



ENVIROMENTAL • SOCIAL • GOVERNANCE

# BECAUSE IT MATTERS, THINK FORWARD.

MARCH 2021  
ESG REPORT



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## THE ROAD AHEAD

We are now thirty years into the history of Forward, and our team that began in Greeneville, Tennessee now works and lives across hundreds of communities in North America. What we accomplish daily through our precision execution of moving highly sensitive goods makes lives, and livelihoods, possible.

Sometimes we can see first-hand the end results of our work -- bringing important things to the people who need them. It may be the medical supplies needed to support a stressed hospital. Or it could be a crucial part of a machine that keeps a factory going. Perhaps we are bringing goods that a store committed to sell by 8am on Monday. Whatever it is, we know that we are not only meeting our commitments; we are enabling our customers to meet theirs.

We work within complex, extended, and often fragile supply chains. Congestion at ports, limits on mobility, and constraints on capacity have complicated and imperiled once-reliable systems for moving physical things to where they are needed.

At our founding, Forward's core differentiating idea was that we would be a freight company that met every agreement we made. We would find a way to move the freight, whatever it took, in uncertain times as well as in good times. Today this remains more than a feel-good statement; it's an honest and deeply-lived commitment.

This past year has taught us all how essential some things are. Shipments are not just pallets or packages; they are parts of businesses. The goods for sale are the means by which stores exist. And the existence of those stores provides jobs -- livelihoods -- for people and families. Our customers trust that we will deliver for them in the most humane of all supply chains, and we honor that trust with fast, precise, and reliable execution.

Every day, we travel to where our customers are. We see them in their communities. And we are citizens and neighbors who work and live with our families in those same communities. We have a responsibility to be the best we can be to those around us, and to the environment that sustains us. Forward has been on a journey of examination, commitment, and innovation in order to meet that responsibility. Today, we invite you to join us on the first step of our journey, as we share what we and our partners have accomplished as well as the miles we have left to go.

Forward has been here for three decades, and we intend to be here for many more. To do so, we must not only deliver extremely well, but also deliver the right way -- with our signature precision execution in what we do, and in who we are, for our planet, for our communities, and for each other.



**Tom Schmitt**  
Chairman, President and CEO

# PERPETUAL MOTION

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## HOW FORWARD WORKS

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Forward Air Corporation (NASDAQ: FWRD) is a leading asset-light freight and logistics company. Headquartered in Greeneville, Tennessee, and serving the U.S. and Canada, Forward operates approximately 200 facilities across North America that create jobs for more than 4,000 employees and another 4,000 engaged drivers of our Leased Capacity Providers.

Forward was founded on a simple idea: improving reliability and lowering costs by grounding air freight for short distances. We determined that within 800 to 1,200 mile trip lengths we could move freight for our customers as quickly, and with greater certainty, than air carriers. Originally, we replicated the airline schedules for which we served as an alternative. Our trucks left on time, did not bump cargo to a later shipment, and delivered at their destination. We always moved the freight.

Since 1981, Forward has grown into a leader in the ground transportation industry, with a transportation service portfolio to meet our customers' unique shipping needs, including expedited linehaul truckload (TL) and less-than-truckload (LTL) service, pick-up and delivery, intermodal drayage, final mile service, and specialized temperature-controlled logistics services.

We continue to evolve. Today, we are more than a transportation company. We are an integrated part of our customers' critical supply chains.

# LOOKING BOTH WAYS: OUR SUSTAINABILITY JOURNEY

We embrace a comprehensive definition of sustainability that addresses Environmental, Social, and Governance (ESG) factors. To our employees, contractors, communities, customers, partners, and investors, each impact area matters.

**Forward's sustainability focus is the right thing to do for our employees, customers, and environment.** Behind our company's name is a team of people. Behind our customers' names are people. Together, we all share common communities, a common environment, and a common reliance on transparent, ethical practices.

**Forward's sustainability focus is also just good business.** Managing sustainability risks and capitalizing on opportunities are the true means to ensure our growth in talent, business success, and industry innovation. As a result, we are committed to an integrated employee, customer, and environment approach to achieving consistent results.



## OUR JOURNEY

Our ESG journey formally began in 2019, when Forward's Board amended the Corporate Governance and Nominating (CG&N) Committee Charter to direct the CG&N Committee to explicitly oversee our efforts related to environmental, social, and governance matters, and manage sustainability-related risks and opportunities. At least twice a year, the CG&N Committee is updated on each of these topics and provides feedback and recommendations that it deems appropriate. The CG&N Committee was last updated in February and October 2020. At least annually, the Chair of the CG&N Committee provides a report on these topics to the full board. The board was last updated in October 2020.

In 2020, Forward initiated an ESG market analysis and benchmarking exercise that explored the ESG issues that most impact transportation and logistics industries and marketplaces. The market analysis provided initial insights into the ESG topics most relevant to our industry, and how comparable companies were beginning to address those challenges.



The scale of these challenges revealed that dedicated resourcing was needed to make meaningful progress. At the beginning of 2020, Forward's leadership created and staffed the Head of Corporate ESG role to provide oversight of Forward's ESG vision, strategic planning, performance management, and improvement activities.



In Q2 2020, we began to conduct an ESG assessment, starting with a third-party stakeholder assessment that served as a basis for identifying and prioritizing ESG topics most relevant to our industry, our business, and our stakeholders. The assessment’s findings yielded initial topics that we recognized as relevant to our business. We followed with a more in-depth assessment of risks and opportunities, utilizing Sustainable Accounting Standards Board (SASB) standards as a guide, in order to further refine our disclosure topics and gain stakeholder alignment. SASB identifies Forward as part of the “Airfreight and Logistics” industry; we decided to also incorporate the disclosure topics under “Road Transportation” to ensure all relevant topics for our business were represented in this analysis.

This more detailed assessment yielded clarity of our ESG topics and prioritization based on the degree of both qualitative and quantitative impact to our business. We identified ten ESG topic priority areas relevant to Forward’s business and mapped each to widely adopted ESG reporting topics as identified by SASB. Within these ten topic areas, we identified specific related risks and opportunities, and aligned on improvement activities.

We recognize that addressing ESG topics is a journey. Forward intends to conduct periodic ESG assessments and will continue to adjust as required.

Forward is deeply committed to the ESG vision and strategy and our positive impact on present and future generations. Our efforts aim to bring about lasting change and improvements that will have a profound effect on our stakeholders: employees, contractors, communities, customers, and partners. We invite you to learn more about our ESG Strategic Approach in the following sections.

## PRIORITY AREAS

We built Forward from the ground up, and we think about our sustainability commitments the same way.

The following are the ten ESG topic priority areas we identified relevant to our business and the foundation for our Sustainability Approach:



ROADWAY HEALTH & SAFETY



WORKPLACE HEALTH & SAFETY



INDEPENDENT CONTRACTOR PRACTICES



COMMUNITY IMPACT & PARTNERSHIPS



DIVERSITY & INCLUSION PRACTICES



MEASUREMENT & DISCLOSURE



INFORMATION SECURITY



RESPONSIBLE SUPPLIER PRACTICES



GHG EMISSIONS REDUCTION PRACTICES



AIR QUALITY PRACTICES

# OUR SUSTAINABILITY APPROACH

Our efforts to manage sustainability risks and capitalize on opportunities have immediate, tangible effects on real people – our employees, contractors, communities, customers, and partners.

We describe our sustainability commitments, based on our ten ESG priority topic areas, through an integrated framework of three pillars:

Through these governed and managed efforts, we promote growth in our people’s talent, ensure the Company’s ongoing business success, and support continued industry innovation.

1. People and Communities
2. Customer
3. Environment

... and Governance as the means by which we ensure continued and effective focus on the ESG topics and pillars.



## FOCUS AREAS & GOALS

Our Commitment to:

## GOVERNANCE ETHICS

### People and Communities



ROADWAY HEALTH & SAFETY



WORKPLACE HEALTH & SAFETY



INDEPENDENT CONTRACTOR PRACTICES



COMMUNITY IMPACT & PARTNERSHIPS



DIVERSITY & INCLUSION PRACTICES



### Customers



MEASUREMENT & DISCLOSURE



INFORMATION SECURITY



RESPONSIBLE SUPPLIER PRACTICES



### Environment



GHG EMISSIONS REDUCTION PRACTICES



AIR QUALITY PRACTICES



# A sustainability focus is just good business.

# PEOPLE AND COMMUNITIES

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Our business operates in a broad, diverse society. We cannot achieve our goals without the relationships and reputation we foster with the people and communities where we do business. That is why at Forward:

*We put people at the center of everything we do. We strive to empower the people that power Forward, from our drivers, to our partners, and beyond, to improve their lives and realize their full potential.*



# ROADWAY HEALTH & SAFETY

**Our Leased Capacity Providers are the heart of our business and Forward is committed to keeping drivers of our Leased Capacity Providers safe through practices that monitor, track, and reduce roadway incidents.**

We move our customers' freight primarily with transportation capacity provided by our independent contractor fleet owners and owner-operators that lease their equipment to the company ("Leased Capacity Providers"). Our roadway health and safety practices strive to reduce roadway-related incidents.

Forward employs clear policies and procedures to manage our roadway health and safety practices. We closely monitor and track roadway-related incidents and have processes in place to identify, investigate, and design corrective actions that prevent and reduce the quantity of safety-related incidents related to our work. We are also committed to educating our people and promoting driver health and wellness through routine communication campaigns and information designed to improve knowledge and produce safer results.

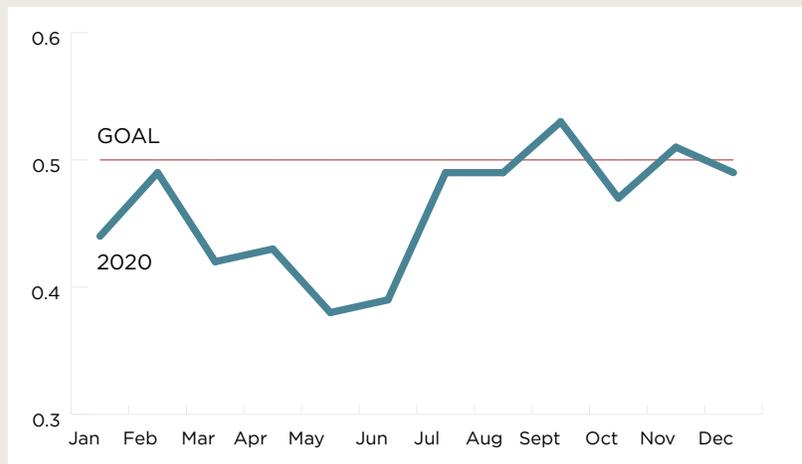
The drivers of our Leased Capacity Providers complete a three-day safety orientation as part of their onboarding where they are assigned several training courses. Safety trainings may also be assigned on an ongoing basis, based on driving behaviors. These courses are in compliance with Federal Motor Carrier Safety Act (FMCSA) Regulations and Interpretations - 49 C.F.R., Parts 383, 391, 392, 395, 396 and HM Regulations - 46 C.F.R. Part 177.



Forward takes a proactive approach toward roadway events that could result in injury to drivers and the public who share the road. We strive to have zero roadway accidents that result in any injuries. If events do occur, we review their root cause to avoid making the same mistake in the future. Forward monitors accident frequency and threshold values of 0.50 DOT recordable events per 1 million miles, which are reported to leaders and to the FMCSA.

We invest in a variety of programs focused on improving and maintaining driver health and wellness. Forward provides drivers access to a fatigue management service with the goal of reducing fatigue-related accidents and encouraging healthy, restful sleep. We have implemented fleet safety equipment including electronic monitoring systems, to track driver safety, wellbeing, and health through monitoring of speed and proper hours-of-service-required rest breaks.

## ROADWAY DOT: PER MILLION MILE ACCIDENT RATE



We have also implemented a quarterly safety bonus and annual vehicle giveaway to incentivize our Leased Capacity Providers to promote safe driving practices. These initiatives celebrate drivers of our Leased Capacity Providers who have zero moving violations or accidents each quarter. Drivers who obtain four quarterly bonuses are eligible to win a new vehicle. In 2020, 325 drivers qualified for the vehicle giveaway, a 172% increase

over the inaugural year of the program in 2018.

Looking ahead, we will continue to identify and promote opportunities to adopt health and wellness practices for the drivers of our Leased Capacity Providers in compliance with FMCSA and 49 C.F.R. Part 391. Healthy, safe drivers contribute to a safe public and a safe community.

# WORKPLACE HEALTH & SAFETY



**Forward is committed to maintaining safe facilities for our employees, independent contractors, customers, and partners. We are committed to evaluating our practices and training our employees and independent contractors to prevent workplace incidents.**

Beyond our roadway safety focus, Forward employs, maintains, and monitors a robust Health and Safety program for all of our workers which establishes procedures and policies to prevent workplace incidents. Governance and procedures exist to investigate accidents and monitor lessons learned, driving continuous improvement in the health and safety practices across our facilities.

Forward utilizes an Occupational Health and Safety Management System to monitor and track workplace health and safety metrics on a monthly and quarterly basis. Our safety metrics are extensively reviewed across our governing and management structures, from terminal managers to our SVP of Safety, who shares results directly to the Board of Directors. Our employees and independent contractors

are trained and equipped with resources to avoid and to respond to health and safety incidents, including a robust Security Plan for HAZMAT transportation.

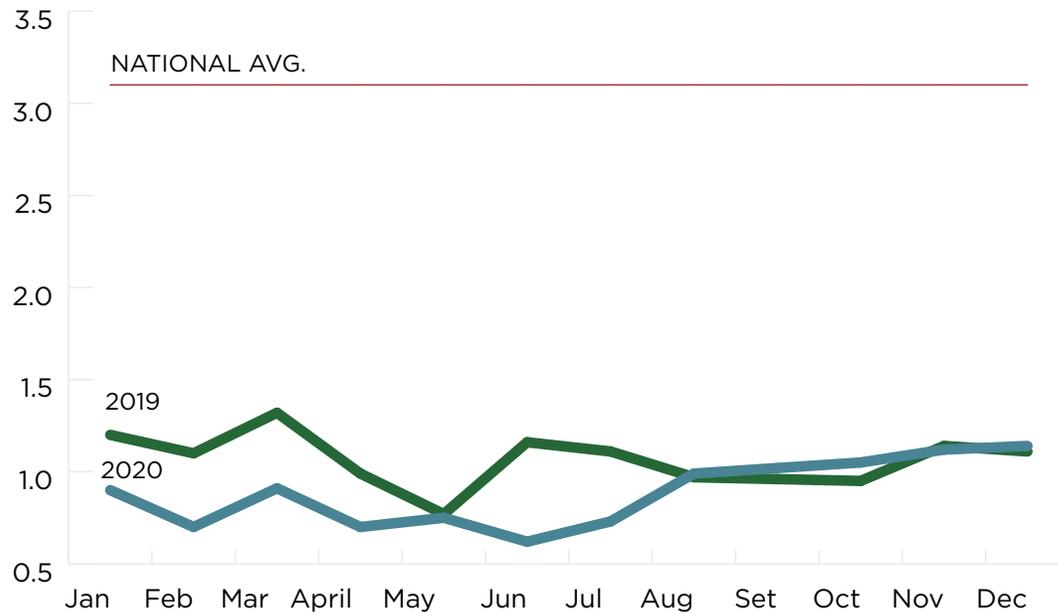
All employees are assigned to 36 training courses as part of onboarding. Employees may be assigned additional refresher trainings, based on corrective action or identified risk. These courses are in compliance with Occupational Safety and Health Administration (OSHA) standards. The Company also has comprehensive safety policies for contractors, vendors, and internal affiliates within our Contractor Safety Policy.

Forward is in compliance with OSHA Storm Water Pollution Prevention Plan - SWPPP. We are committed to minimizing environmental impacts by reducing the polluting substances

produced by our operations and activities. We aim to increase the use of environmentally acceptable materials, equipment, and technology in place of those which are considered harmful.

Safety and health are at the core of our decision-making processes. Robust training and risk identification occur monthly, and corrective action related to data trending occurs to protect the people in our environment. Forward's measurable goal for Lost Time accidents is to be below the industry average of 3.1 Lost Time accidents per 100,000 hours worked. These key metrics are woven into all aspects of leadership and are part of leadership merit programs.

## LOST TIME DART RATE: 2020 OVER 2019



As part of our ESG risks and opportunities assessment, we have identified improvement activities to develop a comprehensive Emergency Preparedness Plan (EPP) for all our facilities. The EPP is under development and in compliance with OSHA Standards 29 C.F.R. 1910 and FMCSA 49 C.F.R. When completed in 2021, we will distribute and maintain this EPP for employees and independent contractors, across our facilities and corporate offices.

Looking ahead, we plan to evaluate our Health and

Safety practices to drive continuous improvement with the health of our employees, contractors, customers, and partners in the forefront.



## INDEPENDENT CONTRACTOR PRACTICES

**Our independent contractor Leased Capacity Providers are essential to our business. We are proud and committed to supporting and protecting our independent contractors as we flex and scale with our demand.**

Forward provides opportunities for independent business owners to be successful in the transportation industry.

To manage our responsibilities with our independent contractors, we have established governance mechanisms, policies, and best practices to support and protect Forward's arrangements with independent contractors. We provide extensive training and testing of employees to properly adhere to our practices and interactions with independent contractors.

Our independent contractors, owner operators and independent service providers are assigned 24 different training courses - before the contract begins, as government requirements and/or customer requirements change, and as contractual obligations are updated. These training courses are in compliance with TSA Cargo Security, FMCSA and customer requirements (dependent on contract).

Looking ahead, we plan to continue to support and protect the independent contractor model that is fundamental to our operations. We will continue to update our contracts, as well as our annual employee training and testing, and to review our operating practices regularly.

# INDEPENDENT CONTRACTOR SNAPSHOTS

## DAVID ROLLEY

David's journey in trucking began in 2004 as a company driver for Towne Air Freight. In 2008, he purchased his first truck and became a small business owner and operator. In 2015 Forward acquired Towne Air Freight, and David decided to continue leasing his truck to Forward on a dedicated lane. He enjoys his time at Forward because of positive daily interactions he has with Dispatch, and other personnel at the terminals. David also appreciates the consistency that Forward provides. "Knowing where you're going to go every day, what the miles are going to be, and what your compensation is going to be allows you to plan," he said. Now David is preparing to grow even more with Forward as a future fleet owner.



## KAREN NOEL

Karen and her husband Roosevelt's journey started with her husband as a company driver, while she worked an office job. Karen then joined the industry after observing the success of other husband and wife driving teams. Soon they purchased their own truck becoming small business owners and operators. Unfortunately, they were unable to meet their financial goals...That was until they made the switch to lease their equipment to Forward in August 2019. "The pay was our biggest concern, but it worked out," Karen and Roosevelt shared, "We couldn't believe the amount we made." When asked about their success, they said the miles and revenue at Forward gave them confidence that Karen made the right decision. "Forward Air has been excellent," said Karen, "They always get us home."

## JOEY HAJI

Joey Haji signed his first contract with the Forward team in 2018 with one truck. Today he has a fleet of nine. Joey says his time with Forward has been great. "I've had great experiences and great driver relations with our drivers," he shared. He attributes his success to 10 years of experience in the transportation industry and having a good team/organization to work with. "Forward is good at keeping trucks moving," he said. The consistency Forward provides in miles and pay create a solid foundation for him. Contract Relations and Recruiting have provided great support for his team. Joey isn't slowing down, he's looking to add more trucks to his fleet with Forward soon.



# COMMUNITY IMPACT & PARTNERSHIPS

Forward is committed to supporting and giving back to the communities where we live and work, particularly through our support of our employee Veterans, and to the community of Veterans in North America.



\* Give Hope Gala, October 2019



We have created a charitable organization called Operation Forward Freedom, a manifestation of our Company’s ongoing commitment to Veteran-related causes. Operation Forward Freedom’s largest fundraising event each year is The Drive for Hope Golf tournament. Since standing up these efforts, we have raised over \$200,000.



Through our partnership with Hope For the Warriors, we support our nation’s Veterans in truly meaningful ways, including the Drive For Hope program, which restores driving independence to wounded service members through adaptive driving and rehabilitation. The monies raised by The Drive for Hope Golf Tournament go directly to the Drive For Hope program. We are pleased to see our employees and partners rally around this program, and across our enterprise. We are proud to support those who have served.



As part of Operation Forward Freedom, we partner with Drexel Hamilton, a service-disabled veteran-owned and operated broker-dealer founded on the principal of offering meaningful employment opportunities to disabled veterans. In Q2 2020, Forward allocated \$10 million of its cash balances to a \$249 billion U.S. Government money market fund through its account at Drexel Hamilton.



We also partner with non-profit organizations that positively impact our communities and our industry. Through our partnership with Truckers Against Trafficking, we have conducted training for over-the-road drivers to educate and equip them with the tools needed to combat human trafficking.



Forward partners with Women in Trucking to encourage and promote the employment of women within our industry. Our team of drivers is currently comprised of 15% women, roughly twice the U.S. industry average, and we continue to seek opportunities to improve upon that percentage.

Looking ahead, we are committed to supporting our communities and will continue to explore opportunities to partner with local organizations, by leveraging our unique reach and role connecting people across the continent.

# DIVERSITY & INCLUSION PRACTICES

Diversity matters to Forward. We are committed to move from “well-intentioned” to “dedicated diversity champion” by creating a more diverse, equitable, and inclusive work environment than we have today.

## GENDER BREAKDOWN

### BOARD OF DIRECTORS



MALE

70%



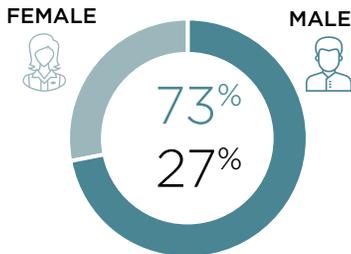
FEMALE

30%

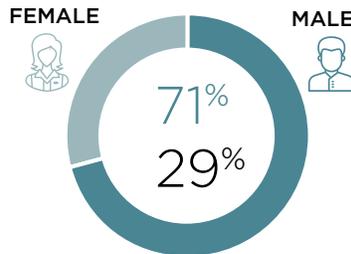
The skills and talents of our diverse workforce drive our performance and we respect the value they bring to our business. We strive for a diverse and inclusive environment where everyone can contribute and thrive. We have an ongoing commitment to ensure we have a diverse workforce and Board presence.

### ALL EMPLOYEES

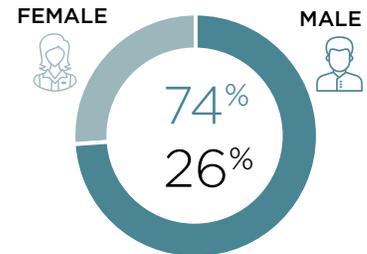
#### OVERALL



#### SALARIED



#### HOURLY



\*\* Non-binary gender identity was not captured

Teams at Forward celebrate diversity in their own ways. As a company, we aim to embody our commitment to diversity and inclusion transparently and consistently in every aspect of what we do: leadership, recruitment, vendor management, and partner relationship.

Forward’s commitment to a diverse and inclusive workplace begins at the top, starting with the Board of Directors. Diversity in race, ethnicity, and gender are important factors in evaluating candidates for board nominees. Since July 2017, we have added three female directors to our Board. We believe diverse backgrounds and experiences are important to provide a range of perspectives to overcome challenges, improve business performance, and support good decision making.



Forward understands that a welcoming workplace attracts top talent, which drives performance and profitability. Forward seeks candidates from all backgrounds, to continue to build our industry’s most qualified workforce.

As an organization that puts people at the center of everything we do, our vision is increased employee engagement and retention in part through enhanced D&I practices. Our ESG risks and opportunities assessment identified several D&I improvement activities that foster an inclusive environment:

In 2020, Forward created a Diversity and Inclusion (D&I) Council, chartered to promote employee inclusion and engagement through initiatives that celebrate the diversity of our employees and communities.

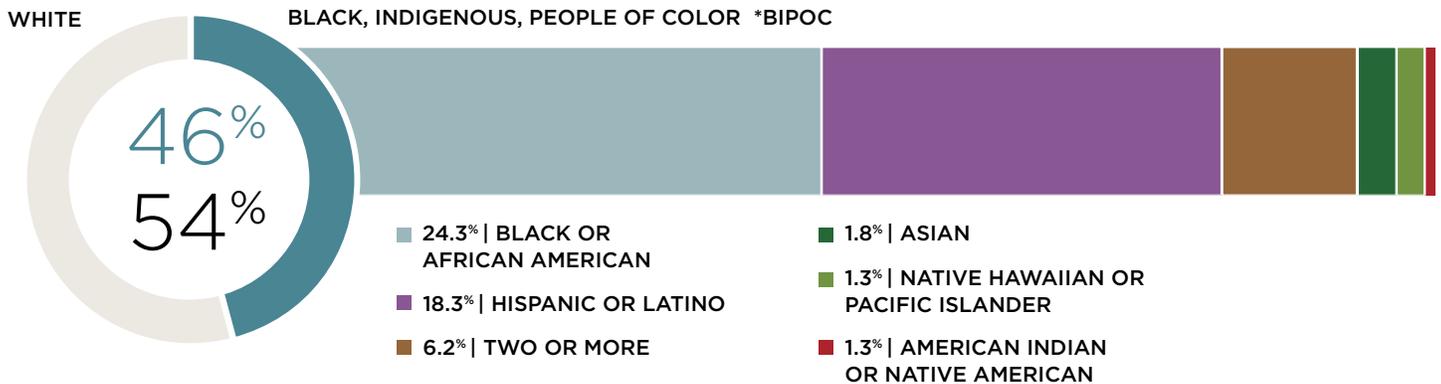
## D&I IMPROVEMENT ACTIVITIES

**D&I Training:** Incorporate additional D&I training into our education programs for employees and leadership. These modules will be integrated into our new learning software, which includes additional Talent Development and Succession Planning modules.

**Employee Resource Groups:** Engage our employees in the celebration of diversity. We plan to launch a series of Employee Resource Groups to foster an inclusive environment and better understand our colleagues’ backgrounds.

**Benefits Program:** Assess our current benefits program to identify improvement opportunities to support our increasingly diverse employees’ unique needs.

### RACE BREAKDOWN



### SALARY BREAKDOWN

% BIPOC SALARIED:



% BIPOC HOURLY:



These practices are supported in our [Code of Business Conduct](#) which prevents discrimination or harassment based on race, sex, age, color, religion, national origin, Veteran’s status or disability. Forward employees are also offered three D&I trainings throughout the year, Understanding Diversity, Generational Awareness, and Emotional Intelligence.

Looking ahead, we are committed to continuously build our brand and our reputation as a leader in diversity and inclusion. To become a leader, we will champion our values by fostering an environment rich with diverse experience and ideas, and inviting our people and partners to join us through inclusive practices.

One of the most important ways we support our employees and their families is through a comprehensive benefits package for all full-time employees. Forward employees have access to the following:



## FORWARD BENEFITS

**Competitive Benefits:** Forward provides a strong benefit package to employees that includes health care insurance, dental insurance, vision insurance, Company-paid life insurance, paid time off, Company-paid holidays, family medical leave, and a 401(k) with a Company match.

**Wellness Program:** The Employee Wellness program provides access to annual medical screenings and health fairs, at no cost to the employee, to help keep employees healthy. Additionally, The Employee Wellness Program provides discounted gym memberships, free weight loss and smoking cessation programs, a healthy pregnancy program with incentives, and an Employee Assistance program.

**Work / Life Balance:** Forward understands that a work / life balance is important to our employees. We are consistently improving our paid time off benefits for all Forward employees, which allows us to retain and recruit quality employees.

Beyond our benefits package, career advancement has always been at the forefront for our employees. We truly pride ourselves with being able to promote within. Our continuous learning workshops range from Customer Service to Leadership and beyond. We strive to provide meaningful development opportunities for 100% of our employee population.

We're looking forward to expanding our career development framework with new modules in a system to assist with career pathing and succession planning. The strides we've taken with career progression will catapult us into a more interactive growth process with our team.



# CUSTOMER

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Our customers are key stakeholders, and the heart of our business, which is built around the idea of meeting our responsibilities so that our customers can meet theirs.

*Forward is committed to providing the industry's highest quality service in delivering on our customers' expectations - both in what we do, and in how we do it.*



Our long-term success relies on the trust, confidence, and loyalty we build with our customers. Through Forward thinking, ongoing commitment, and innovation, we are confident in the shared value and transformation we bring to the industry, and its impact on all.

# MEASUREMENT & DISCLOSURE



Forward is committed to adhering to, measuring, and disclosing our policies, procedures, and business practices as they relate to ESG (according to established regulatory and legal standards). We recognize that creating more sustainable supply chains necessitates transparency from every participant within them.

Forward is committed to providing transparent business practices sustainably. The Company is undergoing a large technology transformation to digitize various processes and adopt cloud technologies. Cash process improvements will include automation and process improvements in customer service, payment collection, dispersing payments and driver retention, among others. This transformation will increase efficiencies and decrease person-hours required to process such transactions. Expected benefits and business impacts include paper savings (from invoices, checks, and mail), more efficient transactions, reduction in labor-hours, improved connection to bank systems, and decreases in power consumption from server usage.

Forward uses Safety and Environmental Management Systems to track and trend bodily injuries, near misses, and risk trends. Our systems track and trend both roadway and workplace events. These systems provide meaningful data that is communicated with all divisions and senior management to establish visibility and formulate corrective action.

In addition, we have integrated vehicle telematics to document environmental impact factors of our vehicles. These integrations identify nonproductive use of vehicles such as excessive idling or vehicle engine malfunctions that could increase environmental impact. Policies and procedures are established to

measure and monitor key metrics and document corrective actions daily. Performance metrics are communicated to protect people on the road and reduce environmental impact.

On Sustainability reporting, we have identified improvement opportunities in our M&A processes. One example includes creating an ESG M&A assessment checklist, based on industry standard frameworks, to more quickly assess a potential target's ESG risk/opportunity landscape.

On ESG data management, we have identified improvement opportunities to track, measure, and disclose ESG goals and metrics. We plan to employ various data aggregation and analytics technologies to efficiently consolidate operational data. This will enable Forward to capture ESG data, track progress, measure against goals, and disclose efficiently with quality. As part of this initiative, we plan to incorporate data requirements identified by widely accepted sustainability standards frameworks (CDP, SASB, GRI, etc.).

## INFORMATION SECURITY

**Forward is committed to employing proactive measures to protect our network, computer systems, and data from cyber threats. Our intent is for our employees, customers, and partners to feel confident when sharing information during our business interactions.**

As part of our commitment to cybersecurity, we created and deployed a robust Information Security program in early 2020. Through this program, we established a supporting governance structure, policies, and procedures. Further, we have begun the deployment of infrastructure required to meet the National Institute of Standards and Technology's (NIST) requirements and the enhancement of information security practices for our employees, customers, and partners.

Forward's Information Security program strives to earn trust and confidence in our ability to secure customer and partner data. We continuously review our policies and standards with our Information Technology organization and with employees to promote understanding and adherence to the Information Security Program. In 2020, we launched the "2020 Social Engineering Red Flags" awareness training through our training platform that targeted

highly impacted teams (Finance/Accounting/HR). All new employees are also required to complete a "Security Awareness Proficiency Assessment" training. In Q2 2021, we are aiming to launch a mandatory yearly training for all employees.

We are committed to building on the Information Security Program's progress through several ongoing initiatives aimed to provide additional security tools, prevent data breaches, and enforce data security. As best practices, customer requirements, and external regulations regarding data are ever-evolving, Forward is committed to continuous evaluation and adaptation of our practices as data stewards.

Looking ahead, Forward aspires to be an industry leader by establishing and maturing a robust information security program that drives adherence to best practices by our employees, customers, and partners.



## RESPONSIBLE SUPPLIER PRACTICES

**Forward is committed to the establishment of key partnerships to help manage and mitigate our environmental and social impacts across our extended supply chain.**

As part of our Responsible Supplier program, Forward is assessing how we engage and measure our suppliers' sustainability practices. While this assessment is occurring, we have started implementing opportunities to minimize waste with our suppliers and partners, and encourage our suppliers to follow acceptable environmental policies.

Our Final Mile Recycling Program is one example of waste reduction with our suppliers. We implemented this program to reduce, reuse, and recycle waste, in our facilities through the correct disposal and recycling of

appliances and packing materials. Our expanded partnership with a national waste provider management company has enabled us to expand operational waste management at terminals across our network. Similarly, we have implemented a plastic separation and recycling program specifically tailored to the unique needs of our aircraft transport.

Looking ahead, we intend to establish fundamentals around our Responsible Supplier program and continue focusing on our partnerships with our suppliers to improve and incorporate environmental-focused practices

and reduce our environmental footprint (scope 3 emissions).



# ENVIRONMENT

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Forward's own efforts, amplified through collaborations with our partners and customers, contribute to our ability to create clean, safe workplaces and healthy communities now and for future generations.

Forward recognizes that environmental leadership requires not only our own action, but transparency and participation in the industry, including conversations about innovations and advancements that make a difference.

Looking ahead, Forward recognizes the need for a holistic climate strategy. We started this journey by addressing the most impactful areas and will continue to work to expand our footprint.

*Forward is committed to promoting a healthier natural environment by striving for continuous environmental improvements in all aspects of our business.*



# GHG EMISSIONS REDUCTION

Our industry is on a journey to reduce Green House Gas (GHG) emissions. Forward is committed to improve energy efficiency and reduction of GHG emissions.

Forward is currently reducing emissions and energy consumption through several ongoing programs, including:

- installation of LED lighting in various facilities,
- installation of skirts on all of our trailers to improve gas efficiency and reduce fuel usage, and
- employment of electric lifts for our intermodal and final mile divisions' facilities

Forward is also aligning with industry certifications, continuing to be a SmartWay certified company. SmartWay is a certification from the U.S. Environmental Protection Agency (EPA) verifying company compliance with EPA regulations, including fuel efficiency ranges and emission standards. As per the EPA, "the SmartWay mark signifies the

gold standard in freight efficiency accounting and designates SmartWay Partners as corporate leaders advancing the movement towards cleaner, more sustainable supply chain management." \*



\*EPA website, December 2020

<https://www.epa.gov/smartway/use-smartway-brand>



## FORWARD TARGET

**5% DECREASE**  
In Idling Emissions  
**BY THE END OF**  
**2021**

Idling reduction initiative  
(2021, target)

Forward understands the importance of knowing its emissions footprint and plans to implement both short-term and long-term strategies to measure and manage Scope 1, Scope 2, and Scope 3 emissions (depending on assessment findings). We have identified improvement activities to help us monitor and manage emissions through reporting and measuring.

Our 2021 environmental improvement journey begins with installing electronic logging devices in all our trucks. These new telematic devices will provide live ECM (Electronic Control Module) data on fuel usage and efficiency. Our Environmental Management System will receive real-time

telematic data on idling and fuel consumption. The telematic devices will also advise management when a vehicle is experiencing engine malfunctions or exhaust issues that could create harmful emissions by the vehicle.

We have set a reduction target of 5% in the first year aimed primarily at reducing vehicle idling. As part of the idling reduction initiative, we will be focused on education and communication. Training and education campaigns at the driver level will be crucial to managing behavior and improvement. We will use telematic data to evaluate improvement and progress, and our terminals will receive weekly reports of driver performance.

We intend to complete full installation of the telematic devices by Q1 2022 to begin analyzing vehicle idling time and identifying non-productive fuel usage. The data we gather will serve to further assess and develop emission reduction tactics.

We will utilize data and program principles from the U.S. Department of Energy to establish a greener footprint within our commercial operations. We have also started incorporating sustainable practices in our offices and exploring the use of electric vehicles and alternative fuels.

In our offices, we continue to make improvements to our existing business waste management programs. We are evaluating opportunities through financial analysis to further reduce paper in our facilities and corporate offices. We also developed a new corporate office sustainability program, which we are piloting at our new Columbus, Ohio office in Q4 2021. The program will include recycling and composting, in addition to selecting sustainable suppliers for corporate services.

With our customers, we are also exploring partnerships to leverage innovative solutions to reduce our footprint. Together, we are considering emergent market trends and opportunities, and how we apply our combined expertise as technologies for renewable fuels and electric vehicles evolve.

Looking ahead, we are focused on establishing our baseline impact and identifying improvement opportunities through our GHG emissions reduction efforts to ensure continued measurement and improvement. We will also continue programs designed to reduce waste through innovative work practices and recycling practices and actively promote environmental awareness among our stakeholders.

## AIR QUALITY PRACTICES

**Forward is committed to understanding and assessing our impact on air quality, especially near our facilities.**

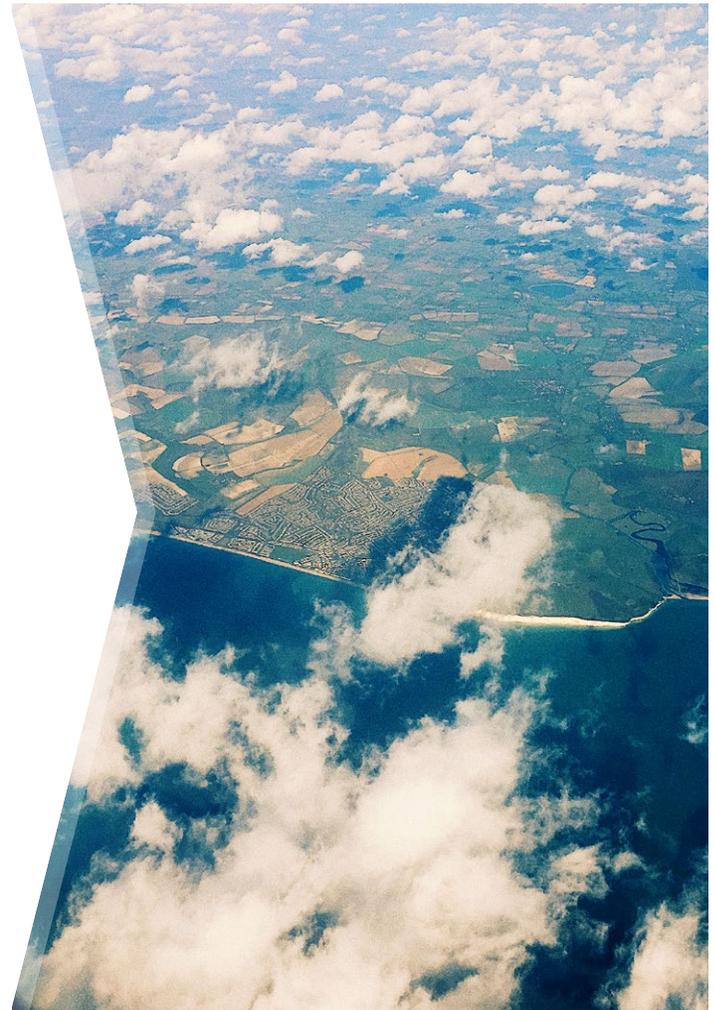
Our idling management efforts and reduction of nonproductive fuel use will aid in the assessment of our impact on air quality. According to Argonne National Laboratory, in the trucking industry, rest-period idling consumes about 1 billion gallons of diesel each year, emitting:

- 10 million tons of carbon dioxide (CO<sub>2</sub>)  
Equivalent to the annual emissions of 2.5 million automobiles
- 5,000 tons of nitrogen oxides (NO<sub>x</sub>)
- 400 tons of particulate matter (PM)\*

Forward understands the importance of developing tracking mechanisms for emissions impacting air quality, especially near our facilities and terminals. Through our electronic logging devices, we plan to begin collecting CO<sub>2</sub>, NO<sub>x</sub>, and PM emissions relating to vehicle idling. We recognize the importance of understanding NO<sub>x</sub> emissions and PM emissions as we continue to further assess our air quality practices and identify the associated improvement activities required.

\*EPA website, December 2020

<https://www.epa.gov/ghgemissions/global-greenhouse-gas-emissions-data>



# CORPORATE ETHICS AND GOVERNANCE

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*Forward's Board of Directors and the leadership it appoints are committed to a Sustainability oversight and accountability approach that is both effective and communicates the importance of Sustainability to our stakeholders.*



Our cross-functional ESG team is overseen by Forward's Corporate Governance and Nominating (CG&N) Committee, which is accountable to our Board of Directors.

# BOARD OF DIRECTORS

\*Investor Relations day, June 2019



Our Board of Directors is elected by the shareholders to govern the affairs of the Company; it is comprised of 9 independent directors and our Chairman, Chief Executive Officer and President, Thomas Schmitt. The Board's goal is to build long-term value for the Company's shareholders and to assure the vitality of the Company for its stakeholders.

Throughout the year, management provides regular updates to the Board on Forward's performance towards our initiatives and long-term goals, enterprise risk management and compliance matters. To help discharge its fiduciary and other responsibilities, the Board has adopted the Forward Air Corporation Corporate Governance Guidelines. More detail about our Board structure, election of directors, and executive leadership can be found in the [Governance](#) section of our website as well as our 2020 [Proxy Statement](#).

The Board accomplishes much of its work through committees, which undertake work delegated by the Board, make recommendations to the Board for discussion and action, and enhance Board productivity. Our three primary Board committees - Audit, Compensation, and Corporate Governance and Nominating - consist entirely of independent directors. More information about our Board, Committees and Committee charters can be found [here](#).

The CG&N Committee has official oversight over ESG. At least twice a year, the CG&N committee reviews relevant ESG policies and activities and provides feedback and oversight regarding these topics.

Forward leverages leadership to manage ESG risks and opportunities. To facilitate our Sustainability initiatives, in Q1 2020, Forward appointed a Head of Corporate ESG, who reports directly to the CEO. The Head of Corporate ESG works closely with the Chief Legal Officer, the Chief People Officer, the Chief Financial Officer, the Chief Commercial Officer, and the SVP of Safety to identify improvement activities and ESG priorities. We are continuing to assess our governance structure to maximize the effectiveness of this role.



# CORPORATE ETHICS

Forward is committed to upholding business conduct and ethics through a documented and activated Code of Conduct, governance and management mechanisms, training, and incident tracking and reporting.

We are committed to continue tracking and reporting incidents, providing employee training, upholding policies and procedures, and providing mechanisms to report incidents.

[The Forward Air Code of Business Conduct and Ethics](#) (CoC) is our documented commitment to establishing effective corporate governance, and it applies to our Board of Directors, officers, and all employees of the company.

We have established governance and management mechanisms, policies, and best practices to prohibit corruption, bribery, conflicts of interest, and fraud. More detail on Forward's roles, processes, policies, and standards supporting our governance and management practices is contained in the dedicated Governance section of this report.

## Reporting Misconduct

Our people and our partners are key to our effective operations, and we have mechanisms in place to enforce our code of conduct and policies, across all work environments. We encourage our employees and workers to speak up for what is right without fear of retaliation. We communicate the various channels available for employees to report CoC violations, including: via employees' supervisors, directly or indirectly to a member of management, directly to the Legal Department, or utilizing the Forward Air National Hotline, an anonymous, always-on reporting hotline.

We plan to continue to operate by upholding ethical and integral business practices, upholding policies and procedures, and providing mechanisms to report incidents and violations.



## Annual Training

Each year, all Forward employees are required to complete training in our CoC. This training outlines expectations within and outside of the workplace and reflects any modifications or updates to the CoC, assuring that our entire employee base is current on the global policies we have in place. To improve the safety and wellbeing of all Forward affiliates, in 2020 we provided 21,000 training modules, an increase of 2,000 over the year before.





## LOOKING FORWARD

With this report, Forward has taken the first step in our Sustainability journey. In 2021, Forward will continue to refine its commitments within its Sustainability Approach to People and Communities, Customer, and Environment through strong and evolving governance policies and practices.

We will learn from our existing and planned measurements to establish specific goals, baselines, and targets. We will continue to deliver impact through our existing improvement activities while activating opportunities in newly identified risks and opportunities.

We will begin to communicate our Sustainability strategy and activities with all of our stakeholders to drive understanding, adoption, and innovation together.

Forward is proud to participate in a growing community of businesses that are committed to ongoing ESG accountability and reporting and will continue to seek to advance our progress in meaningful ways.

Questions? Contact: [esg@forwardair.com](mailto:esg@forwardair.com)

