UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended June 30, 2022

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period From to

Commission File Number: 000-23189

C.H. ROBINSON WORLDWIDE, INC.

(Exact name of registrant as specified in its charter)

Delaware	**41-1883630**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

14701 Charlson Road
Eden Prairie, MN 55347
(Address of principal executive offices, including zip code)

952-937-8500
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.10 par value	CHRW	Nasdaq Global Select Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Date File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Emerging growth company	☐
Non-accelerated filer	☐	Smaller reporting company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 27, 2022, the number of shares outstanding of the registrant's Common Stock, par value $0.10 per share, was 123,883,299.

C.H. ROBINSON WORLDWIDE, INC.

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C.H. ROBINSON WORLDWIDE, INC.
Condensed Consolidated Balance Sheets
(unaudited, in thousands, except per share data)

	June 30, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 238,925	$ 257,413
Receivables, net of allowance for credit loss of $37,518 and $41,542	4,302,321	3,963,487
Contract assets, net of allowance for credit loss	518,752	453,660
Prepaid expenses and other	108,258	129,593
Total current assets	5,168,256	4,804,153
Property and equipment, net of accumulated depreciation and amortization	155,829	139,831
Goodwill	1,472,855	1,484,754
Other intangible assets, net of accumulated amortization	75,789	89,606
Right-of-use lease assets	338,223	292,559
Deferred tax assets	134,404	124,900
Other assets	112,083	92,309
Total assets	$ 7,457,439	$ 7,028,112
LIABILITIES AND STOCKHOLDERS' INVESTMENT		
Current liabilities:		
Accounts payable	$ 1,872,497	$ 1,813,473
Outstanding checks	54,360	105,828
Accrued expenses:		
Compensation	190,428	201,421
Transportation expense	405,284	342,778
Income taxes	38,850	100,265
Other accrued liabilities	177,645	171,266
Current lease liabilities	72,686	66,311
Current portion of debt	674,000	525,000
Total current liabilities	3,485,750	3,326,342
Long-term debt	1,594,055	1,393,649
Noncurrent lease liabilities	281,319	241,369
Noncurrent income taxes payable	26,291	28,390
Deferred tax liabilities	16,521	16,113
Other long-term liabilities	1,088	315
Total liabilities	5,405,024	5,006,178
Stockholders' investment:		
Preferred stock, $0.10 par value, 20,000 shares authorized; no shares issued or outstanding	—	—
Common stock, $0.10 par value, 480,000 shares authorized; 179,204 and 179,206 shares issued, 125,116 and 129,186 outstanding	12,512	12,919
Additional paid-in capital	709,163	673,628
Retained earnings	5,411,346	4,936,861
Accumulated other comprehensive loss	(87,860)	(61,134)
Treasury stock at cost (54,088 and 50,020 shares)	(3,992,746)	(3,540,340)
Total stockholders' investment	2,052,415	2,021,934
Total liabilities and stockholders' investment	$ 7,457,439	$ 7,028,112

See accompanying notes to the condensed consolidated financial statements.

C.H. ROBINSON WORLDWIDE, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income
(unaudited, in thousands except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenues:				
Transportation	$ 6,465,642	$ 5,240,448	$ 12,993,993	$ 9,800,675
Sourcing	332,833	292,278	620,435	535,920
Total revenues	6,798,475	5,532,726	13,614,428	10,336,595
Costs and expenses:				
Purchased transportation and related services	5,466,874	4,519,305	11,117,098	8,400,590
Purchased products sourced for resale	299,988	264,245	559,521	484,449
Personnel expenses	444,764	362,901	858,125	723,736
Other selling, general, and administrative expenses	117,184	125,671	264,545	243,887
Total costs and expenses	6,328,810	5,272,122	12,799,289	9,852,662
Income from operations	469,665	260,604	815,139	483,933
Interest and other income/expense, net	(27,395)	(13,497)	(41,569)	(24,757)
Income before provision for income taxes	442,270	247,107	773,570	459,176
Provision for income taxes	94,085	53,318	155,037	92,082
Net income	348,185	193,789	618,533	367,094
Other comprehensive loss, net of tax	(33,596)	(162)	(26,726)	(7,448)
Comprehensive income	$ 314,589	$ 193,627	$ 591,807	$ 359,646
Basic net income per share	$ 2.71	$ 1.45	$ 4.78	$ 2.74
Diluted net income per share	$ 2.67	$ 1.44	$ 4.71	$ 2.71
Basic weighted average shares outstanding	128,405	133,275	129,447	133,888
Dilutive effect of outstanding stock awards	1,933	1,581	1,771	1,388
Diluted weighted average shares outstanding	130,338	134,856	131,218	135,276

See accompanying notes to the condensed consolidated financial statements.

C.H. ROBINSON WORLDWIDE, INC.
Condensed Consolidated Statements of Stockholders' Investment
(unaudited, in thousands, except per share data)

	Common Shares Outstanding	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders' Investment
Balance December 31, 2021	129,186	$ 12,919	$ 673,628	$ 4,936,861	$ (61,134)	$ (3,540,340)	$ 2,021,934
Net income				270,348			270,348
Foreign currency adjustments					6,870		6,870
Dividends declared, $0.55 per share				(72,542)			(72,542)
Stock issued for employee benefit plans	418	42	(17,377)			26,239	8,904
Stock-based compensation expense	—	—	24,606			—	24,606
Repurchase of common stock	(1,593)	(160)				(164,458)	(164,618)
Balance March 31, 2022	128,011	$ 12,801	$ 680,857	$ 5,134,667	$ (54,264)	$ (3,678,559)	$ 2,095,502
Net income				348,185			348,185
Foreign currency adjustments					(33,596)		(33,596)
Dividends declared, $0.55 per share				(71,506)			(71,506)
Stock issued for employee benefit plans	316	31	377			20,478	20,886
Stock-based compensation expense	—	—	27,929			—	27,929
Repurchase of common stock	(3,211)	(320)				(334,665)	(334,985)
Balance June 30, 2022	125,116	$ 12,512	$ 709,163	$ 5,411,346	$ (87,860)	$ (3,992,746)	$ 2,052,415

	Common Shares Outstanding	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Stockholders' Investment
Balance December 31, 2020	134,298	$ 13,430	$ 566,022	$ 4,372,833	$ (45,998)	$ (3,026,354)	$ 1,879,933
Net income				173,305			173,305
Foreign currency adjustments					(7,286)		(7,286)
Dividends declared, $0.51 per share				(69,606)			(69,606)
Stock issued for employee benefit plans	357	36	(21,805)			18,766	(3,003)
Issuance of restricted stock, net of forfeitures	(26)	(3)	3				—
Stock-based compensation expense	—	—	23,989			—	23,989
Repurchase of common stock	(1,386)	(139)				(129,006)	(129,145)
Balance March 31, 2021	133,243	$ 13,324	$ 568,209	$ 4,476,532	$ (53,284)	$ (3,136,594)	$ 1,868,187
Net income				193,789			193,789
Foreign currency adjustments					(162)		(162)
Dividends declared, $0.51 per share				(69,094)			(69,094)
Stock issued for employee benefit plans	250	25	418			16,151	16,594
Stock-based compensation expense	—	—	29,161			—	29,161
Repurchase of common stock	(1,358)	(136)				(132,169)	(132,305)
Balance June 30, 2021	132,135	$ 13,213	$ 597,788	$ 4,601,227	$ (53,446)	$ (3,252,612)	$ 1,906,170

See accompanying notes to the condensed consolidated financial statements.

C.H. ROBINSON WORLDWIDE, INC.
Condensed Consolidated Statements of Cash Flows
(unaudited, in thousands)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
OPERATING ACTIVITIES		
Net income	$ 618,533	$ 367,094
Adjustments to reconcile net income to net cash used for operating activities:		
Depreciation and amortization	45,748	46,215
Provision for credit losses	(2,142)	(36)
Stock-based compensation	52,535	53,150
Deferred income taxes	(5,844)	(2,474)
Excess tax benefit on stock-based compensation	(7,553)	(9,367)
Other operating activities	(26,356)	933
Changes in operating elements, net of acquisitions:		
Receivables	(378,641)	(717,340)
Contract assets	(65,362)	(96,154)
Prepaid expenses and other	(14,170)	(38,971)
Accounts payable and outstanding checks	37,207	406,875
Accrued compensation	(9,673)	12,115
Accrued transportation expense	62,506	73,167
Accrued income taxes	(54,964)	(4,431)
Other accrued liabilities	1,391	210
Other assets and liabilities	(1,886)	1,612
Net cash provided by operating activities	251,329	92,598
INVESTING ACTIVITIES		
Purchases of property and equipment	(36,781)	(12,856)
Purchases and development of software	(32,622)	(16,981)
Acquisitions, net of cash acquired	—	(14,749)
Other investing activities	63,208	—
Net cash used for investing activities	(6,195)	(44,586)
FINANCING ACTIVITIES		
Proceeds from stock issued for employee benefit plans	53,574	36,674
Stock tendered for payment of withholding taxes	(23,784)	(23,083)
Repurchase of common stock	(490,699)	(262,904)
Cash dividends	(145,268)	(139,756)
Proceeds from long-term borrowings	200,000	—
Proceeds from short-term borrowings	2,735,000	1,661,000
Payments on short-term borrowings	(2,586,000)	(1,390,038)
Net cash used for financing activities	(257,177)	(118,107)
Effect of exchange rates on cash and cash equivalents	(6,445)	(898)
Net change in cash and cash equivalents	(18,488)	(70,993)
Cash and cash equivalents, beginning of period	257,413	243,796
Cash and cash equivalents, end of period	$ 238,925	$ 172,803

See accompanying notes to the condensed consolidated financial statements.

C.H. ROBINSON WORLDWIDE, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. BASIS OF PRESENTATION

C.H. Robinson Worldwide, Inc., and our subsidiaries ("the company," "we," "us," or "our") are a global provider of transportation services and logistics solutions operating through a network of offices located in North America, Europe, Asia, Oceania, and South America. The consolidated financial statements include the accounts of C.H. Robinson Worldwide, Inc., and our majority owned and controlled subsidiaries. Our minority interests in subsidiaries are not significant. All intercompany transactions and balances have been eliminated in the consolidated financial statements.

Our reportable segments are NAST and Global Forwarding with all other segments included in All Other and Corporate. The All Other and Corporate reportable segment includes Robinson Fresh, Managed Services, Other Surface Transportation outside of North America, and other miscellaneous revenues and unallocated corporate expenses. For financial information concerning our reportable segments, refer to Note 9, *Segment Reporting*.

The condensed consolidated financial statements, which are unaudited, have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). In our opinion, these financial statements include all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the financial statements for the interim periods presented. Interim results are not necessarily indicative of results for a full year.

Consistent with SEC rules and regulations, we have condensed or omitted certain information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States. You should read the condensed consolidated financial statements and related notes in conjunction with the consolidated financial statements and notes in our Annual Report on Form 10-K for the year ended December 31, 2021.

PROPERTY AND EQUIPMENT

During the second quarter, we sold an office building in Kansas City, Missouri, that had been previously classified as held-for-sale assets, for a sales price of $55 million and recognized a gain of $23.5 million on the sale of the building in the three months ended June 30, 2022. We simultaneously entered into an agreement to lease the office building for 10 years.

RECENTLY ISSUED ACCOUNTING STANDARDS

For the three months ended June 30, 2022, there were no recently issued or newly adopted accounting pronouncements that had, or are expected to have, a material impact to our consolidated financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Note 1 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2021, includes a summary of the significant accounting policies and methods used in the preparation of our consolidated financial statements.

NOTE 2. GOODWILL AND OTHER INTANGIBLE ASSETS

The change in carrying amount of goodwill is as follows (in thousands):

	NAST	Global Forwarding	All Other and Corporate	Total
Balance, December 31, 2021	$ 1,196,333	$ 210,391	$ 78,030	$ 1,484,754
Foreign currency translation	(7,319)	(2,907)	(1,673)	(11,899)
Balance, June 30, 2022	$ 1,189,014	$ 207,484	$ 76,357	$ 1,472,855

Goodwill is tested at least annually for impairment on November 30, or more frequently if events or changes in circumstances indicate that the asset might be impaired. We first perform a qualitative assessment to determine whether it is more likely than not that the fair value of our reporting units is less than their respective carrying value ("Step Zero Analysis"). If the Step Zero Analysis indicates it is more likely than not that the fair value of our reporting units is less than their respective carrying value, an additional impairment assessment is performed ("Step One Analysis"). As part of our Step Zero Analysis, we determined that more likely than not criteria had not been met, and therefore a Step One Analysis was not required as of June 30, 2022.

Identifiable intangible assets consisted of the following (in thousands):

	June 30, 2022			December 31, 2021		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Finite-lived intangibles						
Customer relationships	$ 163,580	$ (96,391)	$ 67,189	$ 169,308	$ (88,302)	$ 81,006
Indefinite-lived intangibles						
Trademarks	8,600	—	8,600	8,600	—	8,600
Total intangibles	$ 172,180	$ (96,391)	$ 75,789	$ 177,908	$ (88,302)	$ 89,606

Amortization expense for other intangible assets is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Amortization expense	$ 5,957	$ 6,200	$ 11,991	$ 13,286

Finite-lived intangible assets, by reportable segment, as of June 30, 2022, will be amortized over their remaining lives as follows (in thousands):

	NAST	Global Forwarding	All Other and Corporate	Total
Remaining 2022	$ 4,048	$ 7,107	$ 529	$ 11,684
2023	8,096	11,685	1,058	20,839
2024	7,990	3,521	1,058	12,569
2025	7,857	2,606	1,058	11,521
2026	7,857	—	723	8,580
Thereafter	1,310	—	686	1,996
Total				$ 67,189

NOTE 3. FAIR VALUE MEASUREMENT

Accounting guidance on fair value measurements for certain financial assets and liabilities requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1 — Quoted market prices in active markets for identical assets or liabilities.
- Level 2 — Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3 — Unobservable inputs reflecting the reporting entity’s own assumptions or external inputs from inactive markets.

A financial asset or liability’s classification within the hierarchy is determined based on the lowest level of input that is significant to the fair value measurement.

We had no Level 3 assets or liabilities as of and during the periods ended June 30, 2022 and December 31, 2021. There were no transfers between levels during the period.

NOTE 4. FINANCING ARRANGEMENTS

The components of our short-term and long-term debt and the associated interest rates were as follows (dollars in thousands):

	Average interest rate as of			Carrying value as of	
	June 30, 2022	December 31, 2021	Maturity	June 30, 2022	December 31, 2021
Revolving credit facility	2.82 %	1.23 %	October 2023	$ 174,000	$ 525,000
364-day revolving credit facility	2.03 %	—	May 2023	500,000	—
Senior Notes, Series A	3.97 %	3.97 %	August 2023	175,000	175,000
Senior Notes, Series B	4.26 %	4.26 %	August 2028	150,000	150,000
Senior Notes, Series C	4.60 %	4.60 %	August 2033	175,000	175,000
Receivables securitization facility (1)	2.26 %	0.73 %	November 2023	499,448	299,481
Senior Notes (1)	4.20 %	4.20 %	April 2028	594,607	594,168
Total debt				2,268,055	1,918,649
Less: Current maturities and short-term borrowing				(674,000)	(525,000)
Long-term debt				$ 1,594,055	$ 1,393,649

(1) Net of unamortized discounts and issuance costs.

SENIOR UNSECURED REVOLVING CREDIT FACILITY

We have a senior unsecured revolving credit facility (the “Credit Agreement”) with a total availability of $1 billion and a maturity date of October 24, 2023. Borrowings under the Credit Agreement generally bear interest at a variable rate determined by a pricing schedule or the base rate (which is the highest of (a) the administrative agent's prime rate, (b) the federal funds rate plus 0.50 percent, or (c) the sum of applicable LIBOR plus 1.13 percent). In addition, there is a commitment fee on the average daily undrawn stated amount under each letter of credit issued under the facility ranging from 0.075 percent to 0.200 percent. The recorded amount of borrowings outstanding, if any, approximates fair value because of the short maturity period of the debt.

The Credit Agreement contains various restrictions and covenants that require us to maintain certain financial ratios, including a maximum leverage ratio of 3.50 to 1.00. The Credit Agreement also contains customary events of default. On November 19, 2021, we amended the Credit Agreement to among other things, facilitate the terms of the Receivables Securitization Facility and include provisions for benchmark replacements to LIBOR.

364-DAY UNSECURED REVOLVING CREDIT FACILITY

On May 6, 2022, we entered into an unsecured revolving credit facility (the “364-day Credit Agreement”) with a total availability of $500 million and a maturity date of May 5, 2023. Borrowings under the 364-day Credit Agreement generally bear interest at an alternate base rate plus a margin or a term SOFR-based rate plus a margin of 0.625 percent to 1.25 percent. The alternate base rate is determined by a pricing schedule (which is the highest of (a) 0 percent, (b) U.S. Bank’s prime rate, (c) the federal funds effective rate plus 0.50 percent, or (d) a term SOFR-based rate plus 1.00 percent). In addition, there is a commitment fee on the aggregate unused commitments under the 364-day Credit Agreement ranging from 0.05 percent to 0.175 percent per annum. The recorded amount of borrowings outstanding, if any, approximates fair value because of the short maturity period of the debt.

The 364-day Credit Agreement contains various restrictions and covenants that require us to maintain certain financial ratios, including an initial maximum leverage ratio of 3.00 to 1.00. The 364-day Credit Agreement also contains customary events of default.

NOTE PURCHASE AGREEMENT

On August 23, 2013, we entered into a Note Purchase Agreement with certain institutional investors (the "Purchasers"). On August 27, 2013, the Purchasers purchased an aggregate principal amount of $500 million of our Senior Notes, Series A, Senior Notes Series B, and Senior Notes Series C (collectively, the "Notes"). Interest on the Notes is payable semi-annually in arrears. The fair value of the Notes approximated $477.9 million on June 30, 2022. We estimate the fair value of the Notes primarily using an expected present value technique, which is based on observable market inputs using interest rates currently available to companies of similar credit standing for similar terms and remaining maturities, and considering our own risk. If the Notes were recorded at fair value, they would be classified as Level 2.

The Note Purchase Agreement contains various restrictions and covenants that require us to maintain certain financial ratios, including a maximum leverage ratio of 3.00 to 1.00, a minimum interest coverage ratio of 2.00 to 1.00, and a maximum consolidated priority debt to consolidated total asset ratio of 15 percent.

The Note Purchase Agreement provides for customary events of default. The occurrence of an event of default would permit certain Purchasers to declare certain Notes then outstanding to be immediately due and payable. Under the terms of the Note Purchase Agreement, the Notes are redeemable, in whole or in part, at 100 percent of the principal amount being redeemed together with a "make-whole amount" (as defined in the Note Purchase Agreement), and accrued and unpaid interest with respect to each Note. The obligations of the company under the Note Purchase Agreement and the Notes are guaranteed by C.H. Robinson Company, a Delaware corporation and a wholly-owned subsidiary of the company, and by C.H. Robinson Company, Inc., a Minnesota corporation and an indirect wholly-owned subsidiary of the company. On November 19, 2021, we amended the Note Purchase Agreement to among other things, facilitate the terms of the Receivables Securitization Facility.

U.S. TRADE ACCOUNTS RECEIVABLE SECURITIZATION

On November 19, 2021, we entered into a receivables purchase agreement and related transaction documents with Bank of America, N.A. and Wells Fargo Bank, N.A. to provide a receivables securitization facility (the "Receivables Securitization Facility"). The Receivables Securitization Facility is based on the securitization of our U.S. trade accounts receivable with a total availability of $500 million as of June 30, 2022. The interest rate on borrowings under the Receivables Securitization Facility is based on Bloomberg Short Term Bank Yield Index ("BSBY") plus a margin. There is also a commitment fee we are required to pay on any unused portion of the facility. The Receivables Securitization Facility expires on November 17, 2023, unless extended by the parties and is recorded as a noncurrent liability as of June 30, 2022. The recorded amount of borrowings outstanding on the Receivables Securitization Facility approximates fair value because it can be redeemed on short notice and the interest rate floats. We consider these borrowings to be a Level 2 financial liability. Borrowings on the Receivables Securitization Facility are included within proceeds on long-term borrowings on the consolidated statement of cash flows.

The Receivables Securitization Facility contains various customary affirmative and negative covenants, and it also contains customary default and termination provisions, which provide for acceleration of amounts owed under the Receivables Securitization Facility upon the occurrence of certain specified events.

On February 1, 2022, we amended the Receivables Securitization Facility primarily to increase the total availability from $300 million to $500 million pursuant to the provisions of the existing agreement. On July 7, 2022, we amended the Receivables Securitization Facility to effectively increase the receivables pool available with respect to the Receivables Securitization Facility.

SENIOR NOTES

On April 9, 2018, we issued senior unsecured notes ("Senior Notes") through a public offering. The Senior Notes bear an annual interest rate of 4.20 percent payable semi-annually on April 15 and October 15, until maturity on April 15, 2028. Taking into effect the amortization of the original issue discount and all underwriting and issuance expenses, the Senior Notes have an effective yield to maturity of approximately 4.39 percent per annum. The fair value of the Senior Notes, excluding debt discounts and issuance costs, approximated $577.0 million as of June 30, 2022, based primarily on the market prices quoted from external sources. The carrying value of the Senior Notes was $594.6 million as of June 30, 2022.

We may redeem the Senior Notes, in whole or in part, at any time and from time to time prior to their maturity at the applicable redemption prices described in the Senior Notes. Upon the occurrence of a "change of control triggering event" as defined in the Senior Notes (generally, a change of control of us accompanied by a reduction in the credit rating for the Senior Notes), we will generally be required to make an offer to repurchase the Senior Notes from holders at 101 percent of their principal amount plus accrued and unpaid interest to the date of repurchase.

The Senior Notes were issued under an indenture that contains covenants imposing certain limitations on our ability to incur liens or enter into sale and leaseback transactions above certain limits; and consolidate, or merge or transfer substantially all of our assets and those of our subsidiaries on a consolidated basis. It also provides for customary events of default (subject in certain cases to customary grace and cure periods), which include among other things nonpayment, breach of covenants in the indenture, and certain events of bankruptcy and insolvency. If an event of default occurs and is continuing with respect to the Senior Notes, the trustee or holders of at least 25 percent in principal amount outstanding of the Senior Notes may declare the principal and the accrued and unpaid interest, if any, on all of the outstanding Senior Notes to be due and payable. These covenants and events of default are subject to a number of important qualifications, limitations, and exceptions that are described in the indenture. The indenture does not contain any financial ratios or specified levels of net worth or liquidity to which we must adhere.

In addition to the above financing agreements, we have a $15 million discretionary line of credit with U.S. Bank of which $7.9 million is currently utilized for standby letters of credit related to insurance collateral as of June 30, 2022. These standby letters of credit are renewed annually and were undrawn as of June 30, 2022.

NOTE 5. INCOME TAXES

A reconciliation of the provision for income taxes using the statutory federal income tax rate to our effective income tax rate for the three and six months ended June 30, 2022 and 2021, is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Federal statutory rate	21.0 %	21.0 %	21.0 %	21.0 %
State income taxes, net of federal benefit	2.0	2.0	1.7	2.1
Share based payment awards	(0.6)	(0.1)	(0.9)	(1.5)
Foreign tax credits	(1.4)	(1.2)	(1.1)	(0.5)
Other U.S. tax credits and incentives	(0.3)	(0.8)	(1.0)	(0.9)
Foreign	(0.5)	2.0	(0.5)	0.2
Other	1.1	(1.3)	0.8	(0.3)
Effective income tax rate	21.3 %	21.6 %	20.0 %	20.1 %

We have asserted that the unremitted earnings of a limited number of our foreign subsidiaries are permanently reinvested to support expansion of our international business. If we repatriated all foreign earnings that are considered to be permanently reinvested, the estimated effect on income taxes payable would be an increase of approximately $2.0 million as of June 30, 2022.

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) in response to the COVID-19 pandemic. The CARES Act allowed for a deferral of the employer share of federal payroll taxes. We have recognized a payroll deferral of $14.7 million under the CARES Act due on December 31, 2022.

As of June 30, 2022, we have $41.0 million of unrecognized tax benefits and related interest and penalties. It is possible the amount of unrecognized tax benefit could change in the next 12 months as a result of a lapse of the statute of limitations and settlements with taxing authorities. The total liability for unrecognized tax benefits is expected to decrease by approximately $2.4 million in the next 12 months due to the lapsing of statutes of limitations. With few exceptions, we are no longer subject to audits of U.S. federal, state and local, or non-U.S. income tax returns before 2015. We are currently under an Internal Revenue Service audit for 2015, 2016 and 2017 tax years.

NOTE 6. STOCK AWARD PLANS

Stock-based compensation cost is measured at the grant date based on the value of the award and is recognized as expense as it vests. A summary of our total compensation expense recognized in our condensed consolidated statements of operations and comprehensive income for stock-based compensation is as follows (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Stock options	$ 3,263	$ 4,027	$ 6,482	$ 7,994
Stock awards	23,887	24,401	43,950	43,349
Company expense on ESPP discount	779	733	2,103	1,807
Total stock-based compensation expense	$ 27,929	$ 29,161	$ 52,535	$ 53,150

On May 5, 2022, our shareholders approved a 2022 Equity Incentive Plan (the “Plan”) and authorized an initial 4,261,884 shares for issuance of awards thereunder. Upon approval of the Plan, no new awards may be made under our 2013 Equity Incentive Plan. The Plan allows us to grant certain stock awards, including stock options at fair market value, performance-based restricted stock units and shares, and time-based restricted stock units, to our key employees and non-employee directors. Approximately 4,424,631 shares were available for stock awards under the Plan as of June 30, 2022. Shares subject to awards under the Plan or certain of our prior plans that expire or are canceled without delivery of shares or that are settled in cash generally become available again for issuance under the Plan.

Stock Options - We have awarded stock options to certain key employees through 2020. The fair value of these options was established based on the market price on the date of grant calculated using the Black-Scholes option pricing model. Changes in measured stock price volatility and interest rates were the primary reasons for changes in the fair value. These grants are being expensed based on the terms of the awards. As of June 30, 2022, unrecognized compensation expense related to stock options was $20.0 million. The amount of future expense to be recognized will be based on the passage of time and the employees' continued employment.

Stock Awards - We have awarded performance-based restricted shares, performance-based restricted stock units (“PSUs”), and time-based restricted stock units. Nearly all of our awards contain restrictions on the awardees’ ability to sell or transfer vested awards for a specified period of time. The fair value of these awards is established based on the market price on the date of grant, discounted for any post-vesting holding restrictions. The discounts on outstanding grants with post-vesting holding restrictions vary from 12 percent to 24 percent and are calculated using the Black-Scholes option pricing model-protective put method. The duration of the restriction period to sell or transfer vested awards, changes in the measured stock price volatility and changes in interest rates are the primary reasons for changes in the discounts. These grants are being expensed based on the terms of the awards.

Performance-based Awards

We have awarded performance-based restricted shares through 2020 to certain key employees and non-employee directors. These awards vest over a five-year period based on the company’s earnings growth. Beginning in 2021, we have awarded annually PSUs to certain key employees. These PSUs vest over a three-year period based on the company's cumulative three-year earnings per share growth and annual adjusted gross profit growth. These PSUs contain an upside opportunity of up to 200 percent of target contingent upon obtaining certain earnings per share and adjusted gross profit growth targets.

Time-based Awards

We award time-based restricted stock units to certain key employees and non-employee directors. Time-based awards granted through 2020 vest over a five-year period. Beginning in 2021, we have granted annually time-based awards that vest over a three-year period. These awards vest primarily based on the passage of time and the employee’s continued employment. These grants are being expensed based on the terms of the awards.

We granted 330,072 PSUs and 634,118 time-based restricted stock units on February 9, 2022. The PSUs and time-based restricted stock unit awards had a weighted average grant date fair value of $76.74 and $74.67, respectively. Time-based awards are eligible to vest over a three-year period with a first vesting date of December 31, 2022.

We have also issued restricted stock units to certain key employees and non-employee directors, which are fully vested upon issuance. These units contain restrictions on the awardees’ ability to sell or transfer vested units for a specified period of time. The fair value of these units is established using the same method discussed above. These grants have been expensed during the year they were earned.

As of June 30, 2022, there was unrecognized compensation expense of $144.3 million related to previously granted stock awards assuming maximum achievement is obtained on our performance-based awards. The amount of future expense to be recognized will be based on the passage of time, the company's earnings and adjusted gross profit growth, and certain other conditions.

Employee Stock Purchase Plan - Our 1997 Employee Stock Purchase Plan ("ESPP") allows our employees to contribute up to $10,000 of their annual cash compensation to purchase company stock. The purchase price is determined using the closing price on the last day of each quarter discounted by 15 percent. Shares vest immediately. The following is a summary of the employee stock purchase plan activity (dollars in thousands):

Three Months Ended June 30, 2022		
Shares purchased by employees	Aggregate cost to employees	Expense recognized by the company
51,276	$ 4,419	$ 779

NOTE 7. LITIGATION

We are not subject to any pending or threatened litigation other than routine litigation arising in the ordinary course of our business operations, including certain contingent auto liability cases. For some legal proceedings, we have accrued an amount that reflects the aggregate liability deemed probable and estimable, but this amount is not material to our condensed consolidated financial position, results of operations, or cash flows. Because of the preliminary nature of many of these proceedings, the difficulty in ascertaining the applicable facts relating to many of these proceedings, the inconsistent treatment of claims made in many of these proceedings, and the difficulty of predicting the settlement value of many of these proceedings, we are often unable to estimate an amount or range of any reasonably possible losses. However, based upon our historical experience, the resolution of these proceedings is not expected to have a material effect on our consolidated financial position, results of operations, or cash flows.

NOTE 8. ACQUISITIONS

Combinex Holding B.V.

On June 3, 2021, we acquired all of the outstanding shares of Combinex to strengthen our European road transportation presence. Total purchase consideration, net of cash acquired was $14.7 million, which was paid in cash.

Identifiable intangible assets and estimated useful lives are as follows (dollars in thousands):

	Estimated Life (years)	
Customer relationships	7	$ 3,942

There was $10.8 million of goodwill recorded related to the acquisition of Combinex. The Combinex goodwill is a result of acquiring and retaining the Combinex workforce and expected synergies from integrating its business into ours. Purchase accounting is considered complete. The goodwill will not be deductible for tax purposes. The results of operations of Combinex have been included as part of the All Other and Corporate segment in our consolidated financial statements since June 3, 2021.

NOTE 9. SEGMENT REPORTING

Our reportable segments are based on our method of internal reporting, which generally segregates the segments by service line and the primary services they provide to our customers. We identify two reportable segments in addition to All Other and Corporate as summarized below:

- **North American Surface Transportation—**NAST provides freight transportation services across North America through a network of offices in the United States, Canada, and Mexico. The primary services provided by NAST include truckload and less than truckload ("LTL") transportation services.
- **Global Forwarding—**Global Forwarding provides global logistics services through an international network of offices in North America, Asia, Europe, Oceania, and South America and also contracts with independent agents worldwide. The primary services provided by Global Forwarding include ocean freight services, air freight services, and customs brokerage.

- **All Other and Corporate—**All Other and Corporate includes our Robinson Fresh and Managed Services segments, as well as Other Surface Transportation outside of North America and other miscellaneous revenues and unallocated corporate expenses. Robinson Fresh provides sourcing services including the buying, selling, and marketing of fresh fruits, vegetables, and other perishable items. Managed Services provides Transportation Management Services, or Managed TMS®. Other Surface Transportation revenues are primarily earned by Europe Surface Transportation. Europe Surface Transportation provides transportation and logistics services including truckload and groupage services across Europe.

The internal reporting of segments is defined, based in part, on the reporting and review process used by our chief operating decision maker ("CODM"), our Chief Executive Officer. The accounting policies of our reportable segments are the same as those described in the summary of significant accounting policies located in Note 1 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2021. We do not report our intersegment revenues by reportable segment to our CODM and do not believe they are a meaningful metric for evaluating the performance of our reportable segments.

Reportable segment information as of, and for the three and six months ended June 30, 2022 and 2021, is as follows (dollars in thousands):

	NAST	Global Forwarding	All Other and Corporate	Consolidated
Three Months Ended June 30, 2022				
Total revenues	$ 4,147,046	$ 2,093,190	$ 558,239	$ 6,798,475
Income from operations	276,499	167,557	25,609	469,665
Depreciation and amortization	6,123	5,471	11,668	23,262
Total assets[(1)]	3,688,215	2,851,114	918,110	7,457,439
Average headcount	7,552	5,759	4,582	17,893

	NAST	Global Forwarding	All Other and Corporate	Consolidated
Three Months Ended June 30, 2021				
Total revenues	$ 3,585,481	$ 1,450,794	$ 496,451	$ 5,532,726
Income from operations	151,092	108,212	1,300	260,604
Depreciation and amortization	6,534	6,276	10,127	22,937
Total assets[(1)]	3,278,540	1,852,473	775,551	5,906,564
Average headcount	6,580	4,909	3,916	15,405

	NAST	Global Forwarding	All Other and Corporate	Consolidated
Six Months Ended June 30, 2022				
Total revenues	$ 8,261,935	$ 4,287,587	$ 1,064,906	$ 13,614,428
Income from operations	458,853	335,195	21,091	815,139
Depreciation and amortization	12,362	11,026	22,360	45,748
Total assets[(1)]	3,688,215	2,851,114	918,110	7,457,439
Average headcount	7,442	5,690	4,422	17,554

	NAST	Global Forwarding	All Other and Corporate	Consolidated
Six Months Ended June 30, 2021				
Total revenues	$ 6,796,904	$ 2,606,833	$ 932,858	$ 10,336,595
Income (loss) from operations	287,876	198,801	(2,744)	483,933
Depreciation and amortization	13,159	11,925	21,131	46,215
Total assets[(1)]	3,278,540	1,852,473	775,551	5,906,564
Average headcount	6,578	4,832	3,823	15,233

[(1)] All cash and cash equivalents are included in All Other and Corporate.

NOTE 10. REVENUE FROM CONTRACTS WITH CUSTOMERS

A summary of our total revenues disaggregated by major service line and timing of revenue recognition is presented below for each of our reportable segments for the three and six months ended June 30, 2022 and 2021 (in thousands):

	Three Months Ended June 30, 2022			
	NAST	Global Forwarding	All Other and Corporate	Total
Major Service Lines				
Transportation and logistics services[1]	$ 4,147,046	$ 2,093,190	$ 225,406	$ 6,465,642
Sourcing[2]	—	—	332,833	332,833
Total	$ 4,147,046	$ 2,093,190	$ 558,239	$ 6,798,475

	Three Months Ended June 30, 2021			
	NAST	Global Forwarding	All Other and Corporate	Total
Major Service Lines				
Transportation and logistics services[1]	$ 3,585,481	$ 1,450,794	$ 204,173	$ 5,240,448
Sourcing[2]	—	—	292,278	292,278
Total	$ 3,585,481	$ 1,450,794	$ 496,451	$ 5,532,726

	Six Months Ended June 30, 2022			
	NAST	Global Forwarding	All Other and Corporate	Total
Major Service Lines				
Transportation and logistics services[1]	$ 8,261,935	$ 4,287,587	$ 444,471	$ 12,993,993
Sourcing[2]	—	—	620,435	620,435
Total	$ 8,261,935	$ 4,287,587	$ 1,064,906	$ 13,614,428

	Six Months Ended June 30, 2021			
	NAST	Global Forwarding	All Other and Corporate	Total
Major Service Lines				
Transportation and logistics services[1]	$ 6,796,904	$ 2,606,833	$ 396,938	$ 9,800,675
Sourcing[2]	—	—	535,920	535,920
Total	$ 6,796,904	$ 2,606,833	$ 932,858	$ 10,336,595

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[1] Transportation and logistics services performance obligations are completed over time.
[2] Sourcing performance obligations are completed at a point in time.

We typically do not receive consideration and amounts are not due from our customer prior to the completion of our performance obligation and as such contract liabilities, as of June 30, 2022, and revenue recognized in the three and six months ended June 30, 2022 and 2021 resulting from contract liabilities, were not significant. Contract assets and accrued expenses-transportation expense fluctuate from period to period primarily based upon shipments in-transit at period end and the timing of customer invoicing.

NOTE 11. LEASES

We determine if our contractual agreements contain a lease at inception. A lease is identified when a contract allows us the right to control an identified asset for a period of time in exchange for consideration. Our lease agreements consist primarily of operating leases for office space, warehouses, office equipment, trailers, and a small number of intermodal containers. We do not have material financing leases. Frequently, we enter into contractual relationships with a wide variety of transportation companies for freight capacity and utilize those relationships to efficiently and cost-effectively arrange the transport of our customers' freight. These contracts typically have a term of 12 months or less and do not allow us to direct the use or obtain substantially all of the economic benefits of a specifically identified asset. Accordingly, these agreements are not considered leases.

Our operating leases are included on the consolidated balance sheets as right-of-use lease assets and lease liabilities. A right-of-use lease asset represents our right to use an underlying asset over the term of a lease, while a lease liability represents our obligation to make lease payments arising from the lease. Current and noncurrent lease liabilities are recognized on the commencement date at the present value of lease payments, including non-lease components, which consist primarily of common area maintenance and parking charges. Right-of-use lease assets are also recognized on the commencement date as the total lease liability plus prepaid rents. As our leases typically do not provide an implicit rate, we use our fully collateralized incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The incremental borrowing rate is influenced by market interest rates, our credit rating, and lease term and as such, may differ for individual leases.

Our lease agreements typically do not contain variable lease payments, residual value guarantees, purchase options, or restrictive covenants. Many of our leases include the option to renew for a period of months to several years. The term of our leases may include the option to renew when it is reasonably certain that we will exercise that option although these occurrences are seldom. We have lease agreements with lease components (e.g., payments for rent) and non-lease components (e.g., payments for common area maintenance and parking), which are all accounted for as a single lease component.

We do not have material lease agreements that have not yet commenced that are expected to create significant rights or obligations as of June 30, 2022.

Information regarding lease expense, remaining lease term, discount rate, and other select lease information is presented below as of June 30, 2022, and for the three and six months ended June 30, 2022 and 2021, is as follows (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
Lease Costs	**2022**	**2021**	**2022**	**2021**
Operating lease expense	$ 23,082	$ 21,459	$ 44,727	$ 43,021
Short-term lease expense	1,137	1,462	3,597	3,063
Total lease expense	$ 24,219	$ 22,921	$ 48,324	$ 46,084

	Six Months Ended June 30,	
Other Lease Information	**2022**	**2021**
Operating cash flows from operating leases	$ 43,937	$ 42,495
Right-of-use lease assets obtained in exchange for new lease liabilities	87,554	18,299

Lease Term and Discount Rate	**As of June 30, 2022**
Weighted average remaining lease term (in years)[(1)]	6.5
Weighted average discount rate	3.0 %

[(1)] The weighted average remaining lease term is significantly impacted by a 15-year lease related to office space in Chicago, IL, which commenced in 2018. Excluding this lease, the weighted average remaining lease term of our agreements is 5.1 years.

The maturities of lease liabilities as of June 30, 2022, were as follows (in thousands):

Maturity of Lease Liabilities	**Operating Leases**
Remaining 2022	$ 38,669
2023	84,653
2024	63,944
2025	47,866
2026	38,314
Thereafter	121,832
Total lease payments	395,278
Less: Interest	(41,273)
Present value of lease liabilities	$ 354,005

NOTE 12. ALLOWANCE FOR CREDIT LOSSES

Our allowance for credit losses is computed using a number of factors including our past credit loss experience, the aging of amounts due from our customers, our customers' credit ratings, in addition to other customer-specific factors. We have also considered recent trends and developments related to the current macroeconomic environment in determining our ending allowance for credit losses for both accounts receivable and contract assets. The allowance for credit losses on contract assets was not significant.

A rollforward of our allowance for credit losses on our accounts receivable balance is presented below for the six months ended June 30, 2022 (in thousands):

Balance, December 31, 2021	$	41,542
Provision		(2,411)
Write-offs		(1,613)
Balance, June 30, 2022	$	37,518

Recoveries of amounts previously written off were not significant for the three and six months ended June 30, 2022.

NOTE 13. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss is included in Stockholders' investment on our condensed consolidated balance sheets. The recorded balance on June 30, 2022 and December 31, 2021, was $87.9 million and $61.1 million, respectively. The recorded balance on June 30, 2022 and December 31, 2021 is comprised solely of foreign currency adjustments, including foreign currency translation.

Other comprehensive loss was $33.6 million compared to other comprehensive loss of $0.2 million for the three months ended June 30, 2022 and 2021, respectively. Both periods were driven primarily by fluctuations in the Singapore Dollar, the Australian Dollar, and the Yuan.

Other comprehensive loss was $26.7 million compared to other comprehensive loss of $7.4 million for the six months ended June 30, 2022 and 2021, respectively. Other comprehensive income and loss consisted of foreign currency adjustments, including foreign currency translation, for the three and six months ended June 30, 2022 and 2021. Both periods were driven primarily by fluctuations in the Singapore Dollar, Yuan, and the Australian Dollar.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes.

FORWARD-LOOKING INFORMATION

Our Quarterly Report on Form 10-Q, including this discussion and analysis of our financial condition and results of operations and our disclosures about market risk, contains certain “forward-looking statements.” These statements represent our expectations, beliefs, intentions, or strategies concerning future events that, by their nature, involve risks and uncertainties. Forward-looking statements include, among others, statements about our future performance, the continuation of historical trends, the sufficiency of our sources of capital for future needs, the effects of acquisitions or dispositions, the expected impact of recently issued accounting pronouncements, and the outcome or effects of litigation. Risks that could cause actual results to differ materially from our current expectations include, but are not limited to, changes in economic conditions, including uncertain consumer demand; changes in market demand and pressures on the pricing for our services; fuel price increases or decreases, or fuel shortages; competition and growth rates within the global logistics industry; freight levels and increasing costs and availability of truck capacity or alternative means of transporting freight; risks associated with significant disruptions in the transportation industry; changes in relationships with existing contracted truck, rail, ocean, and air carriers; changes in our customer base due to possible consolidation among our customers; risks with reliance on technology to operate our business; cyber-security related risks; risks associated with operations outside of the United States; our ability to identify or complete suitable acquisitions; our ability to successfully integrate the operations of acquired companies with our historic operations; risks associated with litigation, including contingent auto liability and insurance coverage; risks associated with the potential impact of changes in government regulations; our ability to hire and retain a sufficient number of qualified personnel; risks associated with the changes to income tax regulations; risks associated with the produce industry, including food safety and contamination issues; the impact of war on the economy; changes to our capital structure; changes due to catastrophic events including pandemics such as COVID-19, and other risks and uncertainties, detailed in our Annual and Quarterly Reports. Therefore, actual results may differ materially from our expectations based on these and other risks and uncertainties, including those described in Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the Securities and Exchange Commission on February 23, 2022 as well as the updates to these risk factors included in Part II—“Item 1A, Risk Factors,” herein.

Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update such statement to reflect events or circumstances arising after such date.

OVERVIEW

C.H. Robinson Worldwide, Inc. (“C.H. Robinson,” “the company,” “we,” “us,” or “our”) is one of the world's largest logistics platforms. Our mission is to improve the world's supply chains through our people, processes, and technology by delivering exceptional value to our customers and suppliers. We provide freight transportation services and logistics solutions to companies of all sizes in a wide variety of industries. We operate through a network of offices in North America, Europe, Asia, Oceania, and South America. We offer a global suite of services using tailored, market-leading solutions built by and for supply chain experts. Our global network of supply chain experts work with our customers to drive better supply chain outcomes by leveraging our experience, data, digital solutions, and scale.

Our adjusted gross profit and adjusted gross profit margin are non-GAAP financial measures. Adjusted gross profit is calculated as gross profit excluding amortization of internally developed software utilized to directly serve our customers and contracted carriers. Adjusted gross profit margin is calculated as adjusted gross profit divided by total revenues. We believe adjusted gross profit and adjusted gross profit margin are useful measures of our ability to source, add value, and sell services and products that are provided by third parties, and we consider adjusted gross profit to be a primary performance measurement. Accordingly, the discussion of our results of operations often focuses on the changes in our adjusted gross profit and adjusted gross profit margin. The reconciliation of gross profit to adjusted gross profit and gross profit margin to adjusted gross profit margin is presented below (dollars in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022		2021		2022		2021	
Revenues:								
Transportation	$ 6,465,642		$ 5,240,448		$ 12,993,993		$ 9,800,675	
Sourcing	332,833		292,278		620,435		535,920	
Total revenues	6,798,475		5,532,726		13,614,428		10,336,595	
Costs and expenses:								
Purchased transportation and related services	5,466,874		4,519,305		11,117,098		8,400,590	
Purchased products sourced for resale	299,988		264,245		559,521		484,449	
Direct internally developed software amortization	6,640		4,802		12,374		9,449	
Total direct costs	5,773,502		4,788,352		11,688,993		8,894,488	
Gross profit / Gross profit margin	1,024,973	15.1 %	744,374	13.5 %	1,925,435	14.1 %	1,442,107	14.0 %
Plus: Direct internally developed software amortization	6,640		4,802		12,374		9,449	
Adjusted gross profit / Adjusted gross profit margin	$ 1,031,613	15.2 %	$ 749,176	13.5 %	$ 1,937,809	14.2 %	$ 1,451,556	14.0 %

Our adjusted operating margin is a non-GAAP financial measure calculated as operating income divided by adjusted gross profit. We believe adjusted operating margin is a useful measure of our profitability in comparison to our adjusted gross profit, which we consider a primary performance metric as discussed above. The reconciliation of operating margin to adjusted operating margin is presented below (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Total revenues	$ 6,798,475	$ 5,532,726	$ 13,614,428	$ 10,336,595
Operating income	469,665	260,604	815,139	483,933
Operating margin	6.9 %	4.7 %	6.0 %	4.7 %
Adjusted gross profit	$ 1,031,613	$ 749,176	$ 1,937,809	$ 1,451,556
Operating income	469,665	260,604	815,139	483,933
Adjusted operating margin	45.5 %	34.8 %	42.1 %	33.3 %

MARKET TRENDS

The cost of purchased transportation in the North American surface transportation market remains elevated compared to pre-pandemic levels and compared to the prior year but it began to decline within the second quarter of 2022. The decline of purchased transportation is the result of an increasingly balanced freight market compared to the tight capacity market conditions seen in recent periods. In the second quarter of 2022, moderating consumer demand and carrier capacity entering the market has better aligned the overall demand with available carrier capacity. Industry freight volumes, as measured by the Cass Freight Index, decreased 2 percent during the second quarter of 2022 compared to the second quarter of 2021. One of the metrics we use to measure market conditions is the truckload routing guide depth from our Managed Services business. Routing guide depth represents the number of carriers contacted prior to acceptance when procuring a transportation provider. The average routing guide depth of tender in the second quarter of 2022 declined to 1.4, representing that on average, the first carrier in a shipper's routing guide was executing the shipment in most cases. This average routing guide penetration is reflective of a more balanced freight market compared to the 1.7 average routing guide depth in both the first quarter of 2022 and the second quarter of 2021.

The global forwarding market also began to show signs of softening as shippers continue to work through elevated inventory levels and cautiously approach the upcoming peak season due to macroeconomic uncertainty and declining import demand in the United States. The cost of purchased transportation remains elevated compared to pre-pandemic levels and compared to the prior year but it began to decline within the second quarter of 2022 as global demand declined to better align with the industry’s overall capacity. Despite increasing activity from the ports in China reopening from their pandemic related shutdowns, the port congestion on the United States West Coast has improved due to moderating demand and the continued diversion of freight to ports in the Southern and Eastern United States. Shippers continue to divert freight away from the United States West Coast to mitigate risk from a potential dockworker labor dispute. Despite port congestion improving during the second quarter of 2022 on the United States West Coast there is evidence of it edging back up again in addition to increased congestion on the United States East Coast due to a higher percentage of freight being routed to their ports. Air freight conversions back to ocean freight have continued with more shippers seeking lower supply chain costs by tolerating the longer duration of ocean freight transit. Air freight capacity has improved in certain trade lanes due to increased belly capacity as commercial flights become more frequent after being significantly reduced during the COVID-19 pandemic.

BUSINESS TRENDS

Our second quarter of 2022 surface transportation results benefited from the softening market conditions, as periods where the cost of purchased transportation begins to decline often result in improved adjusted gross profits per transaction in our portfolio. Industry freight volumes as measured by the Cass Freight Index decreased 2 percent in the second quarter of 2022 compared to the second quarter of 2021. Our combined NAST truckload and less than truckload (“LTL”) volume decreased 2.5 percent during the second quarter of 2022. As a result of the softening market conditions, our contractual rates negotiated in prior quarters contributed to an increase in our adjusted gross profit per shipment and significantly reduced the percentage of shipments with negative adjusted gross profit margins. Our average truckload linehaul cost per mile, excluding fuel costs, decreased 5.0 percent during the second quarter of 2022. Our average truckload linehaul rate charged to our customers, excluding fuel surcharges, increased approximately 1.5 percent during the second quarter of 2022 due to our contractual rates negotiated in prior quarters.

In our global forwarding business, we continued to experience elevated purchased transportation costs for ocean freight, which resulted in growth in both total revenue and cost of purchased transportation compared to the second quarter of 2021. The cost of purchased transportation began to moderate within the second quarter of 2022 as softening demand better aligned with the industry’s overall capacity. This change in market dynamics was most evident on the Transpacific trade lane where we experienced a decline in Asia Pacific ocean volumes in the second quarter of 2022 compared to the second quarter of 2021. Despite this decline, our total ocean volumes increased 2.5 percent due to strong growth in other regions where we operate. Air freight tonnage decreased 6.0 percent as we experienced more customers willing to accept longer transit times by converting their freight to the increasingly balanced ocean freight market.

On June 3, 2021, we acquired Combinex Holding B.V. (“Combinex”) to further expand our European road transportation presence. Our consolidated results include the results of Combinex as of June 3, 2021.

SELECTED OPERATING PERFORMANCE AND OTHER SIGNIFICANT ITEMS

The following summarizes select second quarter 2022 year-over-year operating comparisons to the second quarter 2021:

- Total revenues increased 22.9 percent to $6.8 billion, driven primarily by higher pricing across most of our services and higher truckload and ocean volume.
- Gross profits and adjusted gross profits increased 37.7 percent to $1.0 billion, primarily driven by higher adjusted gross profit per transaction across most of our services and higher truckload and ocean volume.
- Personnel expenses increased 22.6 percent to $444.8 million, primarily due to higher headcount and higher incentive compensation costs. Average headcount increased 16.2 percent.
- Other selling, general, and administrative ("SG&A") expenses decreased 6.8 percent to $117.2 million, and included a $25.3 million gain on the sale-leaseback of a facility in Kansas City. This was partially offset by higher purchased and contracted services and increased travel expenses.
- Income from operations totaled $469.7 million, up 80.2 percent due to the increase in adjusted gross profits, partially offset by the increase in operating expenses.
- Adjusted operating margin of 45.5 percent increased 1,070 basis points.
- Interest and other income/expenses totaled $27.4 million, consisting primarily of $17.0 million of interest expense, which increased $4.3 million versus last year due to a higher average debt balance, and $10.3 million of foreign currency revaluation and realized foreign currency gains and losses, which increased $8.4 million versus last year due primarily to a strengthening of the U.S. Dollar versus the Euro and Yuan.
- The effective tax rate in the quarter was 21.3 percent compared to 21.6 percent in the second quarter last year.
- Net income totaled $348.2 million, up 79.7% from a year ago.
- Diluted earnings per share (EPS) increased 85.4 percent to $2.67.
- Cash flow from operations improved $158.7 million in the six months ended June 30, 2022 driven by the increase in net income, partially offset by a small unfavorable change in working capital.

CONSOLIDATED RESULTS OF OPERATIONS

The following table summarizes our results of operations (dollars in thousands, except per share data):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	% change	2022	2021	% change
Revenues:						
Transportation	$ 6,465,642	$ 5,240,448	23.4 %	$ 12,993,993	$ 9,800,675	32.6 %
Sourcing	332,833	292,278	13.9 %	620,435	535,920	15.8 %
Total revenues	6,798,475	5,532,726	22.9 %	13,614,428	10,336,595	31.7 %
Costs and expenses:						
Purchased transportation and related services	5,466,874	4,519,305	21.0 %	11,117,098	8,400,590	32.3 %
Purchased products sourced for resale	299,988	264,245	13.5 %	559,521	484,449	15.5 %
Personnel expenses	444,764	362,901	22.6 %	858,125	723,736	18.6 %
Other selling, general, and administrative expenses	117,184	125,671	(6.8)%	264,545	243,887	8.5 %
Total costs and expenses	6,328,810	5,272,122	20.0 %	12,799,289	9,852,662	29.9 %
Income from operations	469,665	260,604	80.2 %	815,139	483,933	68.4 %
Interest and other income/expense, net	(27,395)	(13,497)	103.0 %	(41,569)	(24,757)	67.9 %
Income before provision for income taxes	442,270	247,107	79.0 %	773,570	459,176	68.5 %
Provision for income taxes	94,085	53,318	76.5 %	155,037	92,082	68.4 %
Net income	$ 348,185	$ 193,789	79.7 %	$ 618,533	$ 367,094	68.5 %
Diluted net income per share	$ 2.67	$ 1.44	85.4 %	$ 4.71	$ 2.71	73.8 %
Average headcount	17,893	15,405	16.2 %	17,554	15,233	15.2 %
Adjusted gross profit margin percentage[(1)]						
Transportation	15.4 %	13.8 %	160 bps	14.4 %	14.3 %	10 bps
Sourcing	9.9 %	9.6 %	30 bps	9.8 %	9.6 %	20 bps
Total adjusted gross profit margin	15.2 %	13.5 %	170 bps	14.2 %	14.0 %	20 bps

(1) Adjusted gross profit margin is a non-GAAP financial measure explained above.

A reconciliation of our reportable segments to our consolidated results can be found in Note 9, *Segment Reporting,* in Part I, Financial Information of this Quarterly Report on Form 10-Q.

Consolidated Results of Operations—Three Months Ended June 30, 2022 Compared to the Three Months Ended June 30, 2021

Total revenues and direct costs. Total transportation revenues and purchased transportation and related services increased primarily due to higher pricing across most of our services, most notably in ocean, truckload, and LTL services, in addition to increased volumes in truckload and ocean services. While prices remain elevated compared to pre-pandemic levels and compared to the prior year due to driver availability challenges and supply chain disruptions, including port congestion and equipment shortages, prices began to decline within the second quarter of 2022. The decline in pricing within the second quarter of 2022 is the result of softening market conditions as demand has better aligned with capacity available in the market as shippers work through elevated inventory levels, and cautiously approach macroeconomic uncertainty and moderating consumer demand. Our sourcing total revenue and purchased products sourced for resale increased as a result of higher cost and pricing per case and increased case volume across all customer verticals.

Gross profits and adjusted gross profits. Our transportation adjusted gross profits increased due to elevated pricing compared to the prior year across most of our services, most notably in truckload, ocean, and LTL services, resulting in higher adjusted gross profits per transaction. Our surface transportation adjusted gross profit per transaction increased significantly driven by the declining cost of purchased transportation within the second quarter of 2022 relative to our contractual rates negotiated in prior quarters which significantly reduced the percentage of shipments with negative adjusted gross profit margins. Sourcing adjusted gross profits increased driven by an increase in case volume and higher adjusted gross profits per case across all customer verticals.

Operating expenses. Personnel expenses increased primarily due to an increase in salaries and incentive compensation driven by an increase in average headcount. SG&A expenses decreased due to a $23.5 million gain on the sale-leaseback of a facility in Kansas City and lower credit losses. This was partially offset by higher purchased and contracted services and increased travel expenses.

Interest and other income/expense. Interest and other income/expense primarily consisted of interest expense of $17.0 million in the second quarter of 2022 and a $10.3 million unfavorable impact of foreign currency revaluation and realized foreign currency gains and losses primarily due to a strengthening of the U.S. Dollar versus the Euro and Yuan. Interest expense increased driven by a higher average debt balance in the second quarter of 2022 compared to the second quarter of 2021. The second quarter of 2021 included a $1.9 million unfavorable impact of foreign currency revaluation and realized foreign currency gains and losses.

Provision for income taxes. Our effective income tax rate was 21.3 percent for the second quarter of 2022 compared to 21.6 percent for the second quarter of 2021. The effective income tax rate for the second quarter of 2022 was higher than the statutory federal income tax rate primarily due to state income taxes, net of federal benefit, which increased the effective income tax rate by 2.0 percentage points. This impact was partially offset by the tax impact of foreign tax credits, which reduced the effective tax rate by 1.4 percentage points. The effective income tax rate for the second quarter of 2021 was higher than the statutory federal income tax rate primarily due to state income taxes, net of federal benefit, and foreign income taxes which both increased our effective tax rate by 2.0 percentage points. These impacts on the effective income tax rate were partially offset by the tax impact of foreign tax credits, which reduced the effective tax rate by 1.2 percentage points.

Consolidated Results of Operations—Six Months Ended June 30, 2022 Compared to the Six Months Ended June 30, 2021

Total revenues and direct costs. Total transportation revenues and purchased transportation and related services increased driven by higher pricing in all of our service lines, most notably in ocean and truckload services. Volumes also increased in ocean and truckload services. Purchased transportation and related service costs remain elevated compared to pre-pandemic levels and compared to the prior year as supply chain disruptions continue to impact both the surface transportation and global forwarding markets. While supply chain disruptions continue to drive higher costs and pricing in the period we did see evidence that the market may be softening as demand has better aligned with available capacity within the second quarter of 2022. Our sourcing total revenue and purchased products sourced for resale increased as a result of higher cost and pricing per case and increased case volume across all customer verticals.

Gross profits and adjusted gross profits. Our transportation adjusted gross profits increased due to increased pricing compared to the prior year across most of our services, most notably in truckload, ocean and LTL services resulting in higher adjusted gross profits per transaction. Our surface transportation adjusted gross profit per transaction also benefited from the declining cost of purchased transportation within the second quarter of 2022 relative to our contractual rates negotiated in prior quarters which significantly reduced the percentage of shipments with negative adjusted gross profit margins. Sourcing adjusted gross profits increased driven by an increase in case volume and higher adjusted gross profits per case across all customer verticals.

Operating expenses. Personnel expenses increased primarily due to an increase in salaries and incentive compensation driven by an increase in average headcount. SG&A expenses increased primarily due to increases in purchased and contracted services, travel, and warehouse expenses, partially offset by a $23.5 million gain on the sale-leaseback of a facility in Kansas City.

Interest and other income/expense. Interest and other income/expense primarily consisted of interest expense of $31.5 million and an $11.8 million unfavorable impact of foreign currency revaluation and realized foreign currency gains and losses in the six months ended June 30, 2022 primarily due to a strengthening of the U.S. Dollar versus the Euro and Yuan. Interest expense increased driven by a higher average debt balance compared to the six months ended June 30, 2021. The six months ended June 30, 2021 included a $4.8 million unfavorable impact of foreign currency revaluation and realized foreign currency gains and losses that was partially offset by a $2.9 million local government subsidy in Asia for achieving specified performance criteria that was almost entirely offset by a reduction in foreign tax credits within the provision for income taxes.

Provision for income taxes. Our effective income tax rate was 20.0 percent for the six months ended June 30, 2022 and 20.1 percent for the six months ended June 30, 2021. The effective income tax rate for the six months ended June 30, 2022 was lower than the statutory federal income tax rate primarily due to the tax impact of foreign tax credits, U.S. tax credits and incentives, and the tax impact of share-based payment awards, which reduced the effective tax rate by 1.1 percentage points, 1.0 percentage points, and 0.9 percentage points, respectively. These impacts were partially offset by state income tax expense, net of federal benefit, which increased the effective income tax rate by 1.7 percentage points. The effective income tax rate for the six months ended June 30, 2021 was lower than the statutory federal income tax rate primarily due to the tax impact of share-based payment awards, U.S. tax credits and incentives, and the tax impact of foreign tax credits, which reduced the effective tax rate by 1.5 percentage points, 0.9 percentage points, and 0.5 percentage points, respectively. These impacts were partially offset by state income tax expense, net of federal benefit, which increased the effective income tax rate by 2.1 percentage points.

NAST Segment Results of Operations

	Three Months Ended June 30,			Six Months Ended June 30,		
(dollars in thousands)	**2022**	**2021**	**% change**	**2022**	**2021**	**% change**
Total revenues	$ 4,147,046	$ 3,585,481	15.7 %	$ 8,261,935	$ 6,796,904	21.6 %
Costs and expenses:						
Purchased transportation and related services	3,522,495	3,148,885	11.9 %	7,131,284	5,939,200	20.1 %
Personnel expenses	225,210	185,253	21.6 %	426,012	369,182	15.4 %
Other selling, general, and administrative expenses	122,842	100,251	22.5 %	245,786	200,646	22.5 %
Total costs and expenses	3,870,547	3,434,389	12.7 %	7,803,082	6,509,028	19.9 %
Income from operations	$ 276,499	$ 151,092	83.0 %	$ 458,853	$ 287,876	59.4 %

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	**2021**	**% change**	**2022**	**2021**	**% change**
Average headcount	7,552	6,580	14.8 %	7,442	6,578	13.1 %
Service line volume statistics						
Truckload			2.0 %			3.0 %
LTL			(5.0)%			(3.0)%
Adjusted gross profits[1]						
Truckload	$ 432,048	$ 286,574	50.8 %	$ 766,958	$ 566,878	35.3 %
LTL	166,868	128,155	30.2 %	317,610	248,272	27.9 %
Other	25,635	21,867	17.2 %	46,083	42,554	8.3 %
Total adjusted gross profits	$ 624,551	$ 436,596	43.1 %	$ 1,130,651	$ 857,704	31.8 %

[1] Adjusted gross profit margin is a non-GAAP financial measure explained above.

Three Months Ended June 30, 2022 compared to the Three Months Ended June 30, 2021

Total revenues and direct costs. NAST total revenues and purchased transportation and related services increased primarily due to higher pricing in truckload and LTL services, in addition to higher truckload volumes. These increases were partially offset by a decline in LTL volumes. While prices remain elevated compared to pre-pandemic levels and compared to the prior year due to driver availability challenges and supply chain disruptions, including port congestion and equipment shortages, they began to decline within the second quarter of 2022. The decline in pricing within the second quarter of 2022 is the result of softening market conditions as demand has better aligned with capacity available in the market.

Gross profits and adjusted gross profits. NAST adjusted gross profits increased due to increased pricing compared to the prior year in truckload and LTL services resulting in higher adjusted gross profits per transaction in addition to higher truckload volumes. These increases were partially offset by a decline in LTL volumes. Our NAST adjusted gross profit per transaction increased significantly driven by the declining costs of purchased transportation within the second quarter of 2022 relative to our contractual rates negotiated in prior quarters which significantly reduced the percentage of shipments with negative adjusted gross profit margins. Our average truckload linehaul rate per mile charged to our customers, which excludes fuel surcharges, increased approximately 1.5 percent in the second quarter of 2022 compared to the second quarter of 2021. Our truckload transportation costs, excluding fuel surcharges, decreased approximately 5.0 percent.

NAST other adjusted gross profits increased primarily driven by an increase in warehousing services and an increase in intermodal adjusted gross profits.

Operating expenses. NAST personnel expenses increased primarily due to an increase in salaries and incentive compensation driven by an increase in average headcount. NAST SG&A expenses increased due to increased investments in technology, increased expenditures for purchased services including temporary labor, and increased warehouse expense. The operating expenses of NAST and all other segments include allocated corporate expenses. Allocated personnel expenses consist primarily of stock-based compensation allocated based upon segment participation levels in our equity plans. Remaining corporate allocations, including corporate functions and technology related expenses, are primarily included within each segment's other SG&A, and allocated based upon relevant segment operating metrics.

Six Months Ended June 30, 2022 compared to the Six Months Ended June 30, 2021

Total revenues and direct costs. NAST total revenues and purchased transportation and related services increased due to higher pricing in truckload and in LTL services, in addition to volume increases in truckload services. Truckload pricing reached historic levels during the first quarter of 2022 due to tight carrier capacity caused by driver availability challenges and the supply chain disruptions facing the industry, however, prices started to decline within the second quarter of 2022. The costs of purchased transportation also started to decline driven by moderating demand and capacity entering the market but remain elevated compared to the prior year.

Gross profits and adjusted gross profits. NAST adjusted gross profits increased due primarily to increased pricing resulting in higher adjusted gross profits per transaction, in addition to an increase in volume. The increased adjusted gross profit per transaction was the result of the softening market conditions resulting in moderating costs for purchased transportation relative to our contractual rates negotiated in prior quarters. This significant reduced the percentage of shipments with negative adjusted gross profit margins. Our average truckload linehaul rate per mile charged to our customers, which excludes fuel surcharges, increased approximately 10.5 percent. Our truckload transportation costs, excluding fuel surcharges, increased approximately 7.5 percent.

NAST other adjusted gross profits increased driven by an increase in warehousing services.

Operating expenses. NAST personnel expense increased primarily due to an increase in salaries and incentive compensation driven by an increase in average headcount. NAST SG&A expenses increased due to increased investments in technology, increased expenditures for purchased services including temporary labor, increased warehouse expense, and a non-recurring legal expense.

Global Forwarding Segment Results of Operations

(dollars in thousands)	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	% change	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	% change
Total revenues	$ 2,093,190	$ 1,450,794	44.3 %	$ 4,287,587	$ 2,606,833	64.5 %
Costs and expenses:						
Purchased transportation and related services	1,768,747	1,212,040	45.9 %	3,641,296	2,153,779	69.1 %
Personnel expenses	106,096	82,936	27.9 %	207,372	163,945	26.5 %
Other selling, general, and administrative expenses	50,790	47,606	6.7 %	103,724	90,308	14.9 %
Total costs and expenses	1,925,633	1,342,582	43.4 %	3,952,392	2,408,032	64.1 %
Income from operations	$ 167,557	$ 108,212	54.8 %	$ 335,195	$ 198,801	68.6 %

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	% change	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	% change
Average headcount	5,759	4,909	17.3 %	5,690	4,832	17.8 %
Service line volume statistics						
Ocean			2.5 %			4.5 %
Air			(6.0)%			1.5 %
Customs			10.5 %			8.0 %
Adjusted gross profits[(1)]						
Ocean	$ 228,093	$ 150,916	51.1 %	$ 449,494	$ 286,312	57.0 %
Air	56,112	52,179	7.5 %	116,679	97,426	19.8 %
Customs	27,820	25,512	9.0 %	55,315	49,735	11.2 %
Other	12,418	10,147	22.4 %	24,803	19,581	26.7 %
Total adjusted gross profits	$ 324,443	$ 238,754	35.9 %	$ 646,291	$ 453,054	42.7 %

(1) Adjusted gross profit margin is a non-GAAP financial measure explained above.

Three Months Ended June 30, 2022 compared to the Three Months Ended June 30, 2021

Total revenues and direct costs. Global forwarding total revenues and purchased transportation and related services increased due to higher pricing and higher volumes in our ocean services. The cost of purchased transportation and pricing continues to be elevated compared to pre-pandemic levels and compared to the prior year driven by the continued supply chain disruptions impacting the global forwarding market. The market did begin to show signs of softening which resulted in prices beginning to moderate within the second quarter of 2022, most notably on the Transpacific trade lane as we experienced a decline in Asia Pacific ocean volumes. Despite this decline, our total ocean volumes increased due to strong growth in other regions where we operate. Air freight total revenues and purchased transportation and related services decreased driven by conversions back to ocean freight and the impact of increased air freight capacity on purchased transportation costs in certain trade lanes due to the increased frequency of commercial flights which were significantly reduced at the onset of the COVID-19 pandemic.

Gross profits and adjusted gross profits. Ocean freight transportation adjusted gross profits increased due to higher pricing resulting in increased adjusted gross profits per transaction, in addition to an increase in total volumes. Air freight adjusted gross profits increased due to an increase in adjusted gross profits per transaction driven by the declining cost of purchased transportation, partially offset by a decrease in volume. Customs adjusted gross profits increased due to an increase in transaction volume.

Operating expenses. Personnel expenses increased primarily due to an increase in salaries and incentive compensation driven by an increase in average headcount. SG&A expenses increased due to increased investments in technology and travel expenses, partially offset by favorable credit losses.

Six Months Ended June 30, 2022 compared to the Six Months Ended June 30, 2021

Total revenues and direct costs. Total revenues and purchased transportation and related services increased driven by higher pricing and volumes in our ocean services and, to a lesser extent, higher pricing and volumes in our air freight services. The cost of purchased transportation and pricing continues to be elevated compared to pre-pandemic levels and compared to the prior year driven by the continued supply chain disruptions impacting the global forwarding market.

Gross profits and adjusted gross profits. Ocean and air freight transportation adjusted gross profits increased driven by higher pricing resulting in increased adjusted gross profits per transaction, in addition to increased volumes. Customs adjusted gross profits increased driven by an increase in transaction volumes.

Operating expenses. Personnel expenses increased primarily due to an increase in salaries and incentive compensation driven by an increase in average headcount. SG&A expenses increased due to increased investments in technology, increased purchased services including temporary labor, and travel expenses. These increases were partially offset by favorable credit losses.

All Other and Corporate Segment Results of Operations

All Other and Corporate includes our Robinson Fresh and Managed Services segment, as well as Other Surface Transportation outside of North America and other miscellaneous revenues and unallocated corporate expenses.

	Three Months Ended June 30,			Six Months Ended June 30,		
(dollars in thousands)	**2022**	**2021**	**% change**	**2022**	**2021**	**% change**
Total revenues	$ 558,239	$ 496,451	12.4 %	$ 1,064,906	$ 932,858	14.2 %
Income (loss) from operations	25,609	1,300	N/M	21,091	(2,744)	N/M
Adjusted gross profits[1]						
Robinson Fresh	34,981	29,940	16.8 %	65,486	54,888	19.3 %
Managed Services	27,618	26,234	5.3 %	55,700	51,790	7.5 %
Other Surface Transportation	20,020	17,652	13.4 %	39,681	34,120	16.3 %
Total adjusted gross profits	$ 82,619	$ 73,826	11.9 %	$ 160,867	$ 140,798	14.3 %

[1] Adjusted gross profit margin is a non-GAAP financial measure explained above.

Three Months Ended June 30, 2022 compared to the Three Months Ended June 30, 2021

Total revenues and direct costs. Robinson Fresh total revenues increased due to higher pricing per case and increased case volume across all customer verticals. In addition, total revenues in Other Surface Transportation increased due to higher Europe truckload pricing.

Gross profits and adjusted gross profits. Robinson Fresh adjusted gross profits increased driven by an increase in case volume and higher adjusted gross profits per case across all customer verticals. Managed Services adjusted gross profits increased due to an increase in freight under management, which was driven by growth in business with both new and existing customers. Other Surface Transportation adjusted gross profits increased due to increased Europe truckload adjusted gross profits per transaction.

Six Months Ended June 30, 2022 compared to the Six Months Ended June 30, 2021

Total revenues and direct costs. Robinson Fresh total revenues increased driven by higher pricing per case and increased case volume across all customer verticals. In addition, total revenues in Other Surface Transportation increased due to higher to higher Europe truckload pricing and an increase in Europe truckload volumes.

Gross profits and adjusted gross profits. Robinson Fresh adjusted gross profits increased driven by an increase in case volume and higher adjusted gross profits per case across all customer verticals. Managed Services adjusted gross profits increased due to an increase in freight under management, which was driven by growth in business with both new and existing customers. Other Surface Transportation adjusted gross profits increased due to increased Europe truckload adjusted gross profits per transaction and an increase in Europe truckload volumes.

LIQUIDITY AND CAPITAL RESOURCES

We have historically generated substantial cash from operations, which has enabled us to fund our organic growth while paying cash dividends and repurchasing stock. In addition, we maintain the following debt facilities as described in Note 4, *Financing Arrangements* (in thousands):

Description	Carrying Value as of June 30, 2022	Borrowing Capacity	Maturity
Revolving credit facility	$ 174,000	$ 1,000,000	October 2023
364-day revolving credit facility	500,000	500,000	May 2023
Senior Notes, Series A	175,000	175,000	August 2023
Senior Notes, Series B	150,000	150,000	August 2028
Senior Notes, Series C	175,000	175,000	August 2033
Receivables securitization facility (1)	499,448	500,000	November 2023
Senior Notes (1)	594,607	600,000	April 2028
Total debt	$ 2,268,055	$ 3,100,000	

(1) Net of unamortized discounts and issuance costs.

We expect to use our current debt facilities and potentially other indebtedness incurred in the future to assist us in continuing to fund working capital, capital expenditures, possible acquisitions, dividends, and share repurchases.

Cash and cash equivalents totaled $238.9 million as of June 30, 2022 and $257.4 million as of December 31, 2021. Cash and cash equivalents held outside the United States totaled $204.4 million as of June 30, 2022 and $217.1 million as of December 31, 2021.

We prioritize our investments to grow the business, as we require some working capital and a relatively small amount of capital expenditures to grow. We are continually looking for acquisitions, but those acquisitions must fit our culture and enhance our growth opportunities.

The following table summarizes our major sources and uses of cash and cash equivalents (dollars in thousands):

	Six Months Ended June 30,		
	2022	2021	% change
Sources (uses) of cash:			
Cash provided by operating activities	$ 251,329	$ 92,598	171.4 %
Capital expenditures	(69,403)	(29,837)	
Acquisitions, net of cash acquired	—	(14,749)	
Other investing activities	63,208	—	
Cash used for investing activities	(6,195)	(44,586)	(86.1)%
Repurchase of common stock	(490,699)	(262,904)	
Cash dividends	(145,268)	(139,756)	
Net borrowings on debt	349,000	270,962	
Other financing activities	29,790	13,591	
Cash used for financing activities	(257,177)	(118,107)	117.7 %
Effect of exchange rates on cash and cash equivalents	(6,445)	(898)	
Net change in cash and cash equivalents	$ (18,488)	$ (70,993)	

Cash flow from operating activities. Cash provided by operating activities improved in the six months ended June 30, 2022 compared to the six months ended June 30, 2021 due to increased net income, partially offset by a small unfavorable change in working capital. We continue to closely monitor credit and collections activities and the quality of our accounts receivable balance to minimize risk as well as working with our customers to facilitate the movement of goods across their supply chains while also ensuring timely payment.

Cash used for investing activities. Capital expenditures consisted primarily of investments in software, which are intended to increase employee productivity, automate interactions with our customers and contracted carriers, and improve our internal workflows to help expand our adjusted operating margins and grow the business.

During the second quarter, we sold an office building in Kansas City, Missouri, for a sales price of $55 million and recognized a gain of $23.5 million on the sale of the building in the three months ended June 30, 2022. We simultaneously entered into an agreement to lease the office building for 10 years.

Cash used for financing activities. Net borrowings on debt in the six months ended June 30, 2022 and June 30, 2021 were to fund working capital needs and share repurchases. The increase in cash used for share repurchases was due to an increase in the number of shares repurchased and a higher average price per share during the six months ended June 30, 2022. The number of shares we repurchase, if any, during future periods will vary based on our cash position, other potential uses of our cash, and market conditions. Over the long term, we remain committed to our quarterly dividend and share repurchases to enhance shareholder value. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions, and other factors. We may seek to retire or purchase our outstanding Senior Notes through open market cash purchases, privately negotiated transactions or otherwise.

We believe that, assuming no change in our current business plan, our available cash, together with expected future cash generated from operations, the amount available under our credit facilities, and credit available in the market, will be sufficient to satisfy our anticipated needs for working capital, capital expenditures, and cash dividends for at least the next 12 months and the foreseeable future. We also believe we could obtain funds under lines of credit or other forms of indebtedness on short notice, if needed.

As of June 30, 2022, we were in compliance with all of the covenants under the Credit Agreement, 364-day Credit Agreement, Note Purchase Agreement, Senior Notes, and Receivables Securitization.

Recently Issued Accounting Pronouncements

Refer to Note 1, *Basis of Presentation*, contained in this Quarterly Report and in the company's 2021 Annual Report on Form 10-K for a discussion of recently issued accounting pronouncements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Refer to the company's 2021 Annual Report on Form 10-K for a complete discussion regarding our critical accounting policies and estimates. As of June 30, 2022, there were no material changes to our critical accounting policies and estimates.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Refer to the company’s 2021 Annual Report on Form 10-K for a discussion on the company’s market risk. As of June 30, 2022, there were no material changes in market risk from those disclosed in the company’s 2021 Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

We maintain disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (“Exchange Act”) that are designed to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms; and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding disclosure.

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2022. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2022.

(b) Changes in internal controls over financial reporting.

There were no changes in our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the three months ended June 30, 2022, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II-OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not subject to any pending or threatened litigation other than routine litigation arising in the ordinary course of our business operations. For some legal proceedings, we have accrued an amount that reflects the aggregate liability deemed probable and estimable, but this amount is not material to our consolidated financial position, results of operations, or cash flows. Because of the preliminary nature of many of these proceedings, the difficulty in ascertaining the applicable facts relating to many of these proceedings, the inconsistent treatment of claims made in many of these proceedings, and the difficulty of predicting the settlement value of many of these proceedings, we are often unable to estimate an amount or range of any reasonably possible additional losses. However, based upon our historical experience, the resolution of these proceedings is not expected to have a material effect on our consolidated financial position, results of operations, or cash flows.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Quarterly Report, you should carefully consider the factors disclosed in Part I, “Item 1A. Risk Factors,” in our Annual Report on Form 10-K for the year ended December 31, 2021, which could materially affect our business, financial condition, or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, and/or operating results. As of June 30, 2022, there were no material changes to the risk factors set forth in the Company’s 2021 Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides information about company purchases of common stock during the quarter ended June 30, 2022:

	Total Number of Shares (or Units) Purchased [1]	Average Price Paid Per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs [2]	Maximum Number of Shares (or Units) That May Yet Be Purchased Under the Plans or Programs [2]
April 1, 2022 - April 30, 2022	928,786	$ 102.78	920,000	19,123,945
May 1, 2022 - May 31, 2022	1,074,372	106.47	1,015,000	18,108,945
June 1, 2022 - June 30, 2022	1,278,544	103.60	1,277,624	16,831,321
Second Quarter 2022	3,281,702	$ 104.31	3,212,624	16,831,321

[1] The total number of shares purchased based on trade date includes: (i) 3,212,624 shares of common stock purchased under the authorization described below; and (ii) 69,078 shares of common stock surrendered to satisfy minimum statutory tax obligations under our stock incentive plans.

[2] In December 2021, the Board of Directors increased the number of shares authorized for repurchase by 20,000,000 shares. As of June 30, 2022, there were 16,831,321 shares remaining for future repurchases. Repurchases can be made in the open market or in privately negotiated transactions, including Rule 10b5-1 plans and accelerated repurchase programs.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

On July 27, 2022, the Talent and Compensation Committee (the “Committee”) of our Board of Directors approved the C.H. Robinson Executive Separation and Change in Control Plan (the “Executive Severance Plan”), to be effective as of July 27, 2022. The Executive Severance Plan is intended to provide severance benefits to our executives in the event of a qualifying involuntary termination of their employment under certain circumstances, including such a termination involving a change in control of the company.

Certain of our executives, including all of our executive officers, are eligible to participate in the Executive Severance Plan. Executives who are parties to individual agreements providing for severance benefits are not eligible to participate in or receive benefits under the Executive Severance Plan. However, Messrs. Rajan and Zechmeister have agreed to waive the severance benefits provided under their employment agreements in order to be eligible for benefits under the Executive Severance Plan.

Under the Executive Severance Plan, following a termination by the company of an executive's employment related to a reduction in staff, business reorganization, position elimination, closing of a business unit and other similar events, unless the executive's employment is terminated for misconduct, failure to perform executive's duties, actions which may harm the company, or any of the other reasons specified in the Executive Severance Plan ("cause"), an executive will be eligible to receive continuing base salary for 24 months (for the CEO), 18 months (for executive officers and presidents) or 12 months (for certain other vice presidents). A terminated employee will also be eligible to receive a lump-sum amount of the executive's monthly COBRA premium payment multiplied by the same number of months as the continued base salary.

The Executive Severance Plan also provides that if an executive is terminated by the company for cause or by the executive for "good reason" (as defined in tour equity incentive plan) within 24 months after a "change in control" (as defined in our equity plan), the executive will be eligible to receive a lump sum payment equal to 2.5 (for the CEO), 2.0 (for executive officers and presidents) or 1.0 (for certain other vice presidents) times the executive's (i) annual salary, (ii) annual target bonus, and (iii) annual cost of COBRA premiums. In addition, in connection with a termination following a change in control, all of an eligible executive's outstanding equity awards will be fully vested (with performance awards vesting at the greater of actual or target performance levels). However, if the applicable equity incentive plan or the eligible executive's outstanding equity award agreements provide more favorable terms than those provided by the Executive Severance Plan, the more favorable terms will apply. In addition, the Executive Severance Plan adopts a "net best benefit" approach with respect to addressing any potential parachute payments subject to Section 280G of the Internal Revenue Code.

To receive benefits under the Executive Severance Plan, an executive must sign and not revoke a separation agreement and general release of claims in the form we provide, including a non-disparagement agreement, comply with all other restrictive covenants, and the executive must work through the scheduled termination date. The Committee may amend the Executive Severance Plan from time to time to provide for different severance benefits and/or severance benefit terms and conditions, or to eliminate severance benefits entirely, for all or a portion of our executives.

The purpose of adopting the Executive Severance Plan is to provide for market competitive severance benefits for executives to aid in the attraction and retention of executive talent.

The Executive Severance Plan is attached as Exhibit 10.3 to this Quarterly Report on Form 10-Q.

ITEM 6. EXHIBITS

Exhibits filed with, or incorporated by reference into, this Quarterly Report:

10.1	C.H. Robinson Worldwide, Inc. 2022 Equity Incentive Plan, effective May 5, 2022 (incorporated by reference to Appendix A to the Company's definitive proxy statement on Schedule 14A filed on March 22, 2022).
10.2	Credit Agreement Dated as of May 6, 2022 Among C.H. Robinson Worldwide Inc., the Lenders, and U.S. Bank National Association, as Administrative Agent (incorporated by reference to the Company's Current Form on Form 8-K filed on May 11, 2022)
10.3*	C.H. Robinson Executive Separation and Change in Control Plan
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	Financial statements from the Quarterly Report on Form 10-Q of the company for the period ended June 30, 2022 formatted in Inline XBRL (embedded within the Inline XBRL document)
104	The cover page from the Quarterly Report on Form 10-Q of the company for the period ended June 30, 2022 formatted in Inline XBRL (embedded within the Inline XBRL document)

* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized on July 29, 2022.

C.H. ROBINSON WORLDWIDE, INC.

By: *\/s/ Robert C. Biesterfeld, Jr.*

Robert C. Biesterfeld, Jr.
Chief Executive Officer

By: */s/ Michael P. Zechmeister*

Michael P. Zechmeister
Chief Financial Officer

C.H. ROBINSON
EXECUTIVE SEPARATION AND
CHANGE IN CONTROL PLAN AND
SUMMARY PLAN DESCRIPTION

PURPOSE OF THE PLAN

The purpose of the C.H. Robinson Executive Separation and Change in Control Plan (the "**Plan**") is to provide severance pay benefits to Eligible Executives whose employment with C.H. Robinson Worldwide, Inc. and its operating subsidiaries is terminated involuntarily under the conditions described below.

This Plan is effective July 27, 2022 (the "**Effective Date**").

Except as otherwise provided by the Company in writing, this Plan (i) is the sole arrangement of the Company regarding severance-type benefits to Eligible Executives, <u>unless</u> another agreement provides severance or other severance-type benefits to an Eligible Executive in connection with a termination of employment, in which case the Eligible Executive shall not receive benefits under this Plan, and that other agreement shall apply; and (ii) shall not provide duplicative benefits.
This document contains the official text of the Plan and also serves as the summary plan description for the Plan.

DEFINITIONS

"Cause" means any:

- failure or neglect by the executive to perform executive's duties or responsibilities to the Company Group (other than by reason of disability);
- act of fraud, embezzlement, theft, misappropriation, or material dishonesty by the executive relating to the Company Group or its business or assets;
- personal dishonesty that involves personal profit in connection with the executive's employment or service with the Company Group;
- your possession, use, sale or distribution of illegal drugs on Company Group premises;
- misuse of funds or property belonging to the Company Group;
- commission of a felony or other crime involving moral turpitude;
- behavior materially harmful to the Company Group, or which adversely affects the image, reputation or business of the Company Group;
- gross negligence or misconduct on the part of the executive in the conduct of the executive's duties and responsibilities or services, as applicable, with the Company Group;
- material breach of fiduciary duty owed to the Company Group;
- material breach by the executive of any written agreement between the Company Group and the executive or any code of ethics, employee handbook, or other written policy applicable generally to employees of the Company Group; or

- intentional neglect of duties in connection with the executive's employment with the Company Group.

The determination of whether an executive's discharge or other separation from service is for Cause shall be made by the Plan Administrator, in its sole discretion, and such determination shall be final, conclusive and binding, pursuant to the Plan's Claims and Appeals Procedures.

"Change in Control" means a Change in Control as defined by the Company's most recently adopted Equity Incentive Plan.

Notwithstanding this definition, no Change in Control shall be deemed to have occurred for purposes of this Plan unless the event would also constitute a change in ownership or effective control of, or a change in the ownership of a substantial portion of the assets of, the Company under Section 409A.

"Change in Control Period" means the period of twenty-four (24) months after a Change in Control.

"Change in Control Termination" means a Qualifying Termination which occurs within a Change in Control Period.

"Company" means C.H. Robinson Worldwide, Inc.

"Company Group" means the Company and its subsidiaries.

"Eligible Executives" are the Chief Executive Officer, Executive Officers, Presidents and Vice Presidents in Executive Level 1 and above of the Company Group.

"Plan Administrator" means, with respect to determining whether an Eligible Executive who is a Section 16 executive officer of the Company is eligible for benefits under this Plan, the Talent and Compensation Committee of the board of directors of the Company. For all other purposes under this Plan, including determining whether an Eligible Executive who is not an executive officer of the Company is eligible for benefits under this Plan, "Plan Administrator" means a committee consisting of the Chief Executive Officer, Chief Human Resources Officer and the Chief Legal Officer of the Company, or such other persons or committee appointed from time to time by the Company to administer the Plan.

"Standard Termination" means a Qualifying Termination which is not within a Change in Control Period.

ELIGIBLE EXECUTIVES

The benefits under this Plan are limited to Eligible Executives who experience a Qualifying Termination. Unless the Company provides otherwise in writing, the following employees are NOT eligible to participate in this Plan:

- Any employee who is classified as a temporary employee, leased employee, intern, per diem employee, or seasonal employee.

- Any employee covered under a collective bargaining agreement.

- Any employee located outside of the United States who is eligible for country-specific or legally required termination pay or notice period equaling or exceeding the benefits provided under this Plan. If such pay or notice period is less than what would be provided under this Plan, the Eligible Executive will be eligible to receive the difference between the separation pay provided under this Plan, and the locally-provided or required termination pay or notice period.

- Any employee eligible to participate in another plan or arrangement maintained by the Company Group which provides severance-type benefits greater than the benefits that the employee will be eligible to receive under this Plan.

- Any employee who is covered by an employment contract providing any sort of severance or termination benefits.

QUALIFYING TERMINATION OF EMPLOYMENT

- **Qualifying Termination**

An Eligible Executive will be eligible for severance benefits under this Plan only if the Plan Administrator, in its sole discretion, determines that the executive's employment is being terminated involuntarily, not for Cause, and for any of the following reasons:

- Reduction in staff or layoff;
- Position elimination;
- Facility closing;
- Closure of a business unit;
- Organization or workforce restructuring;
- Redundancy; or
- Such other circumstances as the CEO (or, with respect to Section 16 executive officers, the Talent and Compensation Committee) deems appropriate for the payment of severance benefits.

For purposes of a Change in Control Termination, a Qualifying Termination shall also include a voluntary termination by the Eligible Executive for Good Reason.

"Good Reason" means Good Reason as defined by the Company's most recently adopted equity incentive plan at the time of termination.

- **Termination of Employment Not Eligible for Severance Benefits**

Unless the Company provides otherwise in writing, an executive will not be eligible for severance benefits if the Company, in its sole discretion, determines that the executive's employment is terminated for any of the following reasons:

- Cause;
- Resignation, retirement or other voluntary termination of employment (other than a termination for Good Reason during the Change in Control Period);

- Loss of status as an Eligible Executive for severance benefits under the Plan prior to the effective date of executive's termination (for example, executive no longer holds a title covered by this Plan);

- Failure to return to work upon the expiration of an authorized leave of absence;

- Termination for poor performance;

- Death or disability; or

- Employee's termination of employment with the Company Group does not qualify as a "separation from service" under Section 409A.

■ **Other Employment Offer**

Unless the Company provides otherwise in writing, an Eligible Executive will not be eligible to receive benefits under this Plan if the Company, in its sole discretion, determines that any of the following events has occurred:

- The executive has been offered, but refused to accept, another Suitable Position with the Company Group;

- The executive's employment has been terminated in connection with a sale or transfer, merger, establishment of a joint venture, or other corporate transaction, and such executive has been offered employment by the successor employer in a Suitable Position; or

- The executive's employment is terminated in connection with the "outsourcing" of operational functions and the executive has been offered employment by the outsourcing vendor in a Suitable Position.

A "**Suitable Position**" is a position with total compensation, location (outside of the metropolitan area in which the executive currently performs duties) position, authority, duties, and responsibilities which are substantially consistent with the Eligible Executive's most recent position with the Company.

Notwithstanding this section, in the event of a separation from service within the Change in Control Period, to the extent that an Eligible Executive terminates employment for Good Reason, an Eligible Executive will be eligible for severance benefits under this Plan.

CONDITIONS FOR PAYMENT OF SEVERANCE BENEFITS

An Eligible Executive who otherwise has a Qualifying Termination under the Plan will not receive severance benefits under this Plan unless the Company determines that the executive has satisfied all of the following conditions:

■ **Work Until Last Day Designated**

The Eligible Executive must continue to be actively at work in good standing through the last day of work designated by the Company, unless the executive is absent due to vacation, disability, or an approved absence from work (including leave under the Family and Medical Leave Act). The Eligible Executive must continue to perform the Eligible

Executive's duties in a satisfactory manner and otherwise comply with all Company policies through the last day of work.

- **Execution of Release and Other Separation Documents**

  The Eligible Executive must execute and deliver to the Company, within forty-five (45) days of the last date of employment, and not revoke, a general separation agreement and release of claims provided by the Company in favor of the Company Group and such other terms and provisions as may be determined by the Company in its sole discretion (a "**Release**"). All payments and benefits due under this Plan shall be permanently forfeited if the Eligible Executive does not timely execute the Release or revokes the Release.

- **Non-Disparagement Agreement and Other Restrictive Covenants**

  The Eligible Executive must sign and comply with the non-disparagement provisions or agreement contained in the Release and other separation documents, and comply with all other agreements Eligible Employee has entered into with the Company Group, including but not limited to non-competition, non-solicitation, confidentiality, arbitration and other restrictive covenant agreements (the "**Restrictive Covenants**").

- **Return of Company Property and Settlement of Expenses**

  On or before the Eligible Executive's last day of employment, the executive must return all Company Group property in the executive's possession or control and must settle all expenses owed to the Company Group.

SEVERANCE BENEFITS

The following benefits will be payable to Eligible Executives who experience a Qualifying Termination. An Eligible Executive will incur either a Standard Termination or a Change in Control Termination, and not both, and will receive benefits under either the Standard Termination Pay guidelines, or the Change in Control Termination Pay guidelines, and not both.

- **Severance Benefits**

  - **Amount of Severance Pay**

    The amount of severance pay payable to an Eligible Executive will be determined as set forth below, subject to the reductions set forth in the Plan.

Position	**Standard Termination Pay**	**Change in Control Termination Pay**
CEO	Twenty-four (24) months of continued Base Pay and Twenty-four (24) months of COBRA Premiums*	Thirty (30) months of Base Pay and COBRA Premiums,* and 2.5 times annual Target Bonus, paid in a lump sum, and Equity Vesting Benefits

Executive Officers and Presidents	Eighteen (18) months of continued Base Pay and twenty-four (24) months of COBRA Premiums*	Twenty-four (24) months of Base Pay and COBRA Premiums,* and 2 times annual Target Bonus, paid in a lump sum, and Equity Vesting Benefits
Vice Presidents in Executive Level 1 and above	Twelve (12) months of continued Base Pay and twelve (12) months of COBRA Premiums*	Twelve (12) months of Base Pay and COBRA Premiums,* and one year of Target Bonus, paid in a lump sum, and Equity Vesting Benefits

** Including medical, dental and/or vision coverage.*

For purposes of determining the amount of severance pay –

- **"Base Pay"** means, in the case of a Standard Termination, the regular rate of salary (determined on a monthly basis) payable immediately preceding the executive's date of termination; in the case of a Change in Control Termination, Base Pay shall be the regular rate of salary (determined on a monthly basis) payable immediately preceding the Change in Control. Base Pay does not include bonuses, commissions, overtime pay, incentive pay, performance awards, equity compensation, or any other additional compensation, payments and/or benefits provided by the Company.

- "**COBRA Premiums**" means a taxable lump sum cash payment of the full cost of COBRA coverage.

- "**Equity Vesting Benefits**" means that all of an Eligible Executive's outstanding equity awards will be fully vested upon a Change in Control Termination (with performance awards vesting at the greater of actual or target performance levels); provided that, if the applicable Equity Incentive Plan or the Eligible Executive's outstanding equity award agreements provide more favorable terms than those provided in this Plan, the more favorable terms will apply.

- **"Target Bonus"** means the annual target cash incentive bonus at the time of termination of employment. No annual cash incentive bonus for the year in which the termination occurred will be paid in addition to the Target Bonus benefits provided in this Plan.

◦ **Reduction of Severance Pay**

Unless the Company, in its sole discretion, provides otherwise in writing, the amount of severance payable to an Eligible Executive as determined above shall be reduced as follows, to the extent applicable:

- In the event that the Company provides pay to the Eligible Executive instead of advance notice of termination of employment in accordance with the requirements of the Worker Adjustment and Retraining Notification Act (or other similar federal, state or country requirement), or termination pay required by local law, then the amount of such executive's severance pay will be reduced (but not below zero) by the amount of notice or termination pay received by the executive after the executive’s active work status ends.

- Severance pay will be reduced by any outstanding debt owed by the Eligible Executive to the Company Group, where permitted by law, including but not limited to loans granted by the Company, advanced vacation pay, or salary or expense advances.

◦ **Payment of Severance Pay**

Lump sum cash severance benefits will be paid within sixty (60) days of a Change in Control Termination, provided that the Eligible Executive timely executes and does not revoke a Release. The amount of continued Base Pay severance benefits for a Standard Termination will be paid on the regular payroll schedule following an Eligible Executive’s date of termination, provided that the Eligible Executive timely executes and does not revoke a Release, and with such payments subject to delay if required by Section 409A. Any severance or benefits otherwise due under this Plan prior to the date the revocation period of the Release expires shall be retained until such expiration date and paid as soon as administratively practical after that date and no later than the date sixty (60) days after the Eligible Executive’s last day of employment.

Section 280G Reduction

Notwithstanding any other provision of this Plan to the contrary, if any of the payments or benefits provided or to be provided by the Company to an Eligible Executive or for the Eligible Executive's benefit pursuant to the terms of this Plan, together with any other payments or benefits provided by the Company, constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and would, but for this Section 280G Reduction provision, be subject to the excise tax imposed under Section 4999 of the Code (or any successor provision thereto) or any similar tax imposed by state or local law or any interest or penalties with respect to such taxes (collectively, the "Excise Tax"), then the payments and benefits provided under this Plan shall be either:

- reduced to the minimum extent necessary to ensure that no portion of the payments and benefits provided under this Plan is subject to the Excise Tax (that amount, the "Reduced Amount"); or

- payable in full if the Eligible Executive's receipt on an after-tax basis of the full amount of payments and benefits (after taking into account the applicable federal, state, local and foreign income, employment and excise taxes (including the Excise Tax)) would result in the Eligible Executive receiving an amount greater than the Reduced Amount.

RIGHT TO TERMINATE BENEFITS

Notwithstanding anything in this Plan to the contrary, in the event that, prior to a Change in Control, the Company in its discretion determines that

- an Eligible Executive is reemployed by the Company Group or any of its successors before the completion of the scheduled payment of severance pay;

- the Eligible Executive engaged in act which would have resulted in a termination for Cause; or

- the Company determines that an Eligible Executive has breached any of the terms and conditions set forth in any agreement executed by the executive as a condition to receiving benefits under this Plan, including, but not limited to, the Restrictive Covenants;

then the Company shall have the right to terminate the benefits payable under this Plan at any time. Notwithstanding this section, this "Right to Terminate Benefits" section will not apply, and the Company may not terminate the benefits payable under this Plan pursuant to this section, following a Change in Control.

ADMINISTRATION OF THE PLAN

The Plan Administrator shall have sole authority and discretion to administer and construe the terms of this Plan, subject to applicable requirements of law. Without limiting the generality of the foregoing, the Plan Administrator shall have complete discretionary authority to carry out the following powers and duties:

- To make and enforce such rules and regulations as it deems necessary or proper for the efficient administration of the Plan;

- To interpret the Plan, its interpretation thereof to be final and conclusive on all persons claiming benefits under the Plan;

- To decide all questions, including without limitation, issues of fact, concerning the Plan, including the eligibility of any person to participate in, and receive benefits under, the Plan; and

- To appoint such agents, counsel, accountants, consultants and other persons as may be required to assist in administering the Plan.

CLAIMS AND APPEALS PROCEDURES

The Plan Administrator reviews and authorizes payment of severance benefits for those employees who qualify under the provisions of the Plan. No claim forms need be submitted. Questions regarding payment of the severance benefits should be directed to the CHRO.

If an employee feels that the employee is not receiving severance benefits which are due, the employee should file a written claim for the benefits with Plan Administrator. A decision on whether to grant or deny the claim will be made within 90 days following receipt of the claim. If more than 90 days is required to render a decision, the employee will be notified in writing of the reasons for delay. In any event, however, a decision to grant or deny a claim will be made by not later than 180 days following the initial receipt of the claim.

If the claim is denied in whole or in part, the employee will receive a written explanation of the specific reasons for the denial, including a reference to the Plan provisions on which the denial is based.

If the employee wishes to appeal this denial, the employee may write within 60 days after receipt of the notification of denial. The appeal will then be reviewed by the Talent and Compensation Committee (or, for a Section 16 executive officer of the Company, by the Board of Directors), and the employee will receive written notice of the final decision within 60 days after the request for review. If more than 60 days is required to render a decision, the employee will be notified in writing of the reasons for delay before the end of the initial 60 day period. In any event, however, the employee will receive a written notice of the final decision within 120 days after the request for review.

Governing Laws and Time Limit for Beginning Legal Actions

The provisions of the Plan shall be construed, administered and enforced according to the Employee Retirement Income Security Act of 1974 (ERISA). The parties expressly consent that any action or proceeding relating to this Plan or any release or other agreement entered into with respect to this Plan will only be brought in the federal courts and that any such action or proceeding be heard without a jury.
No action relating to this Plan or any release or other agreement entered into with respect to this Plan may be brought later than the second anniversary of the earlier of termination of employment or other event giving rise to the claim.

GENERAL RULES

- **Right to Withhold Taxes**

  The Company Group shall withhold such amounts from payments under this Plan as it determines necessary to fulfill any federal, state, or local wage or compensation withholding requirements.

- **No Right to Continued Employment**

  Neither the Plan nor any action taken with respect to it shall confer upon any person the right to continue in the employ of the Company Group or alter the at-will employment relationship between the Company Group and the Eligible Executive.

- **Benefits Non-Assignable**

  Benefits under the Plan may not be anticipated, assigned or alienated. In the event of an Eligible Executive’s death after termination of employment but prior to payment of benefits, benefits shall be paid to the executive’s designated beneficiary, or if no beneficiary has been designated, the executive’s spouse, or if the executive is not married, in equal shares to the executive’s children, or if there are no living children, to the executive’s estate.

- **Unfunded Plan**

  The Company will make all payments under the Plan, and pay all expenses of the Plan, from its general assets. Nothing contained in this Plan shall give any Eligible Executive any right, title or interest in any property of the Company Group nor shall it create any trust relationship.

- **Severability**

  The provisions of the Plan are severable. If any provision of the Plan is deemed legally or factually invalid or unenforceable to any extent or in any application, then the remainder of the provisions of the Plan, except to such extent or in such application, shall not be affected, and each and every provision of the Plan shall be valid and enforceable to the fullest extent and in the broadest application permitted by law.

◦ **Section 409A**

Although the Company makes no guarantee with respect to the tax treatment of benefits provided under this Plan and shall not be responsible in any event with regard to non-compliance with Code Section 409A and all Treasury Regulations and guidance promulgated thereunder ("Section 409A"), to the fullest extent applicable, severance benefits payable under the Plan are intended to be exempt from the definition of "nonqualified deferred compensation" under Section 409A in accordance with one or more of the exemptions available under Section 409A, including the short-term deferral exception in Treas. Reg. §1.409A-1(b)(4) and the separation pay exception in Treas. Reg. §1.409A-1(b)(9)(iii), and the Plan shall be so interpreted and administered to the maximum extent. To the extent that any benefit payable or provided under this Plan is or becomes subject to Section 409A, the Plan shall be interpreted and administered to the maximum extent possible to comply with Section 409A. For purposes of any provision of this Plan providing for the payment of any amount or benefit upon or following a termination of employment that constitutes "nonqualified deferred compensation" Section 409A, a termination of employment shall not be deemed to have occurred unless such termination is also a "separation from service" within the meaning of Section 409A and, for purposes of any such provision of this Plan, references to a "termination," "termination of employment" or like terms shall mean "separation from service."

Notwithstanding anything herein to the contrary, to the extent that any payments or benefits pursuant to this Plan constitute "nonqualified deferred compensation" under Section 409A, and are not exempt in accordance with one or more of the exemptions available under Section 409A, if at the time of Eligible Executive's termination of employment with the Company, the executive is a "specified employee" as defined in Section 409A, then the Company will defer the commencement of the payment of any such payments or benefits hereunder (without any reduction in such payments or benefits ultimately paid or provided to executive), until the first business day to occur following the date that is six (6) months following executive's separation from service with the Company (or the earliest date as is permitted under Section 409A) and any amounts that otherwise would have been paid during this deferral period will be paid in a lump sum on the day after the expiration of the six (6) month period or such shorter period, if applicable.

For purposes of Section 409A, the right to receive payments in the form of installment payments shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment shall at all times be considered a separate and distinct payment.

In the event that a payment, other than a reimbursement, could be made in either of two different calendar years, it shall be paid in the later calendar year. Notwithstanding any other provision of this Plan to the contrary, to the extent that any reimbursement of expenses constitutes "deferred compensation" under Section 409A, such reimbursement shall be provided no later than December 31 of the year following the year in which the expense was incurred. The amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year. The amount of any in-kind benefits provided in one year shall not affect the amount of in-kind benefits provided in any other year. Whenever a payment under this Agreement may be paid within a specified period, the actual date of payment within the specified period shall be within the sole discretion of the Company.

- **Section Headings**

  Section headings are used herein for convenience of reference only and shall not affect the meaning of any provision of this Plan.

PLAN AMENDMENT AND TERMINATION

The Plan may be amended or terminated by the Board of Directors of the Company or the Talent and Compensation Committee of the Company, at any time and from time to time, in its sole discretion (provided, that no such amendment or termination shall materially and adversely affect the rights of any Eligible Executive who has experienced a Qualifying Termination on or prior to such amendment or termination).

The Plan may not be amended or terminated within the Change in Control Period with regard to employees who were Eligible Executives as of the date of the Change in Control or, if earlier, until the date that the final Eligible Executive experiences a Qualifying Termination and receives any benefits the Eligible Executive may be entitled to under this Plan.

Except as specified above, Eligible Executives do not have any vested right to severance pay or other benefits under this Plan.

STATEMENT OF ERISA RIGHTS

As a participant in this Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to:

- **Receive Information About Your Plan and Benefits**

  Examine, without charge, at the Plan Administrator's office and at other specified locations all documents governing the plan and a copy of the latest annual report (Form 5500 Series) required to be filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

  Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the plan and copies of the latest annual report (Form 5500 Series), if any required, and updated summary plan description. The administrator may make a reasonable charge for the copies.

- **Prudent Actions by Plan Fiduciaries**

  In addition to creating rights for plan participants ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called “fiduciaries” of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

- **Enforce Your Rights**

  If your claim for a severance benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

  Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

- **Assistance with Your Questions**

  If you have any questions about your plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

ADDITIONAL INFORMATION

Employer and Plan Sponsor:	C.H. Robinson Worldwide, Inc. 14701 Charlson Road Eden Prairie, Minnesota 55347
Employer Identification Number (EIN):	41-1883630
Plan Name:	C.H. Robinson Executive Separation and Change in Control Plan
Type of Plan:	Welfare benefit plan - severance pay
Plan Year:	Calendar year
Plan Number:	510
Plan Administrator:	The Plan Administrator, as defined in the Plan C.H. Robinson Worldwide, Inc. 14701 Charlson Road Eden Prairie, Minnesota 55347
Agent for Service of Legal Process:	Chief Legal Officer C.H. Robinson Worldwide, Inc. 14701 Charlson Road Eden Prairie, Minnesota 55347 Service of legal process may be also made upon the Plan Administrator
Funding:	Unfunded; benefits are paid solely from the Employer’s general assets

<u>WAIVER OF BENEFIT</u>

I hereby affirmatively waive any right to severance benefits under the terms of any agreement entered into by and between me and C.H. Robinson prior to the date of this waiver, including but not limited to, the July 27, 2019 offer letter presented to me, in consideration for the ability to participate in the C.H. Robinson Executive Separation and Change in Control Plan.

/s/ Michael P. Zechmeister
Michael P. Zechmeister

July 26, 2022
Date

WAIVER OF BENEFIT

I hereby affirmatively waive any right to severance benefits under the terms of any agreement entered into by and between me and C.H. Robinson prior to the date of this waiver, including but not limited to, the June 1, 2021 offer letter presented to me, in consideration for the ability to participate in the C.H. Robinson Executive Separation and Change in Control Plan.

/s/ Arun Rajan
Arun Rajan

July 26, 2022
Date

Exhibit 31.1

Certification of Chief Executive Officer

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Robert C. Biesterfeld, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of C.H. Robinson Worldwide, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 29, 2022

Signature:	*/s/ Robert C. Biesterfeld, Jr.*
Name:	Robert C. Biesterfeld, Jr.
Title:	Chief Executive Officer

Exhibit 31.2

Certification of Chief Financial Officer

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Michael P. Zechmeister, certify that:

1. I have reviewed this quarterly report on Form 10-Q of C.H. Robinson Worldwide, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 29, 2022

Signature:	*/s/ Michael P. Zechmeister*
Name:	Michael P. Zechmeister
Title:	Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. §1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of C.H. Robinson Worldwide, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert C. Biesterfeld, Jr., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

July 29, 2022

/s/ Robert C. Biesterfeld, Jr.

Robert C. Biesterfeld, Jr.
Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO

18 U.S.C. §1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of C.H. Robinson Worldwide, Inc. (the “Company”) on Form 10-Q for the period ended June 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael P. Zechmeister, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

July 29, 2022

/s/ Michael P. Zechmeister

Michael P. Zechmeister
Chief Financial Officer