



White Paper

TRAC Intermodal Makes Sustainability Centerpiece of ESG Program

How TRAC Intermodal is Transforming Business Practices with a Focus on ESG to Drive Long-Term Value and Stakeholder Trust

Table of Contents

Introduction	3
Importance of ESG	4
TRAC's ESG Progress	6
Environmental	7
Social	10
Governance	14
Conclusion	21



Introduction

ESG (Environmental, Social and Governance) is a well-established series of criteria by which companies are measured to determine how they are doing in sustainability and ethical considerations. ESG reaches beyond a company's standard financial performance to capture all the non-financial risks and opportunities that are part of its day-to-day activities. ESG can help companies determine business risks and opportunities, which are important to all stakeholders, from customers to employees to investors.

The first of the three ESG pillars, Environmental, focuses on a company's impact on the environment, its use of resources and its efforts to increase the sustainability of its products and services, supply chain, business approaches, and overall operations.

The Social pillar gauges a company's relationship with its employees, customers, suppliers and the communities in which it operates.

Finally, the Governance pillar relates to how well a company is managing its financial operations, compensation to employees, record-keeping, and its relationship with shareholders.



Importance of ESG

ESG is important to TRAC because it provides non-financial performance indicators to help the company gauge its overall health. The goal of TRAC's ESG program is to identify and manage all the risks and opportunities that are associated with the company's socio-ethical, sustainability and corporate governance practices.

ESG metrics allow TRAC to measure its success and substantiate its commitment to all of its key stakeholders as well as contributions to our communities. As TRAC seeks to continuously add value, having a solid ESG program in place that delivers tangible results helps the company gauge its effectiveness in delivering that value. Further, as TRAC seeks to remain an employer of choice in the intermodal industry, a strong ESG program can help with both recruiting and employee job satisfaction.

TRAC builds sustainable business practices by incorporating an environmentally friendly approach into every aspect of our strategy. TRAC has the responsibility and the resources to advocate for more positive climate actions through our day-to-day operations, which includes recycling, using greener materials and adopting carbon neutral business tactics.



At TRAC, we are proactive in building sustainable business practices. We take our role in contributing to a greener world seriously and continue to embed sustainability into our overall business strategy, whether its recycling, using more environmentally friendly materials, adopting greener business tactics or converting equipment to reduce our overall carbon footprint.



**Daniel Walsh, President & CEO
TRAC Intermodal**



TRAC's ESG Progress

- Environmental
- Social
- Governance

Environmental

TRAC believes that sustainability is an integral part of good corporate citizenship. Climate experts believe that taking steps to adapt to a lower carbon world is critical and urgent. For TRAC, this shift translates to making more sustainable decisions and contributions with our business.

TRAC has been a long-time advocate for sustainability well before the emergence of ESG programs as standard corporate practice. We have adopted a proactive approach to sustainable business practices, which encompass green chassis upgrades, comprehensive recycling programs, and environmentally friendly business processes and solutions.

TRAC has been recycling its chassis, tires, tire rims, frames and scrap metal parts for decades, although these efforts have not necessarily been measured in a concise and comprehensive way.

ESG now provides that organizing framework to capture and measure TRAC's sustainability efforts consistently and clearly.

IN 2023, TRAC RECYCLED MORE THAN

10.8 MILLION POUNDS OF CHASSIS METAL

2.6 MILLION POUNDS OF TIRE RIMS

2.5 MILLION POUNDS OF SCRAP METAL





THE COMPANY RECYCLED 70,000 TIRES AND 2.4 MILLION POUNDS OF TIRE RUBBER DUST

surpassing 2022's level of 2 million pounds of recycled tire rubber dust. TRAC retreaded 150,000 tires in 2023, which saved 2.1 million gallons of oil and 5.9 million pounds of waste diverted from a landfill. The energy savings realized through this retreading process can power nearly four million homes in one year. Tire retreading uses less than one-third the amount of oil required to manufacture a new tire, which translates to a reduction of 70 percent in emissions.

TRAC aims to minimize its carbon footprint by using eco-friendly chassis pools in which multiple customers share in the use of this equipment.

By keeping chassis in good working order, TRAC reduces the carbon footprint of its fleet. TRAC's M&R and Quality Assurance programs keep our chassis safe and road ready.

TRAC IS KEENLY FOCUSED ON MODERNIZING AND GREENING ITS FLEET, INVESTING MORE THAN \$1 BILLION OVER THE LAST DECADE.

This effort includes restoring equipment to like-new condition and converting thousands of chassis each year to include more sustainable components. These features include LED lights, radial OEM tires for improved fuel efficiency, and an industry-leading tire retreading and recycling program, as noted earlier.



Environmental

Since 2018, TRAC on average recycles 11 million pounds of chassis metal and 1.8 million pounds of tire rims each year. Through its recycling partner, Schnitzer Steel, TRAC recycles 99 percent of chassis metal and components, with smelting of relevant metal parts. TRAC has recycled thousands of chassis axles through Schnitzer, resulting in millions of pounds of recycled metal. Creating new steel from recycled ferrous metal requires 74 percent less energy and 40 percent less water. It also reduces CO2 emissions by 58 percent compared to producing steel from virgin materials. These recycled metals find their way into new metal products such as containers, chassis and axles.

Each year, TRAC conducts an electronic recycling program for outdated computers and electronic parts in its offices. This equipment is collected and recycled through a third-party provider. In 2023, TRAC recycled more than 4,000 pounds of computers and electronic parts, 1,436 pounds during Q1 and another 2,677 pounds during Q4.



Social

Over the last several years, TRAC has undertaken a number of activities to support the Social component of its ESG commitment. Through its contributions to charities, involvement with community programs and other initiatives, TRAC is demonstrating its commitment to the greater Princeton, New Jersey area in which the company is based and giving back to those in need. The company's commitment extends to the involvement of its employees who volunteer their time and resources to help improve the quality of life for others in the community.

CHARITABLE CONTRIBUTIONS

TRAC knows that donating to causes that are important to employees benefits not only the charity but also demonstrates its commitment to helping others. By being caring and philanthropic, TRAC and its employees have contributed to the betterment of society and help foster strong relationships across its communities.

SAVE ANIMAL SHELTER

TRAC employees held a bake sale to raise money to support the SAVE Animal Shelter in Skillman, N.J.

PLAINSBORO FOOD PANTRY

TRAC Employees collected non-perishable food items and made a monetary gift to the Plainsboro, NJ Food Pantry.

Social | Charitable Contributions

SUSAN G. KOMEN BREAST CANCER FOUNDATION

TRAC Intermodal has made several annual donations of \$10,000 to combat breast cancer.

TOYS FOR TOTS CAMPAIGN

TRAC employees collected new and unwrapped toys for the Ewing, N.J. branch of the U.S. Marine Corps Reserves Toys for Tots campaign to spread holiday joy to those less fortunate.



By engaging in meaningful charitable work and volunteering our time, we at TRAC raise our sense of purpose and personal fulfillment. These efforts help deepen our connection and commitment to where we live and work, which improves the quality of life for everyone.



Laura Reeder, Executive Vice President & CHRO
TRAC Intermodal



Susan G. Komen Breast Cancer Foundation



Toys for Tots Campaign

COMMUNITY ENGAGEMENT

In addition to charitable giving, TRAC employees donate their time and expertise to multiple organizations across New Jersey. Volunteering provides TRAC employees with an opportunity to leverage their talents and learn new skills. All TRAC employees receive paid volunteer leave in addition to the company-sponsored events, some of which are outlined below.

HABITAT FOR HUMANITY

TRAC employees volunteered for Habitat for Humanity in Hightstown, N.J., helping renovate homes for those in need of affordable housing.

BACK TO SCHOOL BACKPACK AND SUPPLIES DRIVE

TRAC employees donated backpacks filled with school supplies to students at the start of school in the fall of 2023 on behalf of the Boys & Girls Clubs in Mercer County.

RED CROSS BLOOD DRIVES

TRAC employees donated blood at a series of blood drives in collaboration with the Red Cross.

SOLES4SOULS

TRAC donated over 300 pounds of shoes for underprivileged members of the community.

"ONE WARM COAT" PROGRAM

Last winter, TRAC partnered with a non-profit organization called "RISE" to assist with their "One Warm Coat" program. TRAC employees donated winter clothing to those in need in central N.J.

TRENTON AREA SOUP KITCHEN

TRAC employees donated their time and services to the Trenton NJ Area Soup Kitchen to benefit those in need.

WELLNESS SEMINARS

This spring, TRAC has held a series of wellness seminars to help improve awareness of mental and physical health topics among its employees in Princeton, NJ.



Community involvement generates feelings of empowerment, belonging and engagement in the broader community. It allows us to align our personal values with TRAC's desire to give back and serve the communities in which we live.



**Laura Reeder, Executive Vice President & CHRO
TRAC Intermodal**



Trenton Area Soup Kitchen



Trenton Area Soup Kitchen



Habitat for Humanity



Habitat for Humanity



Red Cross Blood Drives



13

Soles4Souls



"One Warm Coat" Program

Governance

A strong, sustainable business depends on building and maintaining a level of trust. TRAC upholds its commitment to sound governance, responsible business practices and ethical behavior across its enterprise. The company promotes transparency and accountability in its daily work. Engaged board leadership and close oversight of the company's operations helps TRAC maintain a rigorous set of ethical and compliance standards to which it adheres.





Robust Cybersecurity Program

Beginning in 2021, TRAC started investing in a robust cybersecurity program to protect the company and its assets. Developing and maintaining an effective cybersecurity program is a never-ending battle and the only way to win is to outperform the attackers. To accomplish this goal, companies need to understand that cybersecurity is more than just a technology issue. It is actually a business issue. At TRAC, cybersecurity is a shared responsibility and we all work together to protect ourselves and our company every day.

Information Security Scorecard

TRAC is making good progress in its information security efforts. The company's May 2024 Information Security Initiatives Scorecard shows that all of TRAC's information security programs have reached and even exceeded target goals. Each of the programs is fully implemented with four programs reaching optimization status. Even though TRAC has exceeded its target goals with each program, the company still remains focused on continual improvement of its information security initiatives.





Strong Internal Controls

TRAC has a dedicated Product and Process Management department along with a commitment to continuous improvement across our organization. We regularly evaluate our work streams and business processes to ensure they are delivering value, are operating optimally and are efficient. TRAC welcomes internal feedback from our people and stakeholders about our processes to ensure continual improvement in our corporate business strategy.

We foster a culture of continuous improvement, striving for perfection in everything we do. This approach allows us to readily adapt to changing market conditions, stay competitive and drive innovation in how we go to market and serve clients. We optimize workflow and enhance overall performance by eliminating waste, reducing errors and streamlining operations.



Audits: True, Fair View

Enhanced financial reporting controls can provide a company with an added layer of security and comfort regarding its financial position. TRAC undergoes regular financial audits to ensure that we are adhering to industry accepted reporting standards and are reporting an accurate accounting of our financial position. Audits ensure that TRAC management has presented a “true and fair” view of the company’s performance and standing. They solidify the stewardship between those who manage TRAC and the stakeholders who have invested in it.



DISASTER RECOVERY

Disaster Recovery Plan

To help TRAC prepare for a potential existential threat to its business, the company conducted a disaster recovery isolation test with the disaster scenario of a hurricane strike at TRAC's southeast data center, resulting in a massive power failure and structural damage, in June 2024.

The test involved designated roles, activation of TRAC's Business Continuity Program, and completion of clearly documented tasks along with a robust communication plan for employees. The final test results will help to inform TRAC of areas of improvement and refine our disaster recovery plan.



Strong Leadership Team

TRAC's leadership structure is similar to many other organizations. Its CEO, Daniel Walsh, leads the organization to fulfill the strategy that he and his executive team have laid out, generating value for its investors. Its board of directors provides direction and oversight to protect the interests of shareholders and broader stakeholders.

TRAC's CEO manages the company's executive team and pursues goals and opportunities to generate growth and drive the company forward. The board sets growth goals and provides counsel to the CEO. Transparency between the board of directors and the leadership team establishes a mutual sense of confidence and trust. Clear avenues of communication invite engagement and reduce ambiguity. The CEO and board roles and responsibilities, while different, are ultimately dependent on one another and united in driving business success.

Conclusion

In conclusion, TRAC Intermodal's comprehensive ESG program highlights its unwavering commitment to sustainability, ethical practices, and community engagement. By embedding environmentally friendly practices into its operations, fostering strong relationships within its communities, and upholding rigorous governance standards, TRAC not only addresses critical global challenges but also drives business success and stakeholder value. Through continuous improvement and proactive measures, TRAC sets a benchmark in the intermodal industry, showcasing how a robust ESG framework can lead to substantial and measurable impacts across environmental, social, and governance dimensions.