a non-asset-based 3PL, Echo's direct emissions are focused on its office operations.

- **Scope 2** covers indirect emissions relating solely to the generation of purchased electricity, heating, and cooling. Scope 2 emissions are reported in a market-based approach in alignment with the latest GHG Protocol guidance.

- **Scope 3** covers other indirect emissions related to all other company activities.

Key indicators reported include total Scope 1 and 2 emissions as well as electricity and natural gas use. Although Echo doesn't provide Scope 3 reporting here, we look forward to adding this level of reporting in the future.

Our Environmental Impact

Emission Scope	Emission Source	Emissions (MT CO2e)
Scope 1	Refrigerants	74
	Natural gas	225
Scope 2	Electricity (purchased)	1,451
TOTAL		1,750

Environmental reporting is for Echo only and doesn't include analysis of Fastmore and Roadtex entities.
In performing its GHG Emissions analysis, Echo relied on actual data and, when reliable data wasn't available, emissions were estimated from occupied square footage of its facilities.

Echo Scope 1 and 2 (Market-based) Emissions Breakdown

Scope 2 (83%)

Scope 1 (17%)
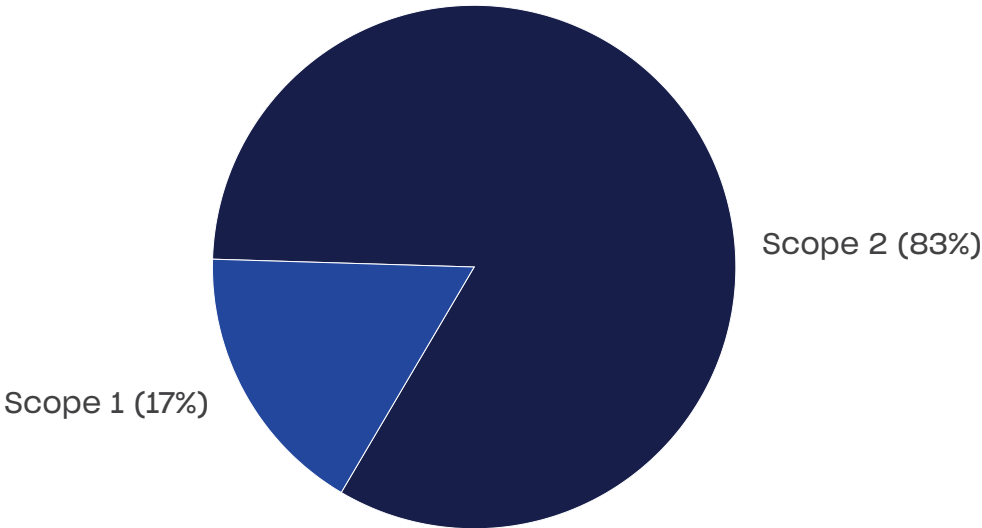
Emissions by Source (MT CO2e)

Electricity (83%)

Natural Gas (13%)

Refrigerants (4%)
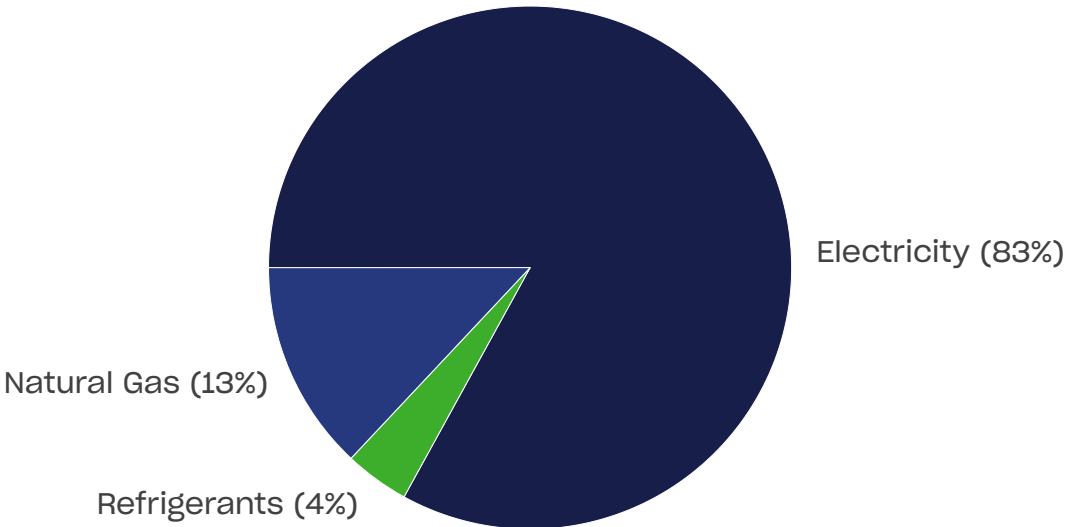
Environmental-Focused Programs

We've integrated several environmentally focused programs within our ongoing operations. These programs are designed to protect and enhance the environment in the communities in which we operate and ensure our operations don't place undue stress on the natural environment or on the communities.

ISO 14001:2015

Echo's Chicago-based headquarters is certified to the ISO 14001:2015 standards and maintains an integrated quality system. We set environmental objectives that are designed to enhance our performance and meet our compliance obligations. Through the ISO programs framework, we've reduced office waste, reduced the use of single-use cups, and enhanced our recycling programs. Additionally, our headquarters improved ventilation processes with a switch to electrically powered heating systems which are an alternative to natural gas.

Use of SmartWay-Certified Carriers

Echo's commitment to using SmartWay-certified carriers has prevented approximately 38,270 metric tons of carbon dioxide emissions from polluting the environment.

U.S. Environmental Protection Agency's (EPA's) SmartWay® Partnership

Echo participates in the EPA's SmartWay Transport Partnership program to measure, benchmark, and improve its environmental footprint. Echo supports relationships between our carrier network, shippers, and SmartWay. Echo actively encourages its carriers to register with SmartWay. We're committed to SmartWay's goal of assisting freight shippers, carriers, and logistics companies to help improve fuel efficiency and save money.

EcoVadis Score Improvement

Echo continues to participate in EcoVadis' sustainability assessment. EcoVadis is a globally recognized provider of business sustainability ratings based on four key categories: Ethics, Environment, Labor & Human Rights, and Sustainable Procurement. We're proud to say that in 2023, our overall score improved, including an increase of 20% in the ethics category and 50% in sustainable procurement.

Social

We've always believed that our employees are our greatest asset. Our teams are resilient, high-performing, and support one another, allowing for the creation of a positive workplace environment. While our logistics technology brings unmatched visibility and predictability to supply chains, our technology would be nothing without the people behind it. We hire the best in the business and have formed a team of enthusiastic, expert logistics professionals.

Echo Recognized as a Best Place to Work

Newsweek's Most Trustworthy Companies in America 2023

Echo was named one of Newsweek's Most Trusted Companies in America in the Transport, Logistics & Packaging category. This award demonstrates Echo's commitment to our clients, carriers, and our employees in establishing trust throughout all aspects of our business.

2023 Best and Brightest Companies to Work For®

For the 10th year, Echo was named as one of the Best and Brightest Companies to Work For. The National Association for Business Resources recognizes companies that demonstrate a steadfast commitment to their employees, as identified in their human resources practices.

Rewarding Our Employees

Compensation

We continue to invest in our incentive compensation programs to promote healthy business outcomes. We partner with multiple benchmarking and compensation survey companies to ensure we remain competitive in the marketplace and fair in how we treat our employees.

Benefits

Continued investment in our benefits portfolio has proved to be important for employee engagement and retention. In 2023, Echo continued to provide top-tier employee medical coverage at market-competitive rates, as well as a 401(k) program with a robust employer match. Echo's benefits portfolio focuses on all aspects of employee wellness. We've implemented programs to give employees access to child and home care, pet insurance, and wellness platforms. These benefits help our employees perform their best at home or at the office.

Employee Recognition

Our companywide employee recognition platform allows managers and staff to send shoutouts and points to one another. From January to December 2023, our team sent 20,769 shoutouts.

Continuous Learning

Training

We continued to expand our best-in-class training programs for sales and operations throughout the year. Topics included understanding the third-party logistics (3PL) industry, client service best practices, sales methodology, and Echo as a whole. All new hires in client and carrier representative roles participate in at least seven weeks of training, followed by three to five months of continuing education and mentorship. All new hires in operations receive four weeks of intensive training, followed by two to three months of continuing education.

Mentoring Program

In 2023, we continued our mentorship program in which we matched employees with senior leaders to establish mentor/mentee relationships. We encouraged participants to meet monthly with their mentors to ask questions, discuss career growth, address development gaps, and learn from senior leaders. Participants gave an 85% approval rating in a post-program survey.

Emerging Leaders

This yearlong program included workshops and engagement activities that helped employees improve their leadership skills. Participants met monthly to participate in engaging, interactive workshops and access exclusive, tailored content.

Learning and Development Offerings

We're always looking for ways to support inclusive and unbiased career development. To do this, we offer a selection of workshops that cover topics such as listening with empathy, performance coaching, and unconscious bias, among others.

Diversity, Equity, and Inclusion

Our Mission

We drive our business forward by creating an environment where everyone can thrive. We're committed to a thoughtful and comprehensive DEI approach that attracts people to work for us, buy from us, and partner with us.

Our Approach

DEI at Echo is an ongoing learning journey that challenges our beliefs, assumptions, and processes. This learning journey gives us a new way of seeing and engaging with the world and allows us to step outside of our comfort zones and gain new perspectives. We all have something to offer. We all have something to learn.

Our Framework

Echo's R.I.D.E. (Results through Inclusion, Diversity, and Equity) Framework provides a structured approach to achieving business results through DEI. It also helps ensure our workforce reflects our community, and is accessible and inclusive.

Our Business Resource Groups (BRGs)

BRGs are important because they provide a supportive community for employees who share common interests, backgrounds, and experiences. Our five BRGs play a vital role in creating a culture of belonging by offering networking opportunities, professional development resources, and a platform for meaningful discussions. In addition to the numerous events our BRGs host throughout the year, we held a companywide BRG fair to showcase all of our BRGs. This event allowed the BRGs to share their achievements with fellow employees and to attract new members. Each BRG did a fantastic job highlighting its mission, accomplishments, and opportunities for involvement. Attendees had the opportunity to win cool prizes and connect with BRG members, teammates, and senior leaders.

In Our Community

In 2023, our BRGs led community outreach, allowing members to partner with community organizations to elevate groups through sponsorship and volunteer activities. Highlights include:

Pride – Echo Pride sponsored an ice cream fundraiser for Brave Space Alliance, an organization on Chicago's South Side, that creates and provides resources for LGBTQ+ individuals.

Multi-Ethnic Resource Group for Everyone (M.E.R.G.E.) – For another year, M.E.R.G.E. participated in a winter coat drive with the Hanover Township Foundation, a Chicago-area nonprofit that supports families in need. In the warmer seasons, M.E.R.G.E. collected donations for the St. Matthew United Methodist Church food pantry to help feed children throughout the summer.

Women at Echo – Women at Echo became an Official WISE (Women Impacting Supply Chain Excellence) Industry Partner. Women at Echo also continued its partnership with Women in Trucking. In addition to submitting yearly data for the WIT Industry Index, Women at Echo hosted a booth at WIT's annual Accelerate conference in Dallas and was an event sponsor. Echo received a WIT Top Companies for Women to Work award and hosted a pre-conference "Advocating for Yourself" workshop and panel.

Echo Families – Echo Families connected with the Honeycomb Project, a Chicago-based nonprofit aggregator that partners with local nonprofits on volunteerism opportunities for participants of all ages and abilities. Chicago employees, their family members, and the Honeycomb team spent a day creating blankets, board books, and a handful of puzzle/activity books for patients at Lurie Children's Hospital of Chicago.

Military – Echo's Military BRG hosted a book drive and donated more than 100 books to Genesis Women's Shelter. Genesis provides shelter, safety, and support for women and children who have experienced domestic violence and raises awareness regarding its cause, prevalence, and impact.

Echo team members volunteer at Chicago Urban Farm.

EchoGives

Our annual charitable campaign allows employees to donate to nonprofits of their choice. In conjunction with Echo match, our team continues to give substantial donations to charities locally and across the country. In 2023, employees donated to more than 53 charitable organizations, including Autism Speaks Illinois, Boys & Girls Clubs of America (BGCA), and the NAACP Legal Defense and Educational Fund.

Supplier Diversity

Echo's Supplier Diversity Committee continued to work toward the company's goals of fostering inclusive procurement practices and reducing barriers to develop sustainable relationships with its suppliers, including small and minority/veteran-owned businesses. In 2023, Echo partnered with Supplier Gateway, a leading platform and information management company that assists global companies in managing their supplier networks and procurement processes. Through our work with Supplier Gateway, we've identified new and existing suppliers that are small businesses and/or minority-/veteran-owned.

Talent Acquisition

Echo continues to build a diverse workforce and talent pipeline so that our workplace represents the communities around us. Recent diverse recruiting practices include:

- Sourcing candidates from nontraditional recruiting sources

- Leveraging diversity-focused sourcing technology and techniques to improve diversity of candidate slates

- Introducing unconscious bias and diversity-sourcing training to assist recruiters

- Standardizing the interview process and interview questions to mitigate bias

- Leveraging BRGs to increase future referrals

- Championing BRG and DEI initiatives in our general recruiting efforts on LinkedIn

- Attending military hiring events and starting a partnership with Transition Assistance Program on military bases to recruit those transitioning out of the military

Social Metrics

Echo's company culture is what makes us who we are. We continually gain recognition for our engagement and workplace environment from the logistics industry and from our employees. We remain committed to continuously providing our team with the tools they need to succeed, including training, representation, and support.

Metric	2020	2021	2022	2023
Number of Employees	2,571	2,422	2,500	2,385
Number of New Hires	611	793	715	342
Overall Hours of Training Provided	101,369	140,864	135,724	68,458
Training Hours Per Employee*	39	58	54	29
Voluntary Turnover Rate for Employees	14%	26%	20.2%	13.3%
Involuntary Turnover Rate for Employees	7%	3%	3.2%	5%
Percentage of Employees Earning At Least Minimum Wage	100%	100%	100%	100%

*We conduct substantial training for all newly hired employees, and because we did not hire as many employees in 2023 as in previous years, the training hours reflect that reduction.

Governance

We recognize the importance of ethical conduct and reliable governing practices. Our leadership team emphasizes these principles as a daily model and conveys their importance to our business philosophy.

One of Echo's core values, "Do What's Right," embodies the concept of operating ethically and in compliance with all laws applicable to our business.

Echo's employee code of conduct provides guidance on key issues such as conflicts of interest, fair dealing, the Foreign Corrupt Practices Act, and intellectual property protection. Our Human Resources Department disseminates, maintains, and updates the code of conduct.

We introduced our ESG Steering Committee in 2020. The committee assesses climate-related risks and opportunities, health and safety, corporate social responsibilities, and related matters. Since then, the committee has added new members to its cross-functional team and expanded its focus.

Cybersecurity and Data Privacy

Cybersecurity and data privacy are critical to Echo, our employees, clients, carriers, and other third parties. Echo's cybersecurity teams report directly to the Chief Information Officer and are responsible for the day-to-day security of Echo's network, data, endpoint, and application security. Responsibility for data privacy is shared between our IT and Legal departments.

Echo maintains a robust security policy that our leadership reviews annually. This policy has provisions for acceptable use, access control, antivirus, disaster recovery, incident response, security management, firewall/network security, passwords, physical security, risk assessment, auditing, and security education and awareness. We recognize employees are at the heart of Echo's security and privacy posture and provide appropriate security and data handling training at the beginning of their Echo careers and annually thereafter.

We evaluate security risks regularly. Our team also maximizes the annual Echo Cybersecurity Risk Management program, which is aligned with the U.S. National Institute of Standards and Technology's framework. Additionally, Echo regularly and actively tests our security procedures to ensure we manage and mitigate new threats properly. Ongoing risk evaluation and active security testing allow us to continuously mitigate potential threats to our enterprise.

Whistleblower Hotline

Echo's anonymous hotline gives employees, clients, carriers, and other third parties a forum to express concerns or report issues of impropriety.

Metric	2019	2020	2021	2022	2023
Number of Confirmed Incidents of Corruption, Fraud, or Bribery	None	None	None	None	None
Number of Confirmed Incidents of Noncompliance with Laws or Regulations	None	None	None	None	None

Appendix

SASB Reference Table			
SASB Code	**Topic**	**Accounting Metric**	**Cross-Reference or Answer**
General Information			
Metrics & Targets	General Information	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	Environmental Section
SASB - TR-AF-110a.1	Greenhouse Gas Emissions	Gross global Scope 1 emissions (metric tons CO2e)	Environmental Impact Table
SASB - TR-AF-110a.2	Greenhouse Gas Emissions	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emission reduction targets, and an analysis of performance against those targets	Environmental Impact Table
SASB - TR-AF-110a.3	Greenhouse Gas Emissions	Fuel consumed by (1) road transport, percentage (a) natural gas and (b) renewable, and (2) air transport, percentage (a) alternative and (b) sustainable	Environmental Impact Table
SASB - TR-AF-120a.1	Air Quality	Air emissions of the following pollutants (1) NOx (excluding N2O), (2) SOx, and (3) particulate matter (PM1O)	Environmental Impact Table
SASB - TR-AF-310a.1	Labor Practices	Percentage of drivers classified as independent contractors	N/A
SASB - TR-AF-310a.2	Labor Practices	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	Tracked but not externally reported
SASB - TR-AF-320a.1	Employee Health & Safety	(1) Total recordable injury rate and (2) fatality rate for (a) full-time employees and (b) contract employees	N/A
SASB - TR-AF-430a.1	Supply Chain Management	Percentage of carriers with BASIC percentiles above the FMCSA intervention threshold	N/A
SASB - TR-AF-430a.2	Supply Chain Management	Total greenhouse gas (GHG) footprint across transport modes	Environmental Impact Table
SASB - TR-AF-540a.1	Accident & Safety Management	Description of implementation and outcomes of safety management system	N/A
SASB - TR-AF-540a.2	Accident & Safety Management	Number of aviation accidents	N/A
SASB - TR-AF-540a.3	Accident & Safety Management	Number of road accidents and incidents	Tracked but not externally reported
SASB - TR-AF-540a.4	Accident & Safety Management	Safety measurement system BASIC percentiles for: (1) unsafe driving, (2) hours-of-service compliance, (3) driver fitness, (4) controlled substance/alcohol, (5) vehicle maintenance, and (6) hazardous material compliance	N/A
SASB - TR-AF-000.A	Activity Metrics	Revenue ton kilometers (RTK) for: (1) road transport and (2) air transport (see NOTE 1)	N/A
SASB - TR-AF-000.B	Activity Metrics	Load factor for (1) road transport and (2) air transport (See NOTE 2)	N/A
SASB - TR-AF-000.C	Activity Metrics	Number of employees, number of truck drivers	2,385 employees; 0 truck drivers

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