TA Dedicated

FLEET SUSTAINABILITY MADE EASY

FOR PRIVATE FLEETS

Five Tips for Private Fleet Operators

651-686-2500
www.tadedicated.com
1715 Yankee Doodle Road, Eagan, MN 55121

CONTENTS

WHY SUSTAINABILITY MATTERS FOR PRIVATE FLEETS

Private fleets face mounting pressures from many directions to reduce their carbon footprint, become more sustainable and make a firm, measurable commitment to the environment.

That fact hasn't changed in recent months.

OVER 75% OF CFOs EXPECT TO MAINTAIN OR INCREASE SUSTAINABILITY-FOCUSED INVESTMENTS even after the recent U.S. election, according to survey results from accounting and advisory firm BDO.[i]

Companies face pressure from their customers—consumers themselves—to demonstrate sustainable practices. PwC's 2024 Trust Survey[ii] found that **41% OF CONSUMERS** say it's **VERY IMPORTANT FOR COMPANIES TO DISCLOSE THEIR ENVIRONMENTAL IMPACT,** such as making a net-zero commitment.

Employees feel the same, PwC says **45% OF WORKERS** believe it's **VERY IMPORTANT** for their **EMPLOYERS TO DISCLOSE THEIR ENVIRONMENTAL COMMITMENTS AND IMPACT.**[ii]

As a result, large shippers are demanding sustainability commitments from carriers, including adopting alternative-fuel vehicles, optimizing routes and reducing idle times. To help them meet aggressive sustainability goals, companies are voluntarily adopting frameworks such as the Science Based Targets initiative (SBTi) and EcoVadis certification. These influential programs are dialing up the requirement for transportation providers to measure, report and lower emissions across their operations.

These combined pressures are pushing companies' sustainability ambitions forward unabated. Importantly, they are driving investments in electric vehicles, charging infrastructure, and data-driven logistics optimization that are reshaping the transportation industry to meet ambitious sustainability goals.

So what steps can private fleets take today to set impactful sustainability targets and fulfill their commitments to decarbonize? To get started, here are five ideas and initiatives to help meet those goals.

TIP 1 LEVERAGE ADVANCES THAT MAKE SUSTAINABILITY MORE ACCESSIBLE

We're finally entering a phase in trucking where sustainability technology is less experimental and many of the unknowns and challenges to launching sustainability initiatives are being worked out. The North American Council for Freight Efficiency (NACFE)[iii] describes it as a seminal time for action. For proof, NACFE points to today's many optimization solutions, growing infrastructure, multi-fuel choices, maturing technologies, success stories, and performance data.

That's good news for private fleet operators who've been delaying sustainability initiatives. Private fleets can still gain the advantage of being early adopters and create a sustainability strategy based on a variety of carbon-reducing precedents. With lower risk and less barriers to entry, it's a great time to do something.

Today's opportunities are not without their challenges, though. Along with a vast array of vehicle, battery and network optimization options, shippers face high start-up costs for battery electric vehicles (BEVs) and the need to balance sustainability with bottom-line profits and performance. Companies committing to sustainability today can expect a transitional phase where they navigate a heightened urgency to reduce carbon footprints while managing operational demands.

PRIVATE FLEETS SHOULD LEVERAGE TODAY'S ADVANCES IN SUSTAINABILITY TO:

Define the current state.
By determining carbon emission baselines in your organization, you create the foundation for documenting success and improving performance.

Formalize commitment
to sustainability and develop an organization-wide mission.

Set goals for carbon reductions
over a 5-to-8-year window. This includes establishing standards for measuring and tracking performance.

Create easy, simple steps for quick wins to build momentum. Identify and execute short- and medium-term sustainability initiatives with measurable ROI.

Establish new, enabling vendor connections and research new technologies. Launching BEV programs and other major sustainability initiatives can be complex and take years to execute.

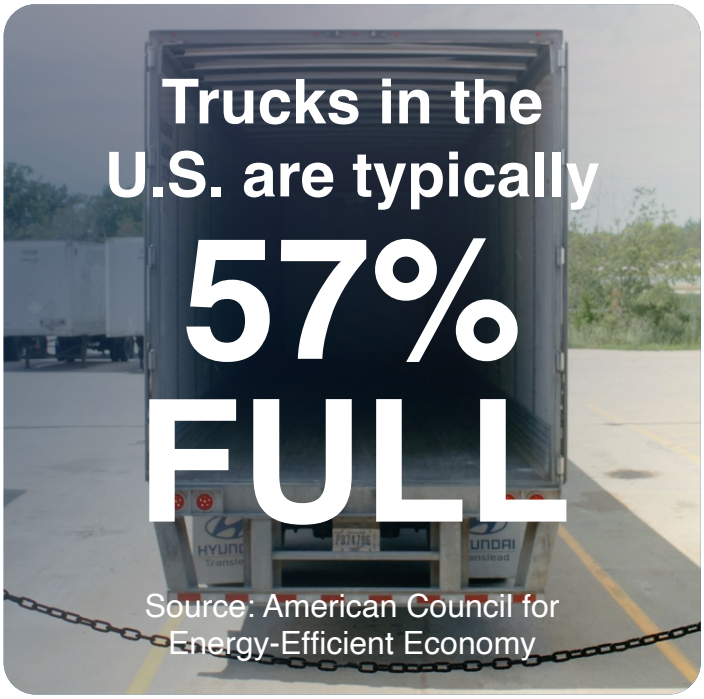
TIP 2 SUPPLY CHAIN ENGINEERING

Supply chain engineering can help shippers achieve their sustainability goals by maximizing asset utilization, helping identify opportunities to:

- REDUCE TRIPS
- MINIMIZE STOPS
- OPTIMIZE LOADS
- OPTIMIZE ROUTES & SCHEDULES
- SELECT THE RIGHT VEHICLE & MODE

By analyzing demand, inventory levels and customer locations, supply chain engineers consolidate shipments to minimize the need for multiple trips, enhancing efficiency while significantly lowering fuel consumption and greenhouse gas (GHG) emissions. Similarly, minimizing stops through advanced planning systems and route optimization creates more direct delivery routes. It can also help reduce unnecessary delays, decreasing idle time and fuel use while saving time and costs.

Optimizing loads is equally important in sustainable supply chain management. There is a huge opportunity to reduce truck miles through better load planning. Trucks in the U.S. are typically 57% full, the American Council for an Energy-Efficient Economy says.[iv] By maximizing vehicle capacity through effective load planning, engineers reduce the number of trips required to move the same volume of goods. Balancing weight and volume can help ensure better resource utilization, ultimately contributing to lower emissions and improved operational efficiency.



Efficient routes and schedules are also key to reducing environmental impact. McKinsey[v] estimates that most companies can achieve a 5-7% reduction in carbon emissions using technology that is available today. Engineers leveraging advanced transportation management systems (TMS) utilize data analytics and real-time tracking to design routes that avoid congestion and reduce travel distances. This level of optimization significantly cuts down on fuel consumption and enhances overall transportation efficiency.

Finally, selecting the right vehicle and mode for freight transport plays a crucial role in sustainability. Engineers consider freight characteristics, delivery timelines and route requirements to compare modes like rail and choose appropriate vehicles and overall fleet composition. Even replacing just a few of a fleet's diesel trucks with BEV can bring significant carbon savings.

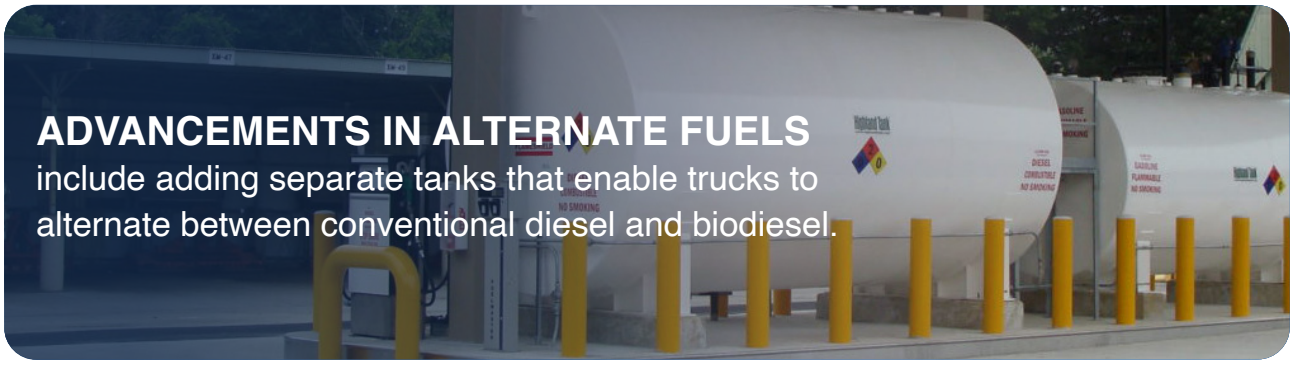
TIP 3 BOOST FUEL ECONOMY OR ELIMINATE FUEL ALTOGETHER WITH THE RIGHT ASSETS

Historically, the aversion to investing in new equipment has been due to high upfront costs, rapid depreciation and uncertain fuel savings.

However, the good news is that private fleet operators are succeeding in creating the business case for investing in a fleet upgrade that is “earned back” from fuel savings. In other words, they are doing the calculations to show how programs for replacing aging equipment high in fuel consumption with more expensive BEV trucks can pay for themselves in fuel savings over time.

Purchasing BEVs to replace diesel trucks aren’t the only way private fleets can cut fuel consumption. Many options for optimizing MPG exist that don’t require major investments in equipment.

AERODYNAMIC FEATURES
like roof fairings and wheel covers are being incorporated into new designs.



ADVANCEMENTS IN ALTERNATE FUELS
include adding separate tanks that enable trucks to alternate between conventional diesel and biodiesel.

ELECTRIC TRAILERS
are being used to provide power to tractors during acceleration or on long inclines, which can dramatically extend mileage and reduce emissions.

TIP 4 EXTEND ZERO-EMISSION TRUCKS TO THE YARD

As new BEVs enter service moving trailers within terminal yards, private fleet operators are seizing on the opportunity to offer extended sustainability benefits across the middle-mile. This is one of the fastest growing segments of supply chain sustainability that can make an immediate impact on short-term goals and is easily quantified and tracked in a controlled yard environment.

In 2024, TA Dedicated launched a fleet of electric yard trucks for a major automobile manufacturer's parts distribution operations. The yard BEVs manufactured by an American truck manufacturer, Orange EV, were deployed at the auto maker's three busiest parts distribution centers in the U.S. Their success was immediate and significant. After four months' implementation, the vehicles prevented 270 metric tons of CO^2 from being released into the atmosphere.

Successful use of electric yard trucks opens the door to additional opportunities throughout the supply chain, such as hauling trailers between manufacturers, port authorities and harbor terminals. In industrial complexes that share waterfront land with residential neighborhoods or recreational areas, electric yard trucks can do the job without releasing noxious gases into communities.

TIP 5 OUTSOURCE FLEET OPERATIONS TO A SUSTAINABILITY EXPERT

The big “endgame” of sustainability is verifiable, audited measurement and reporting of end-to-end emissions from sourcing to final delivery. Companies are realizing this requires an entirely new set of skills and capabilities in logistics, warehousing, truck design, emissions tracking, and compliance—not to mention the skills necessary to build the business case for sustainability investments over time.

As the complexities grow, the pressure to reduce carbon impact from the C-Suite gets louder. Private fleet operators are seeking out sustainable fleet expertise like never before and alternative transportation models such as dedicated fleets.

CHOOSING A DEDICATED FLEET PROVIDER WITH SUSTAINABILITY IN MIND

Choosing to outsource your fleet operation can help you make major advances in sustainability if you choose one that can help you with:

- ☐ Load and route consolidation
- ☐ Mode choices
- ☐ Warehouse configuration
- ☐ Driver performance
- ☐ Vehicle and fueling trade-offs
- ☐ Design emission measurement and reporting programs
- ☐ Map routes for greener fueling and charging stops
- ☐ Reduce trips and miles traveled
- ☐ Reduce travel time
- ☐ Save on fuel and emissions
- ☐ Software solutions
- ☐ Keeping sustainability efforts on track and on budget

At a strategic planning level, dedicated fleet providers can bring deeper understanding and a fresh perspective across dozens—even hundreds—of clients on industry best practices, load and route consolidation, mode choices, warehouse configuration, driver performance, software solutions, and vehicle and fueling tradeoffs, to keep sustainability efforts on track and on budget. Beyond that, dedicated fleet providers can help map routes for greener fueling or charging stops; reducing trips and travel time to save on fuel and emissions; designing emissions measurement and reporting programs, and more.

TA Dedicated, in particular, provides a valuable conduit to leading-edge research and latest industry trends by participating in the ACT Fleet Forum, a network of prominent fleet operators and early adopter fleets transitioning to clean vehicle technologies.

When private fleets outsource to a dedicated fleet provider and, as they graduate into new, more carbon-friendly truck assets, they also shift the burden of tracking the success of those vehicles, fuel efficiency and related technology to the provider.

Done right, the mix of outside expertise, tech support and scalable fleet assets helps shippers plan their next moves with confidence and frees up company time and resources to focus on core competencies.

ABOUT **TA DEDICATED**

TA Dedicated, based in Eagan, MN, offers truckload transportation services through a portfolio of dry van, flatbed and tanker equipment. TA Dedicated specializes in dedicated fleet programs for a range of customer needs, including sustainability programs to reduce fuel consumption and CO^2 emissions. TA Dedicated partners with EcoVadis, a global provider of business sustainability ratings and scorecards, and received a Bronze sustainability rating from EcoVadis from 2023 through 2026.

To learn about TA Dedicated's sustainability programs, visit
https://tadedicated.com/supply-chain-management/supply-chain-sustainability/

SOURCES

[i] - BDO Accounting and Advisory Firm: https://www.esgtoday.com/more-than-75-of-cfos-expect-to-increase-or-maintain-sustainability-investment-after-trump-election-bdo-survey/

[ii] - PWC Trust Survey: https://www.pwc.com/us/en/library/trust-in-business-survey.html

[iii] - North American Council for Freight Efficiency (NACFE) - https://nacfe.org/

[iv] - American Council for an Energy Efficient Economy: https://www.aceee.org/sites/default/files/pdfs/Load%20Factor%20Smart%20Freight%2011-18-21.pdf

[v] - McKinsey - Decarbonizing Logistics: Charting the path ahead (June 19, 2024) - https://www.mckinsey.com/capabilities/operations/our-insights/decarbonizing-logistics-charting-the-path-ahead