



# 2024 Kenco Sustainability Report

Published: September 2024



# CEO Letter

Friends, Customers, and Future Partners,

As we chart our course toward a greener future, I am pleased to present Kenco's Inaugural Sustainability Report. This report reflects our passion for logistics, our commitment to environmental stewardship, and our dedication to our people.

At Kenco, we recognize the importance of integrating sustainable practices into our operations and solutions. Our advanced technologies benefit our customers while also helping us reduce our environmental footprint and address the broader impacts of our operations. Our team is at the heart of our success. From developing innovative solutions to adapting to supply chain trends, our associates' commitment to efficiency and responsible practices not only promotes operational excellence but also advances our sustainability goals. They create seamless connections that keep operations running smoothly, respond swiftly to unexpected challenges, and ensure your goods reach their destinations efficiently, ultimately working towards a more sustainable and prosperous future for all.

Sustainability is central to our mission of becoming the most trusted and preferred supply chain partner for our clients. We approach sustainability systematically, managing our practices and addressing our impacts with the same rigor we apply to our customer solutions. The dedication of our associates, our spirit of innovation, and our focus on customer satisfaction are the pillars of our success. Together, we are shaping the future of logistics with creativity, care, and an unwavering commitment to making a positive difference.

We invite you to join us on this journey as we build lasting relationships, deliver scalable solutions, and work together towards a more sustainable future for all.

With warm regards,

**Denis Reilly**

*President and CEO, Kenco*



# About This Report

Kenco defines sustainability to be inclusive of ESG (Environmental, Social, and Governance) topics, integrating sustainable business practices to foster safe and healthy workplaces and communities, environmentally-responsible operations, and long term economic growth.

Kenco has aligned our sustainability efforts with the United Nations Sustainable Development Goals (UN SDGs), which is reflected throughout the rest of this report. Outlined below is the full list of UN SDGs, and the principal UN SDGs that align with our efforts are identified within each section of this report.



# About Kenco

Our **mission** is to be our clients' most trusted and preferred supply chain partner.

Our **vision** is to innovate relentlessly, delivering integrated logistics solutions on a national scale with the attention of a local partner.

Our **purpose** is to empower our team members to proudly serve our clients by delivering excellence every day.



Kenco's strategic portfolio of integrated logistics solutions includes:

- Distribution and eCommerce fulfillment
- Comprehensive transportation management
- Material handling equipment (MHE) fleet services
- Engineering and innovative, data-driven supply chain solutions

Consumer Packaged Goods

Durable Consumer Goods

Food and Beverage

Industrial

Life Sciences

Retail and eCommerce

Technology and Electronics

We are proud of our many accomplishments and awards as we continuously strive to fulfill our mission.



# Kenco's Sustainability Strategy

**At Kenco, we are committed to enabling sustainable development within our company and the logistics industry.**

We appreciate the responsibility we feel as an organization to foster healthy and engaged workspaces, support our local communities, ensure ethical business practices, and embed environmental stewardship across our operations.

We recognize the impacts our business can have on people and the environment, and we are focused on leveraging innovative solutions to drive sustainable objectives. Through creative collaboration, we thoughtfully engage our stakeholders to deliver intentional and meaningful strategies that will support social well-being, environmental awareness, and holistic economic growth across supply chains.

Kenco considers relevant internal and external stakeholders to include employees, customers, suppliers, investors, and our communities. A materiality assessment was conducted in 2024, aligned with reputable sustainability frameworks, the SASB Standards, the Global Reporting Initiative (GRI), and the UN SDGs, and the process consisted of:



**Kenco identified the following significant environmental, social, and governance (ESG) material topics for our organization and our stakeholders:**

ENVIRONMENTAL	SOCIAL	GOVERNANCE
Greenhouse Gas and Energy Management	Diversity, Equity, and Inclusion	Business Ethics and Integrity
Environmental Compliance	Workforce Health and Safety	Data Privacy and Data Security
Waste and Water Management	Employee Engagement and Development	Critical Incident Risk Management

These material topics will be the cornerstones of ongoing ESG strategies and initiatives for Kenco.

Furthermore, we have a dedicated ESG Steering Committee, comprised of cross-functional executives and business leaders, to provide strategic oversight. In addition, Kenco has a Sustainability Manager focused on operationalizing sustainability throughout the organization.

6 CLEAN WATER  
AND SANITATION



12 RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



13 CLIMATE  
ACTION



# Environmental



# Environmental

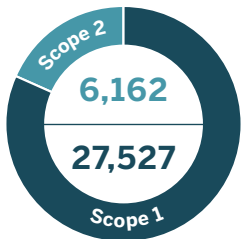
## GREENHOUSE GAS EMISSIONS AND ENERGY MANAGEMENT

At Kenco, we are continuously upgrading our own vehicles and material handling equipment to more efficient technologies, and where feasible, minimizing carbon-intensive operational practices. Some of which include:

- Aerodynamic equipment to enable more fuel-efficient operations.
- Minimization of certain fuel sources (e.g., propane) in equipment, moving to more efficient alternative equipment, such as our electric (including lithium) forklifts. A 2024 review indicated 82% of Kenco's material handling equipment (MHE) utilized in our warehousing operations is electric.
- Minimizing the transportation of empty trailers ("deadheading")



### Kenco 2023 Emissions\* (Metric Tons of CO<sub>2</sub>-e)



Kenco's 2023 Scope 1 and 2 greenhouse gas (GHG) emissions were calculated utilizing electricity, natural gas, diesel, gasoline, and propane data.

We are currently working with a third-party provider to collect more robust carbon emissions data to expedite our Scope 1 and 2 emission calculations, as well as identify locations with potential emissions reduction opportunities.

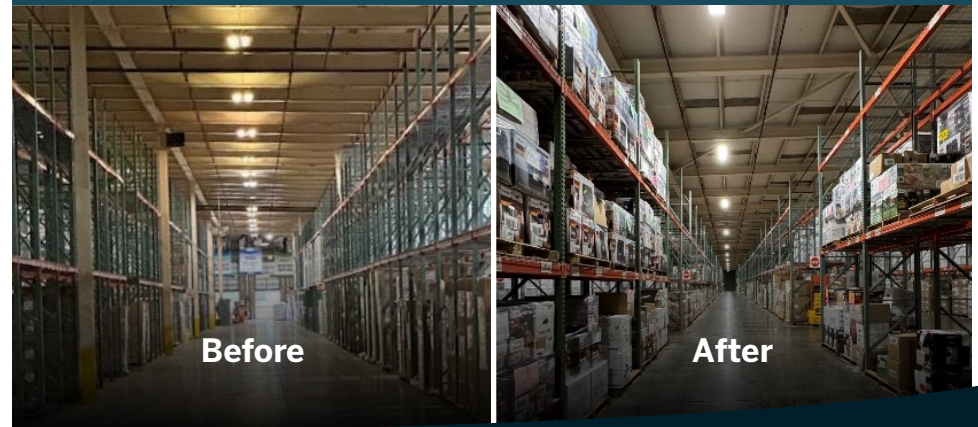
### Kenco is a certified EPA SmartWay Transport Partner, helping our customers create more efficient and environmentally friendly transportation solutions and reduce transportation-related emissions. In addition, we have annually been awarded as an **Inbound Logistics Top 75: Green Supply Chain Company** since this award's inception in 2011.



\* Utility-related emissions were estimated based on a small sample size of facility-specific utility data

### In 2023, we conducted a lighting survey that identified 75% of our leased and operated warehouses already have LED fixtures.

Our goal is to utilize LED lighting at 80% of our leased warehouses by 2026. We are currently conducting upgrades and retrofit assessments across remaining facilities, including a recent LED upgrade at one of Kenco's facilities in Chattanooga, TN.



# Environmental

## Environmental Compliance

**We monitor and adhere to applicable laws and environmental regulations, such as stormwater pollution prevention and proper hazardous material handling.**

At applicable locations, associates participate in comprehensive and interactive training curricula that address specific compliance requirements such as Hazard Communication, DOT (HAZMAT), stormwater management, hazardous waste (RCRA), and oil discharge prevention (SPCC).

## Waste and Water Management

**Kenco has implemented several initiatives to reduce our waste to landfill. Our waste reduction strategies include:**

- Implementing recycling programs at warehouse facilities.
- From 2022 to 2023, installing monitoring devices on compactors and dumpsters to optimize trash collection when full, which resulted in an 18% reduction in waste to landfill and a 17% reduction in the number of collection events across such facilities.

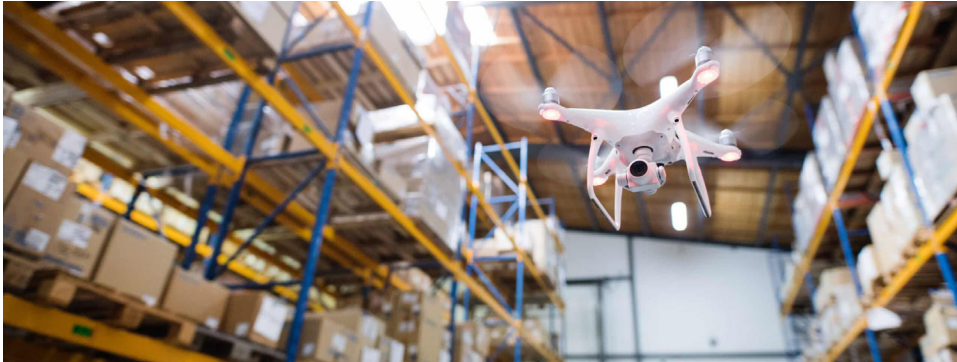
**In 2023, Kenco was able to divert 20% of total waste from landfills, a 39% increase from the previous year.**

We approach water conservation at our facilities by exploring opportunities to minimize consumption through water efficient appliances and fixtures. We are also finalizing the implementation of a solution with a third-party provider to monitor our water usage to identify additional reduction opportunities in the future.





# Environmental



## Innovative Services

**Successful sustainable development rests on the capacity for innovation.** We continuously research new technologies for increased safety, ergonomic, and eco-friendly solutions, while also considering efficiency and economic value for our customers.

## Innovation Lab

**Kenco's Innovation Lab is a 10,000 square foot space, dedicated to researching, testing, vetting, and designing novel supply chain technologies and ideas in a controlled setting, such as:**

<b>Autonomous Mobile Robots (AMRs)</b>	Increases efficiency and reduces energy consumption
<b>Ergonomic technologies (e.g. exoskeletons)</b>	Supports associates' physical health
<b>Drones</b>	Increases efficiency and reduces emissions resulting from tedious inventory management
<b>Kenco Spotlight</b>	Promotes employee engagement through a proprietary mobile application

## Proprietary Carbon Footprint Calculator Tool

**Kenco developed a tool to measure the carbon footprint of our customers' warehouse operations, utilizing the following major emissions contributors:**

<b>Lighting</b>	<b>Material Handling Equipment</b>
<b>Other Warehouse Devices</b>	<b>Office Equipment</b>
<b>Breakroom Appliances</b>	<b>Waste</b>
<b>Heating</b>	<b>Cooling</b>

The proprietary tool is used to analyze current operations, provide guidance for greenfield location comparisons, and support analysis for abstract/potential scenarios.



3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



# Social



## DIVERSITY, EQUITY, AND INCLUSION

Kenco's strategic diversity, equity, and inclusion (DEI) Council oversees our DEI program and policy, focused on promoting DEI at all levels and embracing diverse perspectives amongst our employees.

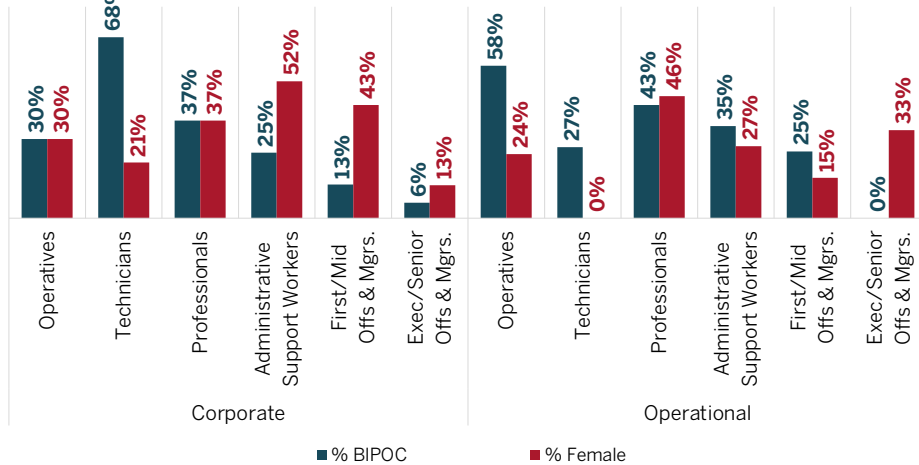
All Kenco employees take part in annual DEI training that provides awareness on unconscious biases, and emotional intelligence, and promotes our inclusive culture and a sense of belonging.

**50% of Kenco employees are ethnically diverse**

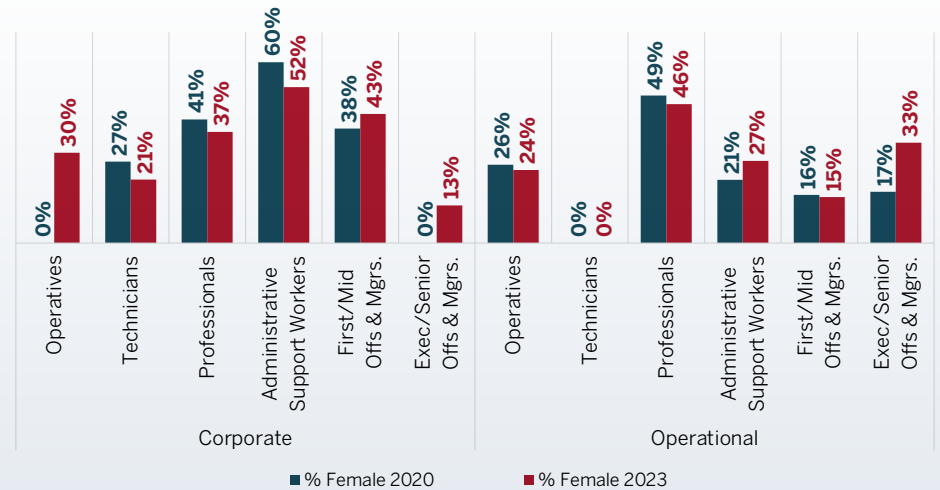


We aim to increase the number of females and Black, Indigenous, and People of Color (BIPOC) in everyday operational roles and leadership positions. We remain committed to this goal through active engagement with our talent and recruitment teams.

Diversity by Kenco Job Grouping<sup>1</sup>



Percent Female by Kenco Job Grouping - Trend<sup>1</sup>



Since 2020, we have increased the percentage of females in various leadership roles, including Lead, Operations Supervisor, General Manager, and Director positions, as shown above.

1. Data is as of 8/1/2023

# Social

Our Employee Resource Groups (ERGs) help foster a positive and inclusive workforce by supporting, advocating, and educating our employees.



## Our Veterans' ERG - HEROES (Honor, Empower, Resource, Outreach, Engagement, Service)

**Mission:** Facilitate focused, positive interactions amongst our veterans & those interested in or involved with the military community.



## Kenco Women Igniting Change

**Mission:** Cultivate & sustain an environment where women thrive at Kenco through connection, development, and discussion.



## Leveraging Inclusion for Transformation

**Mission:** Foster a diverse, inclusive workforce that fully represents all cultures, backgrounds, & viewpoints.



# Social

In honor of Autism Acceptance Month, our ERGs collectively organized a session with over 50 participants to promote awareness and acceptance of autism, where employees were able to share personal stories, participate in educational sessions, and discuss how to support neurodivergent individuals in the community and workplace.

The event raised money for the Chattanooga Autism Center.



## WORKFORCE HEALTH AND SAFETY

At Kenco, we are guided by a set of principles and core values in how we do business, treat our associates, and serve our customers with the health and safety of everyone on our team being of the utmost importance.

We are committed to achieving safety excellence and fostering an environment where associates are engaged and empowered through safe working habits, where incidents and injuries are prevented, and where every associate returns home to their loved ones, injury-free.

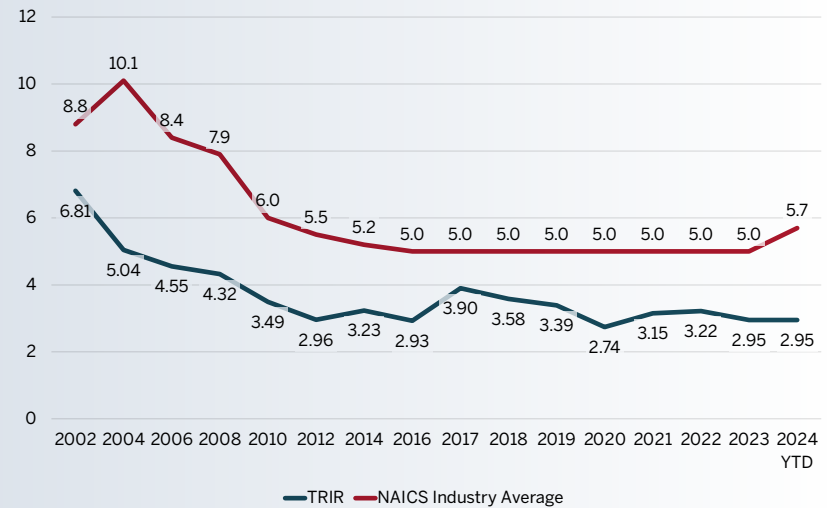
We demonstrate this commitment through:

- 100% active safety engagement in Kenco Spotlight
- Promoting safety leadership through our network of Safety Advisors and Advocates
- Supporting safety committees and teams at all locations
- Building a more robust Kenco Safety Management System, KSMS
- Continuously learning and improving through employee led learning teams

**The result is that Kenco leads with a culture of safety that consistently outperforms the warehousing industry in both leading engagement metrics and OSHA incident rates.**

For over 20 years, we have outperformed the industry average for Total Recordable Incident Rates (TRIR).\*

### OSHA Incident Rate Vs. Industry



**For 2023, we had a Total Recordable Incident Rate (TRIR) of 2.95, below the industry average of 5.5.\***

\* Bureau of Labor Industry Average for Warehousing and storage (NAICS Code 493)

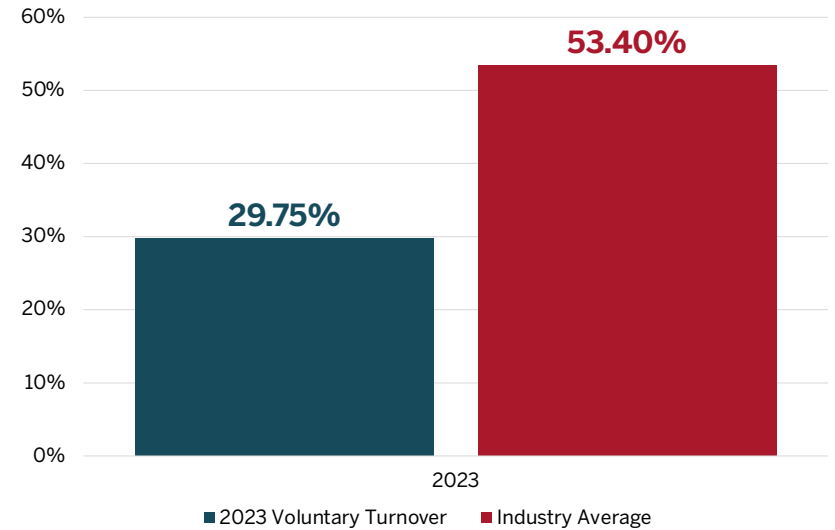
## EMPLOYEE ENGAGEMENT AND DEVELOPMENT

**Kenco's teams and associates are the reason that we can consistently meet and exceed our customers' needs.**

To attract top talent, we partner with universities, such as University of Tennessee Knoxville, in addition to recruiting firms. Once hired, employees have the opportunity to participate in:

- The First Year Experience (FYE) program, which supports achieving onboarding success through:
  - Standardization of onboarding material and New Hire Welcome Kits
  - 30/60/90-day feedback surveys and Gallup Onboarding Surveys
- Engagement with Kenco Connectors (Peer-to-Peer Buddy)
- Leadership and mentorship programs, such as our Leadership Essentials training, a two-day experience that allows participants to explore the tools necessary to overcome leadership challenges

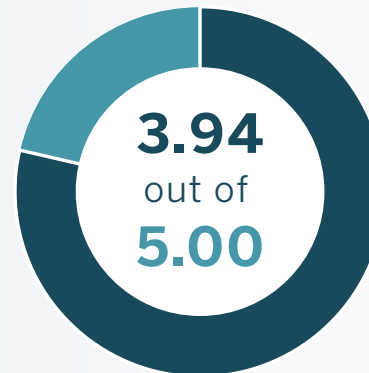
### Voluntary Turnover\*



**We continuously track our employees' satisfaction through routine pulse and annual surveys.**

Once an annual survey is complete, each location will appoint a site leader, generally a Human Resources team member or a supervisor who will serve for a one-year term. This leader helps guide the site to review the survey results and take actionable measures to improve, including developing an Impact Plan with smart goals.

### 2023 Gallup Employee Engagement Rating<sup>1</sup>



\* Per 2022 Bureau of Labor Industry Average for Warehousing and storage (NAICS Code 493). 2023 Industry Benchmark data was not available as of the publication of this report.

<sup>1</sup> Gallup Employee Engagement rating measures employee engagement across 12 different categories.

# Social

## COMMUNITY ENGAGEMENT

At Kenco, we are committed to supporting our local communities and encouraging our team members to contribute to local organizations.

Along with corporate partnerships with charitable organizations, sites across Kenco's network of operations further support local non-profits within their communities.

In addition to supporting over 40 charitable organizations, our formal company-wide focus is United Way and the Feeding America Network.



## 2023 COMMUNITY CONTRIBUTION BY THE NUMBERS



1,800

Volunteer Hours



2,429

Team Member Volunteers  
or Contributors



\$36,000

employee-raised donations  
for local charities

17 PARTNERSHIPS  
FOR THE GOALS



# Governance

The Kenco Operating System  
is our framework for driving  
business excellence at scale.



Kenco has been ranked an operational  
excellence since it was founded and is  
well ahead of many companies in this  
area. The Kenco O/S model is one of the  
most well-documented best operating  
systems I have ever seen.

—Dr. Jeffrey Liker  
University of Michigan Professor and  
Director of the Toyota Way





# Governance

## BUSINESS ETHICS AND INTEGRITY

**Kenco's Ethics and Honesty Code of Conduct policy guides our employees' actions and decisions to act with integrity, as we endeavor to conduct our business with transparency, honesty, and respect.**

We also maintain an anonymous ethics reporting line where employees have the opportunity to voice any concerns about a potential complaint.

## DATA PRIVACY AND DATA SECURITY

Our focus on data privacy and broader information security practices are critical to both Kenco's and our customers' operations. Our Privacy Policy describes Kenco's practices related to the collection of consumer personal information and our commitment to protect the privacy and security of this personal information.

We maintain the following practices and policies to prevent and mitigate potential data security issues.

- Robust policies, including an Information Technology (IT) Patch Management Policy, IT Security Policy, Approved Software List Policy, Remote Access Policy, and an Incident Response Plan.
- Cloud storage and controls, maintained through hosting providers with advanced security measures.
- Restrictions on employees' access to sensitive information. Access is granted based on application or role.
- Risk assessments and vulnerability scans based on recognized frameworks and standards (e.g., NIST CSF, CIS Controls).
- A cross functional team of IT, Risk, Legal, and Finance professionals regularly meeting to discuss ongoing and emerging threats and continuous assessment to address these cyberthreats.
- Annual security awareness training required for all employees.
- Periodic random and targeted phishing attack simulations on Kenco associates.

## CRITICAL INCIDENT RISK MANAGEMENT

Our risk management practices include:

- Dedicated Risk Management department supporting our operations through EH&S programs and training, comprehensive risk assessment and mitigation strategies (including operational and weather/climate risks), advanced security systems and protocols, and all other matters relating to operational risk management.
- Third-party disaster and environmental restoration providers for significant disruptions (e.g. weather events impacting distribution locations).
- Business continuity plans tailored to applicable sites and operations.



During the COVID-19 pandemic, Kenco adjusted continuity plans and practices, including navigating ongoing Federal and State guidelines, supplementing our affected operation's labor force with employees from other Kenco locations and staffing partners, and distributing appropriate PPE nationwide to Kenco's essential workers. **As a result of our robust efforts, we received a 60.3 on our Net Promoter Score at the end of 2020 (>35 is considered "Excellent" for the Business-to-Business industry"), further emphasizing our business resilience during the pandemic.**

# The Future of Sustainability at Kenco

Looking ahead, Kenco remains committed to helping our customers achieve their economic, environmental, and social responsibility goals while continuing to advance our own sustainability strategy.

We recognize the significance of establishing comprehensive plans and objectives to communicate with our team members, customers, and communities. Over the past year, we have made substantial progress in strengthening our sustainability program and identifying key topics for Kenco. Moving forward, we will continue to prioritize specific initiatives, which include:

<b>Increased alignment to relevant sustainability frameworks</b>	<b>Continued transparency with stakeholders</b>
<b>Scope 3 emissions calculations by 2027</b>	<b>Sustainability partnerships and participation/membership in other organizations</b>
<b>Value-added sustainability benefits assessments in our Innovation Lab technologies</b>	<b>Annual updates/data/initiatives/partnerships in our sustainability journey</b>
<b>Other specific projects, such as further energy assessments, waste monitoring, and more comprehensive resource management and recycling programs</b>	

[If you have any questions about the contents of this report, please reach out to us here.](#)