



# 2022 Sustainability Report

# Table of Contents

|                     |    |
|---------------------|----|
| CEO Letter          | 3  |
| Company Profile     | 4  |
| Our Approach to ESG | 10 |
| Safe                | 14 |
| Inclusive           | 22 |
| Innovative          | 40 |
| Entrepreneurial     | 50 |
| Respectful          | 57 |
| About the Report    | 66 |
| Performance Tables  | 67 |



# CEO Letter

2021 marked XPO's 10<sup>th</sup> and most transformative year in business. We spun off our logistics segment to our shareholders as GXO, unlocking value that XPO created over more than a decade. Our operating environment was favorable, on balance, with most of our end-markets trending up, and we successfully navigated the ripple effects of the pandemic, including labor shortages and global supply chain delays.

At the same time, we remained steadfast in prioritizing the well-being of our people. Our employees, especially those on the front line, continued to do an outstanding job of providing solutions for our customers. By building our business around our values — safe, inclusive, innovative, entrepreneurial and respectful — we make it possible to always act in the best interests of our stakeholders, and to do so in a sustainable way.

Many of our current environmental, social and governance (ESG) achievements will transition to the new spin-off announced in March, which will separate XPO into two standalone public companies in the North American transportation industry. The spin-off company will be an asset-light platform of technology-enabled brokered services, and the remaining company will be the third largest pure-play less-than-truckload provider in North America. Each company will have distinct customers, investors, employees and service offerings.

As we prepare for the spin-off, we'll continue to work toward the targets outlined in our ESG scorecard, while assessing new ways to take meaningful action to reduce our carbon footprint. This balanced focus on growth, sustainability and risk mitigation is part of our culture. Importantly, as we look toward 2023, we expect that each company created by the spin-off will establish its own ESG goals and share its progress, applying the key emerging standards for disclosure and goal-setting.

In this year's report, we detail many of the initiatives that informed our progress in 2021, including:

**Operational Excellence and Safety.** XPO has always been driven by innovation — from the way we use our data, to the nuts and bolts of operational excellence. This goes hand-in-hand with our safety performance. In 2021, we implemented new safety systems in our tractors to feed more data to our fleet analytics software, allowing us to identify opportunities for improvement in real time. We also upgraded our telematics systems to make our drivers' pre-check processes more efficient, improve reporting from the road and enhance visibility of customer freight as it moves through our network.

**Sustainability.** Following the introduction of our ESG scorecard last year, we created a Sustainability Committee charged with supporting our Board of Directors in its oversight of XPO's ESG-related priorities. We also launched several sustainability initiatives, including piloting electric trucks, deploying cleaner fuels, testing duo-trailers for greater fuel efficiency and providing brokerage carriers with resources to help in the adoption of sustainable technologies. These efforts are aimed at reducing our carbon footprint in the short-, mid- and long-term.

**Employee Engagement.** We recognize that we have a responsibility to create a rewarding workplace where employees feel comfortable being themselves. In 2021, we expanded our diversity, equity and inclusion initiatives, introduced new professional development programs and renewed our partnerships with charities that are meaningful to our employees. Workplace culture is never static; there's always more we can do. To this end, we continually solicit feedback from our team through surveys, roundtables, virtual town halls and site visits.

Looking forward, I want to thank our customers and shareholders for their trust, our Board for its oversight and our employees for embracing our goals. As we work toward our second spin-off, our priority is to manage XPO responsibly as a sustainable business on behalf of our stakeholders. We'll do that, and we'll share our progress with you along the way.

We appreciate your interest in XPO.



A handwritten signature in black ink that reads "Brad" with a horizontal line underneath.

**Brad Jacobs**  
*Chairman and Chief Executive Officer*  
*XPO Logistics*

# Company Profile



XPO Logistics, Inc. (NYSE: XPO) is a leading provider of freight transportation services. Our business primarily provides less-than-truckload (LTL) and truck brokerage services in North America and Europe. We're one of the top providers of asset-based LTL services in North America, and we have one of the largest LTL networks in Western Europe. In addition, we're the second largest truck brokerage provider globally.

We view safety, sustainability, strong governance and a purpose-driven culture as essential components of value creation. Our company is a leading proponent of innovation in the transportation industry, with a first-mover advantage rooted in the more than \$3 billion we've spent on technology since 2011, including truck brokerage digitization and LTL optimization.

XPO is headquartered in Greenwich, Connecticut, with our European center of operations located in Lyon, France.



## Global Operations

In 2021, we reported **\$12.8 billion in revenue** pro forma the spin-off of GXO.



■ We operate **771 locations** in transportation services across **20 countries**.



■ We employ more than **40,000 people** and serve more than **50,000 customers**.



■ In LTL, we managed approximately **18 billion pounds** of shipments.



### Transportation

We offer an unmatched variety of transportation services to optimize the movement of freight, using a single mode or a combination:

- **LTL**, covering 99% of all US zip codes and offering cross-border service to Canada and Mexico as well.
- **Full truckload** via brokered, contracted and owned truck and trailer capacity.
- **Last mile delivery**, assembly and installation of heavy goods via contracted capacity.



### Complementary Range of Services

We've developed an integrated range of world-class services. We are:

- The largest last mile logistics provider for heavy goods in North America, completing **more than 11 million deliveries and installations annually**.
- **The largest manager of expedited shipments in North America** by ground, air and automated carrier procurement.
- **The second-largest freight broker worldwide**, with one of the largest owned road fleets in Europe and a brokerage platform connecting shippers to approximately 98,000 carriers globally.
- A global provider of managed transportation.
- A global freight forwarder.

## Recognitions

XPO is recognized for the strength of our values-driven culture and our customer service. In 2021, we were:

### Overall

- [Ranked No. 1](#) among Fortune 500 transportation and logistics companies, leading the industry for the fifth straight year.
- Named one of the [Forbes 50 Best Companies to Work For](#) in Spain for the third straight year.
- Named [One of America's Most Responsible Companies](#) by Newsweek for 2022.
- Named a 2021 [Top 100 Trucker](#) by Inbound Logistics.
- Named by Gartner as a [Worldwide Leader in the Magic Quadrant](#) for Worldwide Third-Party Logistics Providers in 2021.
- Honored for Board Diversity by the [Women's Forum of New York](#).

### People

- Recognized by the Human Rights Campaign's Corporate Equality Index for [Advancing LGBTQ+ Inclusion](#).
- Designated a bronze-level [Military Friendly Employer](#) by Vigtory, a veteran-owned business that connects veterans with education and career opportunities.

- Earned a [Disability Equality Index](#) Top Score by Disability:IN and the American Association of People with Disabilities.
- Named a 2021 [Top Diversity Employer](#) by [DiversityJobs.com](#) for the second consecutive year.
- Named a [Top Company for Women to Work For](#) by the [Women in Trucking Association](#).

### Sustainability

- Named a [Top 75 Green Supply Chain Partner](#) by Inbound Logistics for six consecutive years.
- Named one of the [Most Socially Responsible Companies in France](#) by Statista, an independent global data portal, for the second consecutive year.

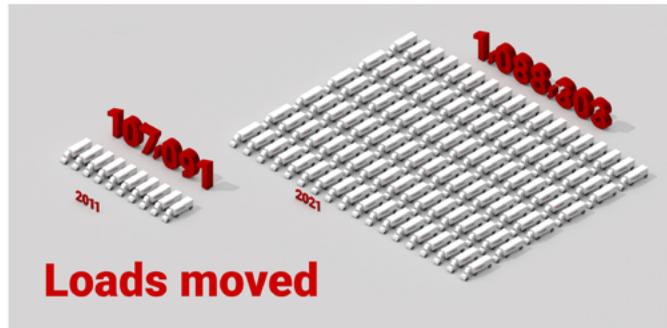
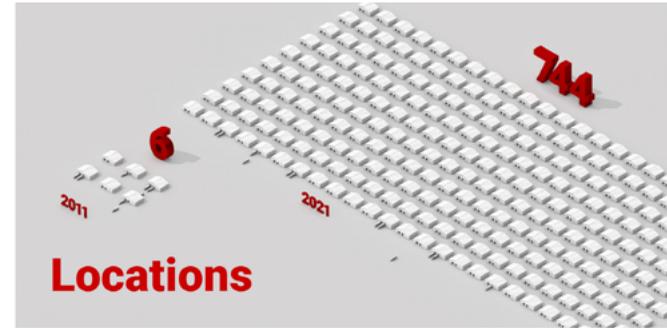
### Partners

- Honored by Ford for [Customer Service Quality at World Excellence Awards](#).
- Honored by Ulta Beauty for our [Commitment to Continuous Improvement](#).
- Recognized by General Motors as [Supplier of the Year](#).
- Honored as [LTL Collaborator of the Year](#) by GlobalTranz Enterprises.



# Making Our Vision a Reality: **Ten Years of History**

On Sept. 2, 2021, we celebrated our 10<sup>th</sup> anniversary by marking the many ways we've grown the business to become an industry powerhouse.



All data as of Sept. 1, 2021.

# Our Values, Our Culture

At XPO, we focus on being safe, entrepreneurial, respectful, innovative and inclusive.

**Safe.** We put safety first – for each other, our communities and the environment. We do things the right way, the first time. Our workplaces are collaborative and supportive. We take care of each other, and we constantly seek to improve the safety of our operations, from trucks and docks to distribution and data centers.

**Entrepreneurial.** We ask, “What if?” We’re boldly optimistic about reinventing industries and shaping the future of how businesses can meet customer needs. We embrace change. That’s how we discover original ways to solve challenges and create wins for our customers and their customers.

**Respectful.** We listen. We're leaders in creating new markets, spotting unnoticed opportunities and discovering smart ways to tackle challenges because we listen to our employees, our partners and our customers. We pull together to reimagine how business gets done. Respect for each other's strengths drives this collaboration.

**Innovative.** We're curious. We push boundaries through game-changing ideas – the kind of advances no one else thinks are possible. We have the passion to invest in pioneering technologies that will help our customers come out on top.

**Inclusive.** We celebrate individuality. We take pride in making our workplaces inclusive. By welcoming everyone – regardless of gender or gender identity, race or ethnicity, national origin, religion, sexual orientation, veteran status or disability – we embrace a diversity of talents. We stand for integrity, celebrate individuality and know we can always learn more from each other, our customers and the communities we serve.

# Our Approach to ESG

## Materiality

At XPO, we believe sustainability makes good business sense. We listen carefully to the expectations of our stakeholders and embed sustainability criteria in our operations, governance and strategy. Together with our employees, customers, suppliers and other stakeholders, we're making a difference in our communities, including by promoting the transition to a low-carbon economy.

In 2022, we updated our materiality matrix, which was originally created in 2018, to capture the issues of highest priority to our company. We partnered with an independent firm to conduct the materiality analysis of the topics most relevant to XPO and our stakeholders. We interviewed members of our executive leadership team, surveyed internal subject matter experts, reviewed inputs from external stakeholders and analyzed opportunities and risks to the business.

The results of our analysis are shown in our materiality matrix, which reflects issues deemed high priority by our company and our stakeholders. The five highest-rated material issues are in the upper right band: health and safety, employee engagement, climate and greenhouse gas (GHG) emissions, talent management and data security and privacy.

We also recognize a second band of five issues that are important to our company and our stakeholders: fleet management and innovation; diversity, equity and inclusion; network optimization; corporate governance; and ethical conduct. As we evolve our sustainability strategy and disclosure priorities, this materiality analysis will guide our ESG work and priorities.

**Materiality Matrix**



# ESG Scorecard Summary



Developed in 2020, our ESG scorecard provides a progressive means of evaluating the management of ESG initiatives. It's also part of our executives' long-term incentive program to encourage them to prioritize our ESG goals. The company commissioned a management consultant to conduct a gap analysis relative to our core peer group so we could better understand optimal ESG tracking methods and disclosures. Using these insights, management identified the most relevant initiatives as the basis for measurable ESG improvements over four years, taking into account lead time requirements, category weighting and target variances. The XPO Board of Directors' Compensation Committee agreed with the inputs from management and incorporated these recommendations into the scorecard.

The ESG scorecard was recalibrated after the spin-off of GXO and continues to reflect rigorous goals that build toward long-term value, with the majority of targets incorporating progressively higher expectations through 2023. Initiatives are 87% quantitative, with the remainder subject to predetermined hurdles or binary milestones.

The scorecard initiatives encompass a range of material issues at the corporate and business unit levels that are detailed in our materiality matrix. The ESG scorecard metrics are a combination of annual and multi-year goals that span the total performance cycle of the award, with many building to full achievement at the end of the four-year period. The Committee uses the scorecard to objectively assess performance, and the company uses it to monitor ESG progress.

Our ESG scorecard is organized into six categories, with an average of approximately 41 initiatives per year, and with each initiative weighted equally within the year.

### Current and Outstanding Performance Periods<sup>1</sup>

| ESG CATEGORY  | 2021  | 2022        | 2023 <sup>(3)</sup> |
|---|---|-------------|---------------------|
|   | <i>Weighting of ESG category within each performance period<sup>2</sup></i> |             |                     |
| Workforce and Talent  | 18.2%   | 19.5%       | 21.6%               |
| Employee and Community Safety                               | 27.3%   | 26.8%       | 21.6%               |
| Diversity, Equity and Inclusion                             | 20.5%   | 17.1%       | 18.9%               |
| Information Security  | 11.4%   | 12.2%       | 13.5%               |
| Environment and Sustainability                              | 18.2%   | 19.5%       | 16.2%               |
| Governance  | 4.5%  | 4.9%        | 8.1%                |
| <b>(A) Total</b>  | <b>100%</b>   | <b>100%</b> | <b>100%</b>         |
| <b>(B) Total # of Initiatives</b>                           | <b>44</b>   | <b>41</b>   | <b>37</b>           |
| <b># of Points Awarded Per Initiative (A/B)<sup>2</sup></b> | <b>2.3</b>  | <b>2.4</b>  | <b>2.7</b>          |

<sup>1</sup> The 2020 performance period is not reflected

<sup>2</sup> May reflect rounded values

<sup>3</sup> 2022 and 2023 weightings and category targets may change as a result of the planned separation of XPO's North American businesses, announced on Mar. 8, 2022.

## ESG Scorecard Structure and Content Summary

The following tables use examples to provide a summary of our ESG scorecard methodology. The tables do not reflect the full set of targets for each performance period.

### ESG Scorecard Summary

#### ACHIEVEMENT METHODOLOGY

- Achievement is certified by the Committee annually using a scale of 1 – 100, with each target worth a predefined number of points.
- Category weighting is dependent upon the total number of targets in the category and varies by performance period as some goals require a baseline or implementation time for achievement (i.e., expanding the hiring of women or underrepresented racial/ethnic groups).
- Achievement against targets is measured using a strict predetermined calculation for each target and incorporates industry-specific measurement standards as well as the Sustainability Accounting Standards Board (SASB) and Global Reporting Initiative (GRI) standards.

#### PRINCIPLES

- Targets are rigorous and include a combination of annual and multi-year goals that span the total performance cycle of the award, with many targets building to full achievement at the end of the four-year period.
- Initiatives represent an overarching roadmap of deliverables for the company that align with the categories identified in the materiality matrix in this report.
- The ESG scorecard's inclusion in the long-term incentive program is indicative of the company's commitment to ensuring that we are incentivizing achievement of our sustainability goals along a sufficiently long-term time horizon.

# ESG Scorecard Summary

| CATEGORY / WEIGHT %  | STRATEGIC OBJECTIVES   | SAMPLE INITIATIVES AND TARGETS 2023<br>Year-over-year measurements reflect pro forma adjustments for the spin-off  |  |      |      |      |  |   |   |  |      |      |      |      |   |                                |                                |   |
|--|--|--|--|------|------|------|--|---|---|--|------|------|------|------|---|--------------------------------|--------------------------------|---|
| <b>Workforce and Talent</b><br>2021: 18%<br>2022: 20%<br>2023: 22%                   | <ul style="list-style-type: none"> <li>Maintain employee job satisfaction</li> <li>Maintain a rewarding, high-performance culture</li> </ul>   | <ul style="list-style-type: none"> <li>Maintain an average job satisfaction score of at least 7 out of 10 in companywide and hourly engagement surveys for each performance period</li> <li>Maintain an annualized voluntary turnover rate of no more than 10% for LTL drivers (excluding retirees) for each performance period</li> </ul>   |  |      |      |      |  |   |   |  |      |      |      |      |   |                                |                                |   |
| <b>Employee and Community Safety</b><br>2021: 27%<br>2022: 27%<br>2023: 22%          | <ul style="list-style-type: none"> <li>Provide employee health, safety and financial protection (including during the COVID-19 pandemic)</li> <li>Maintain a safe workplace</li> <li>Encourage accident and injury prevention</li> </ul> | <ul style="list-style-type: none"> <li>Improve DOT-recordable preventable accident frequency in both Managed Transportation (MT) and LTL                             <table border="1" data-bbox="666 678 1300 873"> <thead> <tr> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>0.65 (MT) / 0.68 (LTL)<br/>DOT-reportable preventable accidents per one million miles</td> <td>3% (MT) / 2% (LTL)<br/>improvement over prior year</td> <td>3% (MT) / 2% (LTL)<br/>improvement over prior year</td> <td>3% (MT)<br/>improvement over prior year</td> </tr> </tbody> </table> </li> <li>Improve rate of lost workdays as a proportion of hours worked in LTL                             <table border="1" data-bbox="666 954 1300 1107"> <thead> <tr> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>99 lost workdays for every 200,000 hours worked</td> <td>2% improvement over prior year</td> <td>2% improvement over prior year</td> <td>-</td> </tr> </tbody> </table> </li> </ul> | 2020                                   | 2021 | 2022 | 2023 | 0.65 (MT) / 0.68 (LTL)<br>DOT-reportable preventable accidents per one million miles | 3% (MT) / 2% (LTL)<br>improvement over prior year | 3% (MT) / 2% (LTL)<br>improvement over prior year | 3% (MT)<br>improvement over prior year | 2020 | 2021 | 2022 | 2023 | 99 lost workdays for every 200,000 hours worked | 2% improvement over prior year | 2% improvement over prior year | - |
| 2020   | 2021   | 2022   | 2023                                   |      |      |      |  |   |   |  |      |      |      |      |   |                                |                                |   |
| 0.65 (MT) / 0.68 (LTL)<br>DOT-reportable preventable accidents per one million miles | 3% (MT) / 2% (LTL)<br>improvement over prior year  | 3% (MT) / 2% (LTL)<br>improvement over prior year  | 3% (MT)<br>improvement over prior year |      |      |      |  |   |   |  |      |      |      |      |   |                                |                                |   |
| 2020   | 2021   | 2022   | 2023                                   |      |      |      |  |   |   |  |      |      |      |      |   |                                |                                |   |
| 99 lost workdays for every 200,000 hours worked                                      | 2% improvement over prior year   | 2% improvement over prior year   | -                                      |      |      |      |  |   |   |  |      |      |      |      |   |                                |                                |   |

| CATEGORY / WEIGHT %   | STRATEGIC OBJECTIVES   | SAMPLE INITIATIVES AND TARGETS 2023<br>Year-over-year measurements reflect pro forma adjustments for the spin-off  |   |      |      |      |   |                                 |   |   |
|---|--|--|---|------|------|------|---|---------------------------------|---|---|
| <b>Diversity, Equity and Inclusion</b><br>2021: 21%<br>2022: 17%<br>2023: 19% | <ul style="list-style-type: none"> <li>Attract, retain and develop a diverse and inclusive workforce</li> <li>Build sustained diversity, equity and inclusion functions, with impactful programs and measurable actions</li> </ul> | <ul style="list-style-type: none"> <li>Increase the rate of women and underrepresented racial/ethnic groups promoted to managerial positions, with separate targets for each group                             <table border="1" data-bbox="1919 526 2553 672"> <thead> <tr> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>-</td> <td>Growth of at least 5% from 2020</td> <td>Cumulative growth of at least 10% from 2020</td> <td>Cumulative growth of at least 15% from 2020</td> </tr> </tbody> </table> </li> <li>Maintain an annualized percentage of diverse US employee hires at 50% (2021 and 2022 performance periods) and at least 55% (starting in the 2023 performance period)</li> <li>Maintain an annualized percentage of diverse XPO Graduate Program global hires of at least 50% (2021, 2022 and 2023 performance periods)</li> </ul> | 2020  | 2021 | 2022 | 2023 | - | Growth of at least 5% from 2020 | Cumulative growth of at least 10% from 2020 | Cumulative growth of at least 15% from 2020 |
| 2020  | 2021   | 2022   | 2023  |      |      |      |   |                                 |   |   |
| -   | Growth of at least 5% from 2020  | Cumulative growth of at least 10% from 2020  | Cumulative growth of at least 15% from 2020 |      |      |      |   |                                 |   |   |
| <b>Information Security</b><br>2021: 11%<br>2022: 12%<br>2023: 14%            | <ul style="list-style-type: none"> <li>Safeguard confidential customer and employee information; protect against external threats</li> </ul>   | <ul style="list-style-type: none"> <li>Target a mean time to resolve (MTTR) below industry average of 1.73 days (2021 performance period)</li> <li>Perform an annual information security health check by an independent third party and assess against benchmarks, maintaining rigorous information security at a level in the two top quartiles of the industry average for each performance period</li> </ul>   |   |      |      |      |   |                                 |   |   |

# ESG Scorecard Summary

| CATEGORY / WEIGHT %  | STRATEGIC OBJECTIVES   | SAMPLE INITIATIVES AND TARGETS 2023<br>Year-over-year measurements reflect pro forma adjustments for the spin-off  |                                       |      |      |      |                                    |                                      |                                       |                                       |
|--|--|--|---------------------------------------|------|------|------|------------------------------------|--------------------------------------|---------------------------------------|---------------------------------------|
| <p><b>Environment and Sustainability</b><br/>2021: 18%<br/>2022: 20%<br/>2023: 16%</p> | <ul style="list-style-type: none"> <li>Reduce fossil fuel dependency</li> <li>Reduce carbon emissions and carbon footprint</li> <li>Reduce nitrogen oxide emissions</li> <li>Reduce waste</li> </ul> | <ul style="list-style-type: none"> <li>Improvement in fuel efficiency in Managed Transportation                             <table border="1" data-bbox="666 456 1311 589"> <thead> <tr> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Average at least 7 mpg by year end</td> <td>Average at least 7.5 mpg by year end</td> <td>Average 7.5 mpg or higher by year end</td> <td>Average 7.5 mpg or higher by year end</td> </tr> </tbody> </table> </li> <li>Reduce LTL carbon emissions by increasing the load factor rate by at least 1.5% over the prior year (2021 performance period)</li> <li>Establish a European Sustainability Steering Committee (2020 performance period) *</li> </ul> <p>*The mandate of the European Sustainability Steering Committee includes carbon reduction targets to reduce overall greenhouse gas emissions by 25% and reduce vehicular emissions by 10% per tkm (the transport of one tonne of goods over a distance of one kilometre), by 2030, using a 2019 baseline</p> | 2020                                  | 2021 | 2022 | 2023 | Average at least 7 mpg by year end | Average at least 7.5 mpg by year end | Average 7.5 mpg or higher by year end | Average 7.5 mpg or higher by year end |
| 2020   | 2021   | 2022   | 2023                                  |      |      |      |                                    |                                      |                                       |                                       |
| Average at least 7 mpg by year end   | Average at least 7.5 mpg by year end   | Average 7.5 mpg or higher by year end  | Average 7.5 mpg or higher by year end |      |      |      |                                    |                                      |                                       |                                       |
| <p><b>Governance</b><br/>2021: 5%<br/>2022: 5%<br/>2023: 8%</p>                        | <ul style="list-style-type: none"> <li>Maintain compliance with federal, state and local laws</li> </ul>   | <ul style="list-style-type: none"> <li>Completion rate of at least 85% for all mandatory and assigned compliance training courses (for each performance period)</li> </ul>   |                                       |      |      |      |                                    |                                      |                                       |                                       |

## XPO Sustainability Committee

Following the development of our ESG scorecard, we established our Sustainability Committee in 2021. This global, cross-functional body is comprised of leaders in safety, sustainability, technology and customer solutions and is led by a chairperson appointed by our Executive Sustainability Working Group.

The committee is chartered to support the Board's ESG initiatives as well as evolve our strategy related to a greener supply chain. It evaluates strategic initiatives, including clean fuel and energy technologies, carbon reduction initiatives, data visibility, research partnerships and pilot opportunities, and training content and webinars for XPO employees and external stakeholders. As demand for greener solutions accelerates, the committee will be a resource to customers that want to collaborate on approaches to cleaner transport options as the technology becomes available at scale.





# Safe



**At XPO, safety is a fundamental value.** Every day, our priority is to ensure the safety of our employees, and by extension, the driving public and our customers. We view safety as integral to our operations. Our investments in safety training ensure that every mile we drive for our customers is as safe as possible.

— Sean Bressler, vice president, fleet maintenance, safety and procurement

SAFE

# The Road to Zero

## Our Approach to Health and Safety

Foundational to our commitment to safety performance is our Road to Zero program, which aims to achieve zero occupational injuries while also promoting the emotional safety of employees around the world. As we live our Safety value, we focus not only on employees' physical safety, but also their emotional safety, with zero tolerance for discrimination, harassment, retaliation, bullying or other unfair behaviors.

## Integrated Safety Infrastructure

The Road to Zero safety program includes employee training, compliance measures and a company-wide emphasis on safety discipline. As we work to achieve our Road to Zero goal,

we've woven safety principles into foundational corporate practices, including:

**Employee training.** We invest in crash prevention and safety training that meets or exceeds regulatory requirements. We review and enhance training regularly to increase safety and better account for changing needs and lessons learned from incidents.

**Policies.** We implement company policies that comply with relevant legislation and regulation.

**Technology.** We continuously evaluate and deploy technologies to enhance safety and reduce physical labor.

## REDUCING SIDESWIPE TO IMPROVE SAFETY

In 2021, we created a safety campaign targeted specifically at reducing sideswipe accidents. Our "Space = Respect" campaign provided information through training, videos, mirror check stations and live blind-spot demonstrations. We reinforced the lesson that "maintaining your lane," whether in a truck or a forklift, was a safe way to show respect to those around the vehicle. Over the course of the campaign, our commercial motor vehicle sideswipes fell by 10% and forklift sideswipes declined by 12%.



### INTRODUCING A NEW COMPREHENSIVE RISK MANAGEMENT (CRM) PLATFORM



Some of the best ideas for improvement come from our employees. In 2021, we began testing a comprehensive risk management plan to share responsibility for identifying risk among employees. Introduced by Ray Ward, a freight operations manager in Kansas City and a US Army veteran, our CRM system takes an all-inclusive approach to cultivate a culture of safety.

“By listening to employees, collaborating to develop safety protocols and addressing safety concerns, we’re now taking increased ownership for a safety culture,” Ray says. “We start every shift by encouraging employees to talk about potential risks and offer suggestions on how to mitigate risks. The process not only surfaces potential problems sooner, but also boosts employee engagement by demonstrating that we value their input.”

The renewed emphasis on identifying potential safety hazards has already resulted in changes.

“During one pre-shift meeting, employees raised a concern about how atypical pallets, which require manual lifts and can lead to mishandling, were being delivered to farming customers,” says Sean Bressler, vice president, fleet maintenance, safety and procurement. “By standardizing the pallets and lifts with our in-house systems, we improved our safety metrics and delivered a sustainable solution. We’re now testing this simple fix in other locations, and we’re optimistic it will deliver similar gains.”



Road to Zero encompasses a mix of safety initiatives, including:

- Basing safety professionals in every XPO operating district, including in nearly 300 LTL service centers.
- Real-time automated monitoring of carrier safety ratings, insurance qualifications and operating authorities.

- Tracking preventable road crashes and injuries in North America in accordance with requirements of the Occupational Safety and Health Administration (OSHA) and Federal Motor Carrier Safety Administration (FMCSA).
- Management system tracking of safety performance and regulatory compliance, such as OSHA recordable rates and FMCSA compliance.
- Reducing cargo damage and improving cargo security.



**Hazardous materials.** We have deep expertise in handling hazardous materials in accordance with regulations and best practices. Across our operations, we embed hazardous material policies to protect people, goods, facilities and the environment. Everywhere we operate, a focus on risk prevention underpins our environmental policy: we follow protocols, update procedures and train regularly.

In Europe, our networks in France, Spain and the UK include vehicles equipped for carrying hazardous materials. The drivers of these vehicles are trained in hazardous materials transport practices in accordance with applicable regulations.

In North America, our brokerage network provides access to specialized trucks and drivers who are trained in hazardous materials transport practices, and in our LTL unit, all our trucks are equipped for hazardous transport. All our hazardous materials-qualified drivers undergo additional training.

We rely on hazardous materials experts to conduct regular risk assessments across our operations to ensure our practices are up to date, the training standards are sufficient and specialized equipment is deployed. Emergency protocols are in place for spillages or accidents, and they're reviewed and updated regularly. Experts review safety data to ensure that XPO practices, policies and people meet city, state and national standards.



### TAPPING TEAMWORK TO BOOST SAFETY AND EARN ELITE RECOGNITION

In 2021, XPO launched a new team-focused safety initiative that's generating excitement and pride across our teams. The challenge? To work together to achieve the industry milestones of world-class safety: one million accident-free miles driven or 200,000 hours worked injury-free. The central goal of the program is to encourage teams to be laser-focused on safety. We want employees to be as concerned for their co-workers' safety as much as they safeguard their own.

Those who achieve the world-class safety results are acknowledged throughout XPO. The team celebrates with a catered meal, their workplace is decorated with signage and they're recognized in internal communications. Posters highlighting "Lessons from the Elite" are featured across our facilities.

One award-winning team is based in Fort Smith, Arkansas. In April 2021, the team worked 200,000 hours injury-free, and in June, it collectively reached two million accident-free miles driven.

"We have a good culture — we look out for each other and make sure everyone is doing their part to stay safe," says Chad Newton, a driver sales representative at XPO's Fort Smith facility.

**RECOGNIZING 260 MORE DRIVERS FOR MILLION-MILE SAFETY MILESTONES**

In 2021, 11 XPO drivers achieved the remarkable milestone of driving three million miles without a crash.

These road safety heroes include Allan Bryan (Pennsylvania), Gerardo Campos (Texas), Kevin Christie (California), Ina Daly (Arizona), Donald Foreman (Tennessee), Mark Klun (Arizona), John Macdonald (Canada), Jerry McDonald (Minnesota), Frank Mills (Louisiana), Kevin Moore (Ohio) and Steven Sallee (Indiana), all of whom transport freight for XPO’s North American LTL unit. We highlighted these outstanding drivers in this [video](#).

“Each time we get behind the wheel, safety is at the forefront of our minds,” says Ina, one of our honorees. “This team focuses intently on the details. I’m extremely proud to join the ranks of my three-million-miler colleagues.”

In 2021, another 42 [XPO drivers](#) reached two million accident-free miles and 200 drivers reached the one-million-mile mark, bringing the year’s safe-driver honorees to 253. In total, these drivers covered 325 million accident-free miles – the equivalent of more than four round trips between Earth and Mars.

We track accident-free miles as part of our Road to Zero safety program. Traversing one million miles without an accident typically takes a decade of safe driving. To date, 2,381 XPO drivers are part of the million-mile safety club.



**All-time XPO Million Milers**

| MILLION-MILE MARK | DRIVERS      |
|-------------------|--------------|
| One               | 1,890        |
| Two               | 423          |
| Three             | 68           |
| <b>Total</b>      | <b>2,381</b> |

**Industry-Leading Driver Safety Programs**

Our main objective is to achieve zero job-related injuries and crashes, using a mix of real-world training and advanced technology to continuously improve our ecosystem of safety practices. To maintain and extend these practices, we’ve installed a network of safety professionals across our operating regions.

In North America, our internal driver training programs are a major contributor to our superior record of road safety. Led by veteran XPO drivers, who are nominated by their local management team, our driver training program not only prepares new drivers to earn a Class-A Commercial Driver’s License (CDL-A), but also immerses them in our safety practices and culture of caution.

The seven-week program includes 150 hours behind the wheel, all under the supervision of a driver-instructor and beyond the minimum recommended by the FMCSA. An additional 140 hours of classroom study on federal and state highway laws, regulatory and safety rules, vehicle safety inspection techniques and defensive driving skills is also provided.

Participants receive pay while they’re pursuing their CDL-A at our training schools, and once they graduate, they earn the same wage rate as other newly-hired drivers. They’re also eligible for an automatic wage increase after 12 months, and at 24 months, they earn the top wage rate for their market.

In 2021, XPO graduated our largest class of students with more than 900 new drivers completing the training program.



### TRAINING A NEW GENERATION OF COMMERCIAL TRUCK DRIVERS

At the helm of our driver training program is a corps of veteran driver instructors, who provide behind-the-wheel teaching and classroom instruction. Our instructors have an average tenure of nearly 14 years at XPO, and 40 instructors are at minimum one-million mile safety drivers.

[Watch this video](#) to learn about our driver training schools and [this video](#) to meet some of our driver instructors.



### Safety Technologies

On-road safety technology is constantly evolving, and we never stop seeking new solutions to help minimize external risks, such as weather and road conditions, or helping our team members improve their driving techniques. In our transportation operations, our tractors and trailers have onboard safety systems that feed real-time data to our fleet analytics software, allowing us to better understand driver skillsets, minimize on-road risks and address incorrect practices.

Our new tractors – currently about half of XPO’s global fleet – are equipped with radar and on-board cameras tied to collision-mitigation and lane departure systems to help keep our trucks cruising safely. Electronic stability controls can automatically tweak vehicle speed to prevent potential rollover incidents, and anti-lock braking, traction control, collision mitigation, adaptive cruise control and on-board data recorders further enhance our suite of rolling safety systems.



### UPGRADING OUR TELEMATICS

XPO is upgrading our fleetwide telematics, a system of sensors, software and analytics to help us track when and where our rigs are on the road and how both vehicles and drivers are performing. As cellular network providers shutdown slower 3G services to shift to speedy 4G and 5G, we've upgraded our technology with [Samsara telematics systems](#). Before hitting the road, our drivers use these wireless reporting systems for more efficient driver prechecks and to order repair parts. On the road, dashboard cameras that face both inside the cab and out toward the road help ensure safe driving by documenting safety incidents.

### BOOSTING UK SAFETY THROUGH TECHNOLOGY

In the UK, as in all our locations, safety is our top priority. In 2021, we enhanced automated systems that orchestrate vehicle movements, along with the security of staff and visitors on site. Our proprietary **Gatekeeper** application seamlessly manages on-site driver movements and coordinates related data. It starts with an integrated master schedule that confirms when a driver is expected and notifies relevant on-site teams. The system automatically:

- Manages visitor access.
- Captures key arrival information.
- Guides the driver to the trailer for pickup.
- Assigns bays, prioritizes loads and integrates into the yard management system.

For visitors, **SafeGuard** coordinates a suite of critical processes to ensure a safe visit, including:

- Visitor management
- Notifications and alerts
- Camera integration
- Document generation

We also introduced a **Smart Pass** system to promote a safe working environment and provide customers with instant access to driver records. Cards are scanned at the start of a shift or through gatehouses/transport offices when entering sites.



# COVID-19 Management

While the business impact of the COVID-19 pandemic moderated in 2021, there was an ongoing emotional and physical toll on employees, particularly during the Delta and Omicron variant surges. Throughout the year, we maintained our diligence in promoting employee safety, while also meeting the ongoing demands for transportation and logistics services around the world. We demonstrated our capacity to adapt to fast-changing circumstances – ranging from distributing vaccines and treatments to adhering to community requirements for isolating, quarantining, face coverings and social distancing – all while maintaining the continuity of vital services to our customers. We're incredibly proud of the work performed by our employees, who embraced their responsibility to stay safe, care for one another and keep vital supply chains running.

## Employees First

As the pandemic evolved, we tracked government recommendations and industry best practices and gathered employee and customer feedback to guide key responses:

- **Daily health affirmation.** Before coming to work or entering an XPO workplace, employees are required to affirm statements regarding their health and exposure to COVID-19.
- **Social distancing.** We follow guidance from the CDC and WHO regarding physical distance at all XPO sites.
- **Personal protective equipment.** We provide PPE and sanitization supplies to employees and guests.
- **No contact deliveries.** We continue to offer no-contact deliveries for customers.
- **Hybrid work.** Employees whose job did not necessitate daily on-site work continued a hybrid work schedule of working from the office and from home.

- **Visitor restrictions.** Visitors are limited from accessing our offices and field locations. When a visit is necessary, visitors are required to affirm statements regarding their health and exposure to COVID-19.

Recognizing pandemic-related challenges facing employees and their families, we invested heavily in employee benefits and programs to mitigate financial and other hardships. We did not reduce salaries or wages – in fact, we provided annual merit increases to all hourly employees – nor did we freeze or reduce contributions to benefit programs, such as our 401(k) retirement savings program. Instead, we offered additional benefits and programs to assist employees during a challenging time:

- **Pandemic Paid Sick Leave.** In addition to employees' standard annual bank of paid time off hours, we offered eligible employees in the US additional paid sick leave.
- **Free COVID-19 testing and vaccination.** In the US, XPO covers the cost of COVID-19 testing and vaccines and provides access to free tele-medicine through a 24/7 nurse hotline.
- **Online portal for working parents.** Through our benefit partners, we offer childcare resources, learning materials and online classes, such as free courses for children pre-K through high school.
- **Employee assistance program.** We offer five free emotional counseling sessions per life event to all US employees and their dependents, regardless of whether they're covered by an XPO health plan.





# Inclusive



**At XPO, we believe that building a culture of transparency and authenticity makes us stand out. This can be seen in our focus on the recruitment and advancement of women in a traditionally male-oriented industry as well as in our commitment to programs to help our employees thrive. We aim to create spaces for our colleagues to talk about their differences and feel included, especially when our differences aren't visible. – Josephine Berisha, chief human resources officer**

# Inclusive

## Our Commitment to Our People

Our workplace culture is centered on being safe, respectful, entrepreneurial, innovative and inclusive. We're committed to maintaining a rewarding work environment — grounded in a strong governance structure and [Code of Business Ethics](#) — that allows employees to experience new opportunities and build the careers they choose. Across the company, we encourage open communication, champion integrity, celebrate individuality and cultivate a diversity of talents and perspectives. This commitment to our people is one of the reasons why XPO has been recognized by many leading external ranking organizations as one of the most notable, respected and responsible companies in the world.

## Workforce

We ended 2021 with a global team of more than 42,000 outstanding colleagues. As of Dec. 31, 2021, our North American workforce included 31,258 employees, not including temporary workers or agency staff. In Europe, our headcount was 15,635, not including agency staff. Approximately 94% of XPO employees in Europe and more than 97% of XPO's North American employees work under permanent full-time employment contracts.

We take pride in providing dynamic workplaces that are inclusive and welcoming, regardless of gender or gender identity, race or ethnicity, national origin, religion, sexual orientation, veteran status or disability.

We know that transparency promotes accountability and drives measurable change. This is why we track the representation of women and traditionally underrepresented communities within our workforce. As we continue to enhance our human capital management disclosures, we've published our most recent EEO-1 report on [sustainability.xpo.com](https://sustainability.xpo.com), recognizing that it's important to share where we are today and where we plan to focus our efforts in the future.

| 2021 Workforce by Region       | Total  | Women | Men    |
|--------------------------------|--------|-------|--------|
| North America <sup>1</sup>     | 31,258 | 4,798 | 23,249 |
| Europe                         | 15,635 | 2,526 | 11,195 |
| Asia                           | 552    | 209   | 343    |
| South & Central America, Other | 212    | 62    | 150    |

<sup>1</sup> Total NA figure includes 3,211 employees whose gender is undisclosed





INCLUSIVE

# Diversity, Equity and Inclusion

## Our Approach to Diversity, Equity and Inclusion (DE&I)

XPO takes enormous pride in creating workplaces where employees feel respected, acknowledged and understood. We're committed to fostering equality and inspiring authenticity to help every employee thrive.

Our commitment is more than saying the right things. It's also doing the right things. Results will always matter to us, and they matter most when they come from behavior that's fair, respectful, lawful and honest. In 2021, we set three primary goals for our DE&I office:

1. Grow the pipeline of highly qualified and diverse candidates.
2. Develop internal talent.
3. Enhance our brand recognition as a diverse employer.

As of 2021:

- Approximately 40% of our employees are people of color, up from 37% in 2020.
- Approximately 53% of our new hires are people of color, maintaining our goal of an annualized percentage of diverse US employee hires at or above 50%.
- Nearly 52% of XPO Graduate Program global hires were diverse, exceeding our target of at least 50% diverse hires for this global program each year.
- 30% of total promotions were earned by women in the US – a 2% decline from 2020 – however, women who earned management promotions (manager or supervisor and above) represented 33% of the total, up 4% from 2020.
- 42% of our 2021 promotions were earned by people of color, up from 36% in 2020.

## Creating a Culture of Inclusion

### Diversity, Inclusion and Belonging Steering Committee

The Diversity, Inclusion and Belonging Steering Committee, led by Chief Diversity Officer LaQuenta Jacobs, aims to promote diversity, inclusion and respect across our organization. Its members serve as role models and leaders as well as a collective catalyst for understanding the uniqueness of every employee.

Since its founding, the committee has developed an ambitious action plan with eight workstreams:

- Communications
- Diversity recruiting
- Employee resource groups
- External partnerships and community engagement
- External speaker series
- Organizational and cultural assessment
- Performance management
- Supplier diversity program

## Recruitment and Development

While the practical definition of diversity often centers on gender and underrepresented groups, we think it also encompasses creating a workplace that welcomes people of all racial, ethnic, gender, socioeconomic and cultural backgrounds. We actively seek to recruit individuals who are passionate about making a difference at every level, especially as our industry faces one of the most competitive hiring environments in recent history. Now more than ever, it's critical for XPO to be regarded as a company where people can be their best selves and know they belong.

As we recruit, we drill down by market and job function to develop targeted recruitment strategies, always making sure that our compensation remains competitive, with a schedule of merit increases based on employee performance. In 2021, we set a 5% growth target over 2020 to attract, retain and develop a diverse and inclusive workforce. This helped to increase our diverse workforce by nearly 8%.

We recruit through advertisements tailored for individual roles and use a range of sources and targeted programs to ensure we reach a diverse group of potential candidates, including women, LGBTQ+ individuals, Blacks and African Americans, Hispanic Americans, people with disabilities, military veterans and other underrepresented groups. For example, in the US, we regularly participate in career fairs in traditionally underrepresented communities, and we maintain partnerships with Monster, Diversity.jobs, Ripplematch and Military.com to help us reach a broader range of candidates. Throughout the year, we measure and track our progress.

In recent years, we've redoubled our commitment to recruiting military veterans. This work is guided by our all-employee Veteran Recruitment Steering Committee and our Veteran Recruiting Community of Practice group. Recruiters are trained in military culture and connect with veterans through [XPO's LinkedIn Military Life page](#) and via targeted hiring events.

In 2021, we received more than 291,000 job applications.



### TRANSLATING PERSONAL PASSIONS INTO CAREER OPPORTUNITIES

Meet [Brian Stoudemire](#), our lead product analyst in our brokerage business, as he discusses how joining XPO has allowed him to build a career centered on his childhood fascination with planes, trains, road transport and rails. As he says, "Come to XPO and bring your personality, bring your talent...that's what makes XPO exciting!"

### Creating Opportunities for Women

Compared to industry competitors, XPO is a trailblazer in placing women in leadership roles. We continue to focus our talent pipeline development on attracting more women to our organization and providing professional development opportunities. Our 2021 metrics demonstrate our progress:

- Women accounted for nearly 18% of our workforce, up from 17% in 2020.
- Close to 20% of all new hires were women.
- Women earned 35% of all global promotions.
- In the US, 31% of management promotions (director and above) were earned by women.
- Globally, 31% of promotions among supervisors and managers were earned by women.

One of our goals is to give every employee the means to build the career they want. We began the Women's Inclusion Series (WISE) to provide a forum for women at XPO to network with and learn from each other. Through conferences, virtual discussions and in-person meetings, WISE has created opportunities for women to share experiences, best practices and lessons learned with their colleagues.



### GAINING RECOGNITION AS A TOP COMPANY FOR WOMEN

XPO has been named one of the transportation industry's top companies for women to work for by the [Women in Trucking Association](#), a non-profit organization that encourages the employment of women in trucking. We were selected based on our commitment to competitive pay and benefits for women, as well as our gender diversity, work-life accommodations, training and professional development.

"This award means a great deal to us, because it reflects our focus on the recruitment and advancement of women in a traditionally male-oriented industry," says Josephine Berisha, chief human resources officer. "We'll continue to open doors for women at all levels."

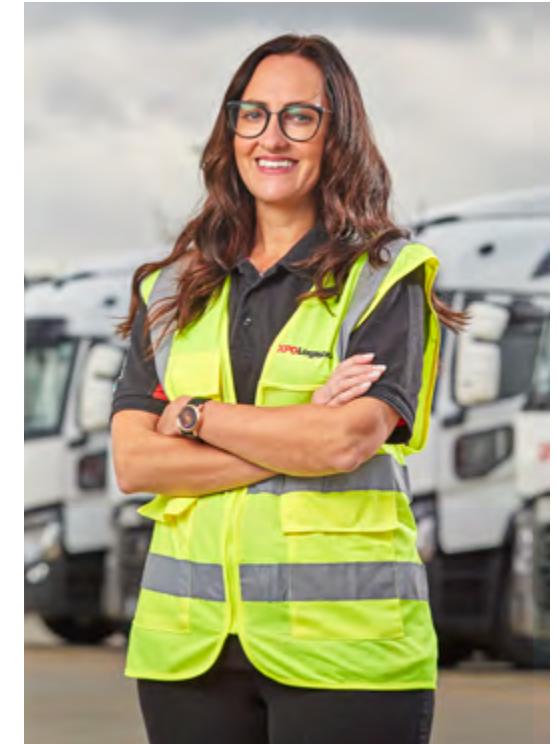
### COMMITTING TO INCLUSION AND SOUND LABOR PRACTICES IN SPAIN

In December, [XPO](#) signed the [Diversity Charter in Spain](#), underscoring our commitment to respect regulations on equal opportunities and anti-discrimination, as well as the charter's 10 principles on inclusion and diversity. In signing the charter, we reaffirmed our core values and code of business ethics that underpin our corporate social responsibility policies.

Promoted by the European Commission and encouraged by the *Fundación para la Diversidad* in Spain, the charter has been signed by some 1,350 companies in Spain and some 12,500 companies Europe-wide.

In an industry where men have traditionally outnumbered women, we're encouraging the placement of women across all positions. Today, women comprise 31% of our Spanish workforce.

"It's an honor for us to sign the Diversity Charter in Spain. [It] underlines our commitment to equal opportunities and respect for diversity," says Massimo



Marsili, managing director of Southern Europe and Morocco at XPO Logistics. "It's a message that we will extend to all our employees, customers and suppliers to help us create an even more inclusive work environments."

## COMMITTING TO DIVERSITY AND INCLUSION IN FRANCE

In October, XPO signed [the French Diversity Charter](#) and pledged our commitment to each of the six articles, ranging from diversity training of recruitment staff to annual reporting of diversity measures.

The French charter was the first of its kind in Europe, inspiring the current platform of 24 national diversity charters in the European Union. The charter strongly encourages the development of management and recruitment policies that respect individual differences and are based on trust. The charter is hosted by Les Entreprises pour la Cité, an organization working to promote corporate social responsibility in France.

Damian Delurier, regional director, Les Entreprises pour la Cité, said, “Together with Yann Tanguy, general secretary of the French Diversity Charter, I am proud to welcome XPO Logistics as a new signatory this year. We look forward to introducing the charter to XPO’s executive committee, managers and employees in the coming months through a collaborative training program.”

XPO’s [commitment to diversity](#) has notably opened the door to opportunities for women – over 30% of all managers and 20% of all employees in our French operations are women. This year, we assigned two female drivers to pilot trucks along the Tour de France route as part of our longstanding transport partnership with A.S.O., the tour organizer.

In addition, we invest in career development opportunities for young people through apprenticeship and professional training contracts that provide valuable business experience. The company also works with specialist partners to ensure that employees with disabilities receive mentoring and support.



## CELEBRATING FUTURE WOMEN LEADERS

In November, 18 high-potential women of XPO gathered in Atlanta to participate in our inaugural Women in Leadership Conference. Selected from a range of functions across XPO – including technology, sales operations, project management and customer service – the group came together as part of XPO Rise’s first all-women cohort.

Launched in 2021, XPO Rise is a development program designed to identify and develop employees with the talent, experience and readiness to move into more senior roles across the organization.

“The Women in Leadership Conference represented the pinnacle of our leadership series. Participants walked away feeling empowered by the connections they made with senior leaders and other women throughout our organization,” says Josephine Berisha, chief human resources officer. “Since the conference, most of the participants have been promoted to more senior roles. It’s exactly what we envisioned when we created XPO Rise.”

### HIGH-TECH LEADERS ON THE RISE

At XPO, our strengths in the areas of big data, advanced analytics and sophisticated security are essential to keeping our rigs rolling, our drivers and staff safe and our customers satisfied. As our investment in cutting-edge technology advances, a new generation of innovators is emerging. These tech-savvy professionals are delivering success across our fast-evolving technology operations:



**Kirsten Cavallo**, *senior manager, information security risk & governance, Charlotte, North Carolina* – Kirsten manages XPO’s approach to risks related to information security and governance. She joined XPO as a program manager and has risen to become a senior manager, overseeing a mission-critical area of technology risk.



**Nathalie Salisbury**, *senior information security engineer, Charlotte, North Carolina* – A military veteran and active National Guard volunteer, Nathalie has advanced quickly at XPO. Following a promotion from information security engineer, Nathalie now holds a senior engineer role at XPO’s cybersecurity operations center.



**Holly Selent**, *information security manager, training and awareness, Sherills Ford, North Carolina* – Holly oversees information security training, with a focus on awareness, phishing and malicious email, keeping XPO ahead of rapidly evolving data security threats. In her four years at XPO, Holly has been promoted three times.





### Creating Opportunities for Members of Our Military

As the employer of more than 2,000 self-identified veterans and active military service members, we're proud to be designated a bronze-level Military Friendly Employer by Viqtory, a veteran-owned business connecting military veterans with education and career opportunities in civilian life. Viqtory designates Military Friendly Employers based on a combination of public data and a comprehensive survey of organizational practices.

XPO is committed to remaining an employer of choice for military veterans, veterans with disabilities and active military personnel. Our commitment includes inclusive workplace policies, professional development, awareness training on the benefits of

military experience and a discussion series connecting veterans, spouses and employees. We also provide a [dedicated recruitment site for veterans](#), with a tool that matches military experience to relevant employment opportunities and an application process that encourages self-identifying as a veteran.

In 2021, we established a partnership with [Hiring Our Heroes](#), a non-profit dedicated to connecting the military community with meaningful employment opportunities. We also became a signatory to the Employer Support of the Guard and Reserve [pledge](#). We deepened recruiter training to focus on military candidates, and in partnership with [military.com](#), we presented a challenge coin – a common token in the US military – to all veteran employees.



### TAKING MILITARY APPRECIATION ON THE ROAD

We're proud to display our commitment to military veterans across our truck fleet. In recognition of Military Appreciation Month in May, we covered several tractors in a vinyl camouflage wrap and gave the honor of driving the trucks to [XPO drivers who are US military veterans](#) and have driven at least one million accident-free miles. This visual demonstration of our military appreciation continues to roll on the roads of Arkansas, Illinois, Indiana, Kansas, Mississippi, Missouri, New York, Ohio, Oklahoma, Tennessee and Texas.

"Our drivers are ambassadors of our workplace values, which include respect, inclusion and safety – qualities that also define the military community," says Dennis McCaffrey, senior vice president, enterprise sales management and leader of the veteran employees and allies employee resource group. "We're proud to have veterans behind the wheel as we spread the word about the careers we offer for women and men returning to civilian life."



### HONORING VETERANS WITH WREATHS ACROSS AMERICA

During the 2021 holiday season, we expanded our support of military veterans by delivering nearly 2,000 wreaths to veterans' cemeteries across the country as part of National Wreaths Across America Day, observed on Dec. 18.

XPO drivers who formerly served in the military delivered to veterans' cemeteries in Georgia, Illinois, Iowa, Michigan, North Carolina, Ohio and Virginia. XPO also donated \$25,000 to Wreaths Across America.

XPO employees across the country also participated in commemorations.

"We're proud that our services for Wreaths Across America were performed by XPO drivers with military experience, representing the values shared by Team XPO," says Drew Wilkerson, president, North American Transportation. "It was a special opportunity to show respect for those who served."

### Celebrating LGBTQ+ Employees and Their Families and Allies

In 2021, we showed our support for the LGBTQ+ community by sponsoring and participating in [Pride events](#) in Tennessee, New York, Georgia, Oregon, Michigan, North Carolina and the United Kingdom. We also engaged with [Lesbians Who Tech](#) and [PFLAG](#), an organization for LGBTQ+ individuals and their families and allies, to share training curricula and resources.

### Creating Opportunities for Colleagues with Disabilities

We know we can improve people's lives, including those with disabilities, by offering rewarding jobs and training to support career advancement. Our commitment to disability inclusion includes partnerships and joint-ventures for recruitment, inclusive workplace policies, mentors and workplace support and equal benefits.



### CREATING A WELCOMING WORKPLACE FOR EMPLOYEES WITH DISABILITIES

We're proud to have received a Disability Equality Index (DEI) top score of 90 out of 100 for our commitment to disability workplace inclusion. Launched in 2015 by Disability:IN and the American Association of People with Disabilities (AAPD), the [DEI](#) is the world's most comprehensive benchmarking tool for companies to measure disability workplace inclusion.

"Participating in the Disability Equality Index is important because it helps measure our progress as a diverse and equitable workplace," says LaQuenta Jacobs, chief diversity officer. "We're committed to continuous improvement in this area."

"[The] index shines a spotlight on companies that believe they have a stake in creating a more equitable society for people with disabilities," adds Maria Town, president and chief executive of AAPD. "It's a way to champion rights for the 60 million Americans with disabilities and knock down barriers to employment, technology and healthcare."

# Employee Engagement

## Our Approach to Employee Engagement

A hallmark of our work culture is our commitment to active listening. We solicit input from employees and encourage them to contribute ideas and give voice to concerns. Our open door policy exists because we know that welcoming employees' points of view offers the surest path to company wide gains.

We maintain open lines of communication through a mix of channels, including quarterly employee surveys, roundtable discussions, employee engagement committees, a robust online community and town halls. Throughout the year, employees engage within our digital workplace community, and our executive team conducts virtual town halls and regular operating review meetings with business leaders.

## Capturing and Addressing Employee Sentiment

Companywide feedback contributes substantially to how XPO tailors workplace opportunities, benefit programs and more to best serve the needs of our employees and their families. Our CEO conducts a quarterly engagement survey to track employee job satisfaction and gather feedback on what we're doing well and where we can improve. Surveys of our wired workforce have led to a variety of new benefits, including the creation of our tuition reimbursement program, employee stock purchase program, family bonding leave and other programs. In 2021, the quarterly surveys generated a total of nearly 21,000 responses, which were read by the executive leadership team and resulted in the creation of action plans to address employee feedback.

We also conduct surveys of our non-wired frontline employee population to better understand their level of satisfaction at XPO and their perspectives on safety, work environment, customer satisfaction and more. In 2021, our LTL business conducted its second annual hourly employee survey, garnering nearly 6,300



## INCLUSIVE – EMPLOYEE ENGAGEMENT

responses. Many of these findings are now driving real decisions. Analysis of the results yielded hundreds of localized action plans to address issues ranging from compensation to work processes to safety improvements.

### Employee Resource Groups (ERGs)

We continue to support eight [Employee Resource Groups](#) (ERGs) focused on Black employees, Hispanic and Latin origin employees, multicultural employees, LGBTQ+ employees, women, military veterans, working parents and employees with disabilities. The ERGs provide a venue for employees to share perspectives and experiences and more firmly establish a workplace culture of inclusion. The ERGs are working to fulfill our commitment to inclusion through:

- Recruitment, promotion and retention
- Inclusive workplace policies
- Professional development
- Equal benefits
- Diversity and inclusion training, with a focus on inclusive leadership, unconscious bias and allyship



### Employee Benefits

Comprehensive benefits are among the most important ways we support our employees and their families. Companywide feedback, particularly through our engagement surveys, plays a major role in determining how we tailor benefits to best serve the needs of our employees and their families. In the US, employees have access to important benefit programs, including:

- Comprehensive healthcare
- 401(k) retirement savings
- Employee stock purchase plan
- Military leave benefits
- Transgender assistance
- Employee assistance program with free mental health counseling
- Tuition reimbursement and academic partnerships
- Pregnancy Care Policy
- Family Bonding Leave, including paid maternity and paternity leave
- Short and long-term disability
- Life insurance
- Employee discount program
- Diabetes management and coaching
- Short-term, low-interest loans



# Talent Management

## Our Approach to Managing Talent

We know our workforce is the richest source of future talent and executive leaders. We pride ourselves on nurturing talent from within to deliver rewarding, enduring careers. With an eye on diversity, we're building future managers and innovators from today's workforce by continuously helping employees be better prepared through mentoring, training and technology.

## Talent Development

Our Talent Development team creates and delivers education programs online, virtually and in-person, with curricula that includes onboarding, leadership training for frontline and executive managers, job skills development, mentoring and sales excellence. With this commitment to learning, we're equipping every employee with a clear development path, including how to access training and information to advance their career.

Our Talent Development team oversees these key resources:

- **XPO University** is our learning portal where employees take courses to assess and advance their skills. With over 300 courses, the site caters to all levels, from certifications for sales to dock and freight leadership positions, as well as executive-level management training. XPO University is also home to our required training courses on business ethics, respect in the workplace and anti-harassment and discrimination.
- **Driver training** in the US is one of our top educational priorities. We offer free tuition at XPO driver schools, along with pay during training and an opportunity to gain full-time employment after earning a CDL-A. We also offer incentives to recruit quality, career-minded drivers, such as reimbursement for up to \$5,000 in tuition for any approved non-XPO driver training schools.



- **Tuition reimbursement** is available to every US XPO employee. Implemented in response to employee feedback, this development program reimburses up to \$5,250 annually for eligible course work.
- **Academic partnerships** with the University of Maryland, University of Notre Dame, Villanova University, Learning Tree International and other academic entities enable employees and their dependents to take thousands of accredited courses and earn degrees and certifications at large discounts or for free. Hourly employees who qualify can couple XPO's \$5,250 annual tuition reimbursement with an Academic Partners discount to earn tuition-free college degrees in over 80 fields of online study.

## Grow at XPO

In 2020, we launched the professional development program Grow at XPO. Throughout 2021, we expanded the program to include coaching, education and related support to give employees a clear path to pursue new jobs within the company, earn higher compensation and take on increased responsibility. Requirements to enroll in Grow at XPO are simple: successful completion of a new-hire probationary period plus a satisfactory performance record.



### XPO Rise

In 2021, we launched a new professional development program, XPO Rise, which is designed to give high-potential employees an immersive approach to executive development. Our goal in creating Rise is to build an internal bench of diverse employees who have the potential to move into executive roles at XPO. The program focuses on upskilling future leaders in team management, strategic development, financial planning and change agility.

As part of our kickoff, we launched two inaugural classes with the goal of achieving at least 40% diverse participation. Between the two classes, we surpassed this goal by 6%. Our first class, an executive development cohort, opened with 19 participants working at the director and senior director levels across the US and Europe. They participated in classes overseen by XPO senior executives and were charged with completing a variety of projects based on some of XPO's real-world business opportunities. The second cohort – Women in Leadership – focused on preparing women to lead change with conviction and confidence.

Twenty Rise program participants graduated from the executive development group, 10 of whom were promoted to more senior positions within the company. Eighteen participants graduated from the Rise Women in Leadership cohort in early 2022, two of whom have been promoted to Director level.

### MEET THE ARCHITECT OF XPO RISE

**Shanay Lewis, senior manager, leadership development and diversity programs, is the architect of XPO Rise, one of the company's most successful professional development programs.**



“When we created Rise, we wanted to provide a structured forum for some of our highest-potential employees to receive real-world development training, learn from each other and interact with our senior executive team,” says Shanay. “After running two cohorts in 2021, we think we’re on the right track for creating a solid professional development program. We found great success in bringing employees together to share their career experiences, creating mentoring opportunities with executive leaders and coaching participants on how to address the most challenging issues facing our business.”

**In 2022, we’ll conduct a second executive development path with 18 participants, as well as a second Women in Leadership cohort.**



### Rolling Out Benefits for Driver Trainees

Amid labor staffing pressures and the high demand for skilled commercial drivers, we unveiled a mix of new and enhanced benefits to encourage enrollment in our driver training program. In 2021, we offered driver training schools in 30 states and graduated nearly 900 students. XPO driver trainees receive:

- Seven weeks of comprehensive training, including five weeks of professional classroom instruction and two weeks of on-the-road training with a mentor in the cab.
- Company-paid tuition and a guaranteed wage paid for all 180 hours of classroom instruction and on-the-job training – a \$10,000 value – plus the opportunity for paid dock work during the program.
- A generous benefits package from day one, including full health insurance (with medical, dental and vision), 401(k) retirement savings, life insurance, disability and more.
- An XPO job offer upon the successful completion of program requirements.
- An accelerated compensation path for driver graduates in 85 US markets, ensuring a top pay rate after one year of CDL-A experience.

“Our recent investments in LTL training will give more students an edge in becoming highly skilled drivers,” says Josephine Berisha, chief human

resources officer. “We welcome all applicants with an interest in driving for us, including our non-driver employees who want to pursue a career behind the wheel.”

In 2022, we plan to expand the number of driver training schools across the country, potentially doubling the number of graduates from the 2021 total.



# Community Engagement and Corporate Partnerships



## Our Approach to Community Engagement

We take great pride in contributing to our communities. In 2021, the XPO family was involved in hundreds of initiatives to benefit the communities where we live and operate, including:

**Susan G. Komen.** Inspired by our employees, we extended our partnership with Susan G. Komen, a non-profit dedicated to breast cancer prevention, health and research. In 2021, XPO was the official transportation partner for all Susan G. Komen 3-Day® Walks, which to date have seen more than 500,000 participants nationwide. In

support of the 60-mile walks, we supply trucks and drivers and store related equipment, materials and merchandise.

This [video](#) shares the experience of Krys Crawford, an XPO manager in Gainesville, Georgia, as she walks in her 15<sup>th</sup> Susan G. Komen event in support of her mother, a breast cancer survivor.

**Soles4Souls.** Sometimes a new pair of shoes can make all the difference. Through our relationship with Soles4Souls, a nonprofit organization dedicated to disrupting the cycle of poverty, XPO

employees donated 3,275 pairs of new shoes to children in need. Our donation helped save approximately 98,250 pounds of CO<sub>2</sub> (the amount of emissions released when new shoes are manufactured) and kept 4,093 pounds of shoes out of landfills.

XPO Chief Diversity Officer LaQuenta Jacobs was recently named to Soles4Souls' board of directors, where she serves as an independent voting director.

# Labor Philosophy



## Our Approach to Managing Labor Relations

We operate in an industry where speed, flexibility and collaboration make the difference between success and failure. Additionally, we must constantly deliver outstanding customer service. This requires commitment from every employee, at every level, to work as a team.

We respect the right of employees to choose or decline union membership. In Europe, where approximately 88% of our employees are covered by a collective bargaining (or similar) agreement, we maintain productive working relationships with works councils. In the US, less than 1% of our employees are represented by a union.

# Supplier Diversity

## Managing Supplier Diversity

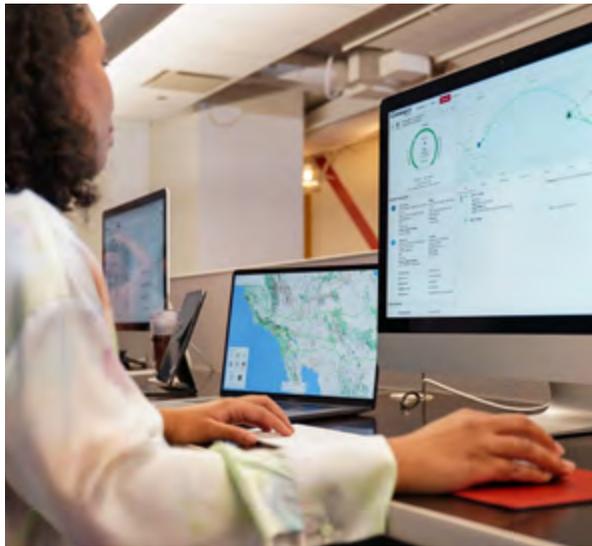
We have two categories of suppliers:

- **Direct:** Suppliers providing goods that are an integral part of our business operations, such as tractors, trailers, tires and fuel.
- **Indirect:** Suppliers providing products and services that keep our operations running, such as facilities maintenance, office supplies, janitorial services and MRO (maintenance, repair and operations) services.

While procurement levels fluctuate, our largest supplier expenditures typically occur with items that are the lifeblood of our business, such as tractors and trailers.

As part of our overall commitment to diversity, we provide competitive contracting and procurement opportunities to businesses owned by women, minorities, veterans and members of the LGBTQ+ community, as well as those owned by, or operated in support of, people with disabilities.

In 2021, we launched an online supplier registration form that requires suppliers that want to do business with XPO to self-identify their diversity status. The registration data is imported to a new spend dashboard that allows us to track the self-identified diversity of our approved suppliers, as well as our diversity spend. Using the data from the dashboard, we intend to report our supplier diversity spend in future sustainability reports.





# Innovative



**At XPO, we're inquisitive.** We constantly seek to push boundaries by creating pioneering technologies that no one else thinks are possible. Our passion for innovation – and our commitment to make strategic investments – is a hallmark of our company and a key reason why customers choose to partner with XPO.  
– *Mario Harik, chief information officer and acting president, Less-Than-Truckload*

# Transportation: Scale, Sustainability and Climate



## Our Approach to Fleet Management

A key yardstick of our scale is our broad range of service offerings: LTL, full truckload (FTL), last mile, expedited, freight brokerage and global forwarding, as well as managed transportation services. This combination of modes gives customers of all sizes the ability to leverage our scale to lift their efficiencies and lower costs.

XPO is a global leader in transportation and one of the largest providers in North America. Our commitment to damage-free, on-time LTL service in the US is backed by approximately 7,900 tractors, 25,800 trailers and 12,000 professional drivers operating out of nearly 300 service centers. We're also a leader in Europe, where we provide consistent solutions for customers spanning the continent's multiple markets, and beyond.

Combined, our transport networks are unlike any others. Our advances in digital freight management automatically match loads to carriers for rapid freight movements. Our brokerage experts stand behind our service and understand the business inside and out. Our expansive network is a reliable source of quality equipment and seasoned drivers, with over one million trucks accessible through 98,000 carriers, vetted rigorously to affirm safety, insurance qualifications and operating authorities.

Beyond physical assets, our data expertise gives our customers a virtual edge in managing their supply chains and allowing carriers to optimize

their capacity and minimize empty miles, which contributes to a reduction in CO<sub>2</sub> emissions. At the core of our transportation ecosystem is [XPO Connect™](#), a digital freight marketplace that excels at visibility and control. Now that digital transactions have become a defining trend in our industry, our investments ahead of the curve are attracting significant freight volumes and capacity to our platform. XPO Connect™ is a powerful engine leveraging machine learning technologies to provide insights and recommendations to shippers and carriers while integrated with the Freight Optimizer, our proprietary transportation management system. Freight Optimizer is always at work behind the scenes, using machine learning to transform torrents of data into actionable insights for shippers and helping carriers decrease empty miles. A high level of integration with shippers' Transportation Management Systems, from Electronic Data Interchanges to Application Programming Interfaces, allows XPO's data insights to be executed automatically between systems.

**Our commitment to innovation sits at the core of our ability to create positive change and help solve pressing global challenges. Driven by innovation, we use our scale to extend the benefits of our sustainability investments to our customers, to help them shrink their carbon footprints while boosting their bottom lines. – Jay Silberkleit, senior vice president, technology**

### Drive XPO

Complementing XPO Connect™ is Drive XPO, a mobile app that lets carriers view the shipments that have been entered into XPO Connect™ to book loads, provide updates or obtain payment status. In 2021, the Drive XPO application surpassed 600,000 downloads, more than doubling the cumulative count in 12 months. On Apple's app store, Drive XPO is rated 4.8 stars out of five.

Driving carrier adoption of the new technology is not a simple task, given so many competitors vie to manage transactions in the transportation market. Nevertheless, the system is strengthening and deepening relationships with our carrier network while delivering a higher level of service to our customers.

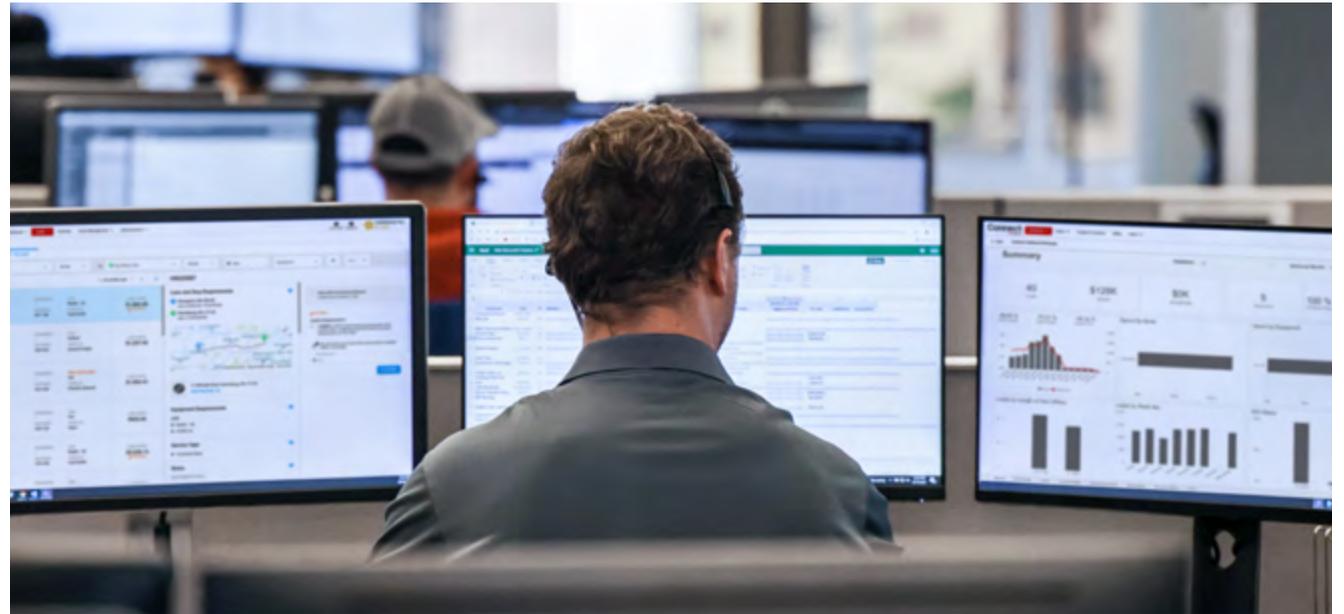
"Carriers are excited to gain a new level of flexibility and visibility into freight options, quicker payments, performance analytics and opportunity insights to better run their business," says Mario Harik, chief information officer. "Owner-operators value Drive XPO for its ease of use and optimized load planning that aligns with their lifestyle and income aspirations."



#### MEET THE PEOPLE BEHIND OUR TECHNOLOGY

**Alyssa Myers, vice president, technology – Brokerage, is one of the experts behind our cutting-edge technology.**

**[In this video](#), Alyssa describes XPO Connect™ and how our shippers can book loads and track shipments with ease.**



#### SURPASSING HALF A MILLION DOWNLOADS AND GOING STRONG

In 2021, XPO celebrated a new milestone in the adoption of our XPO Connect™ digital freight marketplace. Downloads of the platform's Drive XPO mobile app for truck drivers exceeded 600,000 – more than double the cumulative downloads from a year earlier.

A proprietary XPO technology, XPO Connect™, is one of the fastest-growing digital platforms in the brokerage industry. Drivers use the Drive XPO mobile app to interact with the growing number of shippers that opt into XPO Connect™ digital brokerage capabilities.

"XPO Connect™ delivers major benefits to shippers and carriers throughout the brokerage process," says Drew Wilkerson, president, North American Transportation. "The technology transforms visibility into business intelligence, helping shippers and carriers manage loads in real time."

**Smart Program**

XPO Smart™, our proprietary suite of optimization tools, puts transportation operations under a high-tech microscope, providing managers with insights at many different levels – from total facility output to the productivity of teams and employees. The software analyzes three key drivers in combination:

- Labor output, including gaps that need resolution.
- Fast-moving inventory units for optimal movement.
- Outbound production measured against on-time targets.

This labor productivity suite also allows managers to gain deep visibility into workforce operations, including the number of scheduled versus active workers by job role in real time. The system delivers data through a single dashboard, using machine learning to predict how a decision in one area will affect overall

operations. Already, the upgrade has helped to cut costs and boost transportation speeds.

**Fuel and GHG Emissions Management**

In 2021, we began to upgrade our fuel management system throughout LTL operations. This investment promises to improve operational efficiencies, reduce fuel consumption and cut spills and leaks.

In three states (Illinois, Iowa and Texas), we’re transitioning to biodiesel, a cleaner burning, renewable fuel. Once completed, we’ll have four states (the three mentioned above plus Minnesota) using biodiesel and another (California) fueling with renewable diesel. Together, these markets account for approximately 24% of our annual fuel consumption. With a 4.9% reduction in emissions, biodiesel and renewable diesel are much cleaner than the ultra-low sulfur diesel (ULSD) used across the remainder of our fleet.

Already, we’re seeing a 4.5% improvement in fuel economy in 2022 compared to 2021, a sizeable improvement that comes from numerous upgrades and tweaks:

- **Engines.** Cummins’ X15 Efficiency series operates at lower RPMs, increasing fuel economy.
- **Drive trains.** Eaton transmissions, in combination with Cummins integrated powertrain, use predictive shifting to lift mileage.
- **Tires.** US EPA SmartWay® approved low rolling resistant (LRR) tires reduce friction, and boost fuel economy.
- **Aerodynamics:** Key additions of side skirts and covers to tractors and trailers lower wind resistance, boosting mileage.

XPO is a long-time participant in the US EPA SmartWay® program, which helps companies advance sustainability efforts by measuring, benchmarking and improving freight transportation efficiency.



Within our ESG scorecard, we set a goal to reduce LTL carbon emissions by increasing the load factor rate by at least 1.5% over the prior year. Recognizing the abnormal challenges faced in 2020 because of the COVID-19 pandemic, we compared our 2021 performance against 2019. Based on that comparison, we achieved a 2021 load factor improvement of 3.5%, decreased miles driven by 1.5%, decreased fuel consumption by 4.3% and decreased CO<sub>2</sub> emissions by 4.3%.

**RETIRING MANUAL TRANSMISSIONS TO IMPROVE PERFORMANCE**

Historically, the powerful diesel engines that pull trailers were shifted manually. Drivers coordinated the use of a clutch pedal with a stick to shift through up to 18 gears. The complexity of this system meant that a truck wasn’t always in the most efficient gear for the road conditions.

Improvements in the performance and affordability of advanced automatic shifting offer a solution to this problem. Recently, we’ve deployed advanced automatic transmissions to improve efficiency, smooth the driving experience and encourage safe driving tactics. As we track the shift to the new technology, we’re already seeing promising gains in fuel economy.

# Fleet Efficiencies and Upgrades

As a top provider of asset-based LTL freight services in North America and the owner of one of the largest road fleets in Europe, we recognize our responsibility to lead the industry in innovation and sustainability. We are leveraging our scale to reduce our carbon footprint and focusing on improving the overall efficiency of our resource consumption.

With operations spanning North America and Europe, we have the scale to experiment locally and implement industry-leading improvements continuously. Ongoing initiatives include modernizing and upgrading our tractors, trailers and facilities; deploying cleaner fuels (such as premium diesel, biodiesel, natural gas, biogas and electricity, where practical); and deepening our use of data and software analytics to improve the efficiency of routing, loading and handling.

As climate concerns deepen, we see the imperative of investing in cleaner, more efficient solutions. Diesel will not be the industry's long-term solution, so we're continuing to explore alternatives, such as lighter vehicles, smaller-format vehicles and emerging zero-carbon fuel options, including electric vehicles (EVs).

The shift to EVs is already impacting our clients' needs. We're shipping growing volumes of batteries and related components as suppliers and carmakers ramp up EV output. For our own fleet, we're exploring the promise of EVs, particularly as a zero-emission alternative to diesel for urban deliveries in areas where tailpipe exhaust rules are growing stricter. With our first electric truck entering service in 2021 in the US, we're expanding our understanding of how and where to best use EVs. Recently, we also announced the addition of fully electric trucks to our French and Spanish fleets.



### PILOTING A ZERO-EMISSIONS ELECTRIC TRUCK THROUGH THE BAY AREA

In partnership with Daimler, we're piloting a new all-electric truck on a route in the San Francisco Bay Area. Drivers are expecting to see more electric rigs on their lots, and many are excited to embrace them.

When our test rig — the eCascadia, made by Daimler subsidiary Freightliner — goes into commercial production, it will have 250 miles of range, drawing on a 475 kilowatt-hour battery. Learn more about the promise of this emissions-free rig [in this video](#).



## XPO INTRODUCES FIRST FULLY ELECTRIC TRUCK IN SPAIN AND FRANCE

In October, we introduced the first fully electric trucks in our French and Spanish fleets, in partnership with Renault and Volvo Trucks. In Spain, the new Volvo FL Electric two-axle truck is designed for clean and quiet operation, with a range of 300 kilometers. It will be dedicated to night deliveries for the Inditex group in central Madrid. Our team will monitor performance with the goal of reducing carbon emissions.

“The addition of the Volvo FL Electric truck to our Spanish fleet is an important step forward in the environmental sustainability of our operations,” says Massimo Marsili, managing director, Southern Europe and Morocco. “We’ll continue to explore innovations in alternative power and work with our customers and suppliers to achieve greener supply chains.”

In France, the 16-ton Renault vehicle will be used to transport LTL palletized freight from our hub in Jonage to destinations in the Lyon area. The truck operates with zero direct CO<sub>2</sub> emissions and zero fine particle pollution.

“The transport industry is becoming increasingly aware of the need to develop low-carbon road freight options,” says Bruno Kloeckner, deputy managing director, France. “This is an opportunity for us to lead by example as one of the largest transport networks in France. The Renault Trucks electric D Z.E. model is a practical alternative to diesel in city settings, and another step forward in our commitment to lower the environmental impact of our operations.”

Our all-electric delivery option is our latest investment in helping customers to achieve greener supply chains. We have one of the most modern and safety-equipped transport fleets in Europe, managed by digital technology for end-to-end efficiency. Approximately 98% of our European fleet complies with Euro V, EEV and Euro VI emission regulations, with over 90% Euro VI compliance. We also have over 200 liquefied natural gas (LNG) vehicles that emit up to 70% less NO<sub>2</sub> than the limit allowed in Europe. In Spain, our 25 mega-trucks accommodate up to 65% more payload than typical trucks, helping to reduce CO<sub>2</sub> emissions by about 20%.





### OFFERING CUSTOMERS GREENER SOLUTIONS

Earlier this year, XPO Europe President Luis Gomez shared his thoughts on how we answer one of our customers' most frequently asked questions: "How can XPO Logistics help my business reduce its carbon emissions?" The answer is that we help our customers make their operations more sustainable and reduce their transportation emissions in three ways:

1. We understand customer needs with data and technology. We engage with each customer to gain total visibility into their current processes, industry-specific needs and goals for emissions reduction. By understanding the products our customers ship and how frequently they ship, we're able to design the most efficient solutions possible using our technology. According to the Paris Process on Mobility and Climate, [25% of the miles trucks run in Europe are empty miles](#). Optimizing truckloads and transport assets by means of data and digitalization is a huge opportunity to reduce fuel consumption and carbon emissions.

2. We improve processes with alternative fuels and machine learning. Across Europe, on top of our Euro VI fleet covering more than 90% of our trucks, we offer alternative fuel solutions including GNL/GNC, electric, biogas and biodiesel. We're also exploring the promise of hydrogen-powered vehicles through collaborative pilot projects. We're committed to becoming more sustainable through [investments in LED lighting and solar panels](#) and by using renewable energy in our sites. In Paris, for example, [we use boats as part of the delivery process for supermarkets](#): instead of using multiple trucks from warehouses to small shops, boats deliver containers to a dock and gas trucks deliver the items. By optimizing the supply chain networks and bringing goods closer to their destination, we're able to reduce emissions.

We also use machine learning to optimize routes and resources. Our customers also have access to our digital freight platform, [XPO Connect™](#). It uses machine learning to transform data into actionable insights, helping carriers

decrease empty miles and gain access to massive volume.

3. We employ metrics as a tool for progress. We know that to lessen our environmental impact, we must carefully measure what we're doing. Using technology allows us to monitor our driving activity and benchmark our progress. We can measure the driving patterns of our vehicles, which assists in providing drivers with suggestions for more eco-friendly driving routes. Our drivers receive extensive ecodriving training during their induction period and every 12 months thereafter.

We also lead the way on transport emission tracking. Ten years ago, our IT teams designed and built a technology that measures CO<sub>2</sub> emissions by calculating a variety of factors including weight of the vehicle and distance traveled. We're currently deploying the tool called [EcoTransIT](#), which has become the world's most widely used software. We're committed to constantly innovating ways to track emissions outputs so we can design solutions to reduce them.

### Longer Trucks for Lower Emissions

In the world of freight, significant savings can accrue by simply using fewer engines to pull more freight. In Spain, we're piloting a [duo-trailer](#) – a single tractor that tows two standard trailers. Compared with moving the same freight using two tractors, duo-trailers promise to cut CO<sub>2</sub> emissions by up to 30% per trip.

Testing of the duo-trailer is part of a collaborative research and development project between XPO and other transport providers, industry manufacturers and the General State Administration of Spain. The results are contributing to an assessment of the suitability of duo-trailer use in Spain and related regulations. Based on results so far, we plan to purchase an additional 12 duo-trailers in 2022.

We're also [tapping into these eco-advantages](#) with the purchase of 10 new mega-trucks and 280 semi-trailers in Spain. Mega-trucks can be up to 25.25 meters long and weigh up to 60 metric tons, often consisting of a tractor head with a 7.8-meter-long fixed trailer pulling a second 13.60-meter-long trailer.

Since these twin rigs can move up to 65% more freight, carbon emissions per unit can be up to 20% lower versus conventional trucks. We'll use our fleet of 25 mega-trucks to cover routes in our LTL network, expanding service on runs serving Valencia-Malaga, Barcelona-Madrid and Seville-Granada.

### Vehicle Standardization and Lifecycle Optimization

We continue to invest in our fleet, working toward the goals of further standardization, greater economies of scale and improving efficiency and reliability. To date, three manufacturers supply our trucks, all using the same engine and transmission, which eases maintenance by limiting the array of parts we need to stock.

As we evaluate future options for tractors and engines, our engineers are assessing the age of the fleet and distribution of trucks by locations. By improving optimization of our trucking assets to match customer demand, we hope to unlock better utilization of our assets.

### UPGRADING AND REGROOVING TIRES TO BOOST EFFICIENCY AND REDUCE ENVIRONMENTAL IMPACT

We're working with manufactures to explore how tires can help boost mileage and extend lifespan in varying situations, from highway rigs to local delivery trucks. As part of this initiative, we're testing new technology to ensure tires are at optimal air pressure to maximize both performance and mileage.

With up to 18 tires on a US tractor trailer, for example, manually monitoring tire pressure is a time consuming and inexact process. Automated sensors promise to improve safety, reduce maintenance time and boost mileage.

In Europe, we reduce the environmental impact of tires by extending their life cycle through regrooving and retreading. When treads wear down, we regroove tires to keep them performing longer and give them a second life. Once the grooves wear down again, we retread the tires one more time and replace all the rubber that meets the road, giving tires a third life. When needed, we do another regroove, giving tires a fourth life, before we do a full replacement. This process helps us save up to 1.6 tons of CO<sub>2</sub> per truck per year.

### QUICK FACTS: OUR COMMITMENT TO SUSTAINABLE ROAD TRANSPORT IN FRANCE



- XPO is a signatory of France's CO<sub>2</sub> Charter and an active participant in the Objectif CO<sub>2</sub> program of the French Ministry of the Environment and the French Environment and Energy Agency.
- Our road fleet in France includes 230 LNG vehicles and 500 semi-trailers and straight trucks with diesel engines that comply with the Euro VI standard, the strictest European standard for emissions control.
- In eight transport hubs, we use Goodyear's Drive-Over-Reader technology, which measures tire pressure, tread depth, axle load and vehicle weight. The technology is designed to reduce fuel consumption and maintenance costs and proactively reduce tire-related accidents.

## Supporting Brokerage Carriers

In 2021, we created a [Carrier Grants Resource](#) to provide carriers with the financial resources they need to adopt more sustainable technologies, ranging from electric vehicle infrastructure to hydrogen fuel cell vehicles.

We also leverage our machine learning to offer features like "Get Me Home" and "Plan Next Move" to help carriers maximize the utilization of their trucks and reduce empty miles and their environmental footprint.





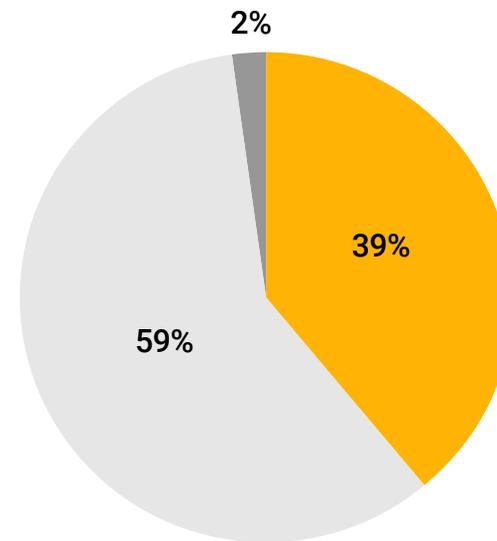
# Our Greenhouse Gas (GHG) Emissions Footprint



## Our Management of GHG

Across XPO, we're focused on managing and reducing our GHG emissions through a combination of initiatives, including an upgraded fuel management system, adoption of alternative fuels and investments in electric vehicles and equipment upgrades. As a result, we've been successful in reducing our total Scope 1, 2 and 3 emissions since 2018.

## XPO 2021 GHG FOOTPRINT



**SCOPE 1  
Direct Emissions**  
Company-owned trucks  
Company-owned vehicles  
Company facilities

**SCOPE 2  
Indirect Emissions**  
Purchased electricity,  
steam, heating and  
cooling

**SCOPE 3  
Indirect Emissions**  
Transport subcontractors  
Business travel  
Employee commuting

|         | % Reduction from 2018 |
|---------|-----------------------|
| Scope 1 | -10%                  |
| Scope 2 | -25%                  |
| Scope 3 | -3%                   |

# Sustainability Through Data-Led Optimization

## Our Approach to Data Optimization

We're committed to reducing the impact of our operations on the environment, especially with respect to climate change and biodiversity, while also helping our customers do the same.

Indeed, for many of our customers, the transportation components of their supply chain account for a significant portion of their carbon footprints. To lower their emissions, we collaborate with customers to develop action plans that include tactics such as route optimization and load consolidation. To ensure success, we regularly benchmark progress against goals.

Further, by securely sharing data among our clients, consumers and drivers, we deliver ongoing benefits, with deliveries that are greener, safer, more efficient and more cost-effective. Four broad priorities are driving this process:

**Improved utilization:** In Europe, "empty miles" — when a truck travels with no freight — account for about a quarter of our total mileage. With improved routing algorithms, we aim to keep our trucks fuller over more miles, thus moving goods more efficiently.

**Enhanced driver performance:** Digitally tracking driver habits helps us improve driving efficiency and safety.

**Greater status visibility:** Real-time visibility into where goods are and when they'll be delivered improves onward planning and increases satisfaction for end consumers.

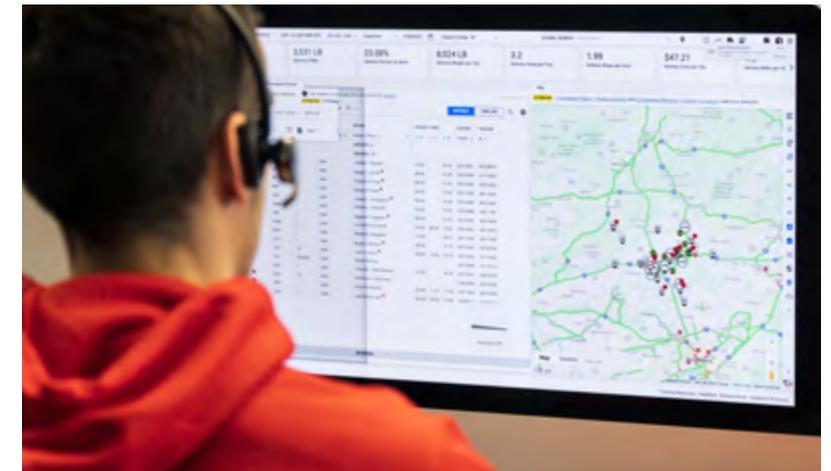
**Greening operations:** Big data helps us predict volumes and plan capacity. Algorithms that allocate the right resources to the right services mean better vehicle-load matching and fuel savings.



Backed by an in-house team of 50-plus decision scientists – mathematicians, analysts and programmers – our focus on data and digitalization continues to deepen in sophistication and impact. Now in its fourth generation, XPO's proprietary data analytics platform can optimize client solutions across multiple criteria including network routing, inventory levels and transportation modes. Together, these AI systems help deliver high levels of service, with a reduced carbon footprint and lower cost.

#### QUICK FACT

We use big data to predict freight volumes and plan capacity, which helps us allocate the optimal vehicle or mode of transportation. In some cases, we can shift non-urgent loads to reliable, lower-carbon options, such as rail. In 2021, we moved 217,290 rail shipments in the US, which reduced greenhouse gas emissions by 543,225 metric tons, compared with moving the same freight by truck.



#### USING DYNAMIC PRICING TO FILL OPEN CAPACITY

Any traveler knows that when flights are full, airline ticket prices are higher and, conversely, when demand wanes, prices drop. Similar market forces come into play with shipments competing for space in our trucks.

By matching customers with surplus capacity, we offer competitive prices and lower our carbon footprint. However, predicting excess capacity is tricky and difficult to price. When shipments cross borders, tariffs can further complicate last-minute additions to a load.

Dynamic pricing technology is helping us overcome these challenges. Through leveraging data and our online platforms, we're able to match third-party partners with extra capacity in real time for a better price.

# Advancing Sustainable Action

## Our Approach to Climate and Sustainable Action

Our customers include many of the world's most recognized brands and span a vast range of industries, including retail, food and beverage, technology, aerospace, wireless, manufacturing, chemical, agribusiness, life sciences and healthcare. We view each customer as a long-term strategic partner. We continue to explore innovative ways to operate as a more sustainable company, which also helps our customers achieve their green objectives.

Transport-related operations are a top priority in lowering GHG emissions. Worldwide, 14% of GHG emissions come from transportation. In the US, transportation is the largest source of GHG emissions, just ahead of electricity generation. Within transportation, 24% of emissions come from medium to heavy duty vehicles — including those used to make last mile deliveries.

As we advance our transformation and look toward 2023, we'll remain focused on achieving the targets we outlined in our ESG scorecard, while steadily growing our business and mitigating risk. We are evolving our current climate actions as we prepare to execute the separation of our business into two entities. As outlined in this report, we've taken steps to begin to align our climate-related disclosure to TCFD, building on our ongoing SASB and GRI reporting. Post-spin, we expect to develop tailored action plans that establish net-zero goals

by 2050 at the latest and science-based GHG reduction targets for each business.

## Greening Our Facilities

We're committed to improving our emissions profile broadly, not just through innovations in our fleets. We're investing in a range of priorities to "green-up" our facilities, including:

- **Energy reduction through green lighting.** LED lights consume only a fraction of the power used by standard fixtures. To capture these savings, our team is installing LEDs in new and existing facilities where the payback is quick. In the US, we invested more than \$1.4 million in LED lighting across more than 200 locations. In Europe, we installed intelligent LED lighting in an additional 14 locations, representing 89,000 square feet. In total, 55% of our square footage in Europe is equipped with efficient lighting. To date, more than 2,500 tons of CO<sub>2</sub> equivalent have been saved through our LED lighting shift.
- **Smarter building.** To better manage how our buildings use energy, we're deploying smart building systems that actively regulate energy-intense operations such as lighting, heating and cooling, and air flow. For example, lights can stay off unless activated by motion sensors; or, if light-sensors determine daylight is bright enough, overhead lights can stay dimmed.



## PARTNERING FOR A SUSTAINABLE IRELAND

In 2021, we launched a new rail freight service in partnership with Iarnród Éireann (Irish Rail), offering a greener, more efficient path to transport goods between Western and Southeast Ireland.

With the potential to eliminate some 5,000 truck movements each year, road congestion will fall and emissions per unit should decrease by 75%. [See this video](#) for a glimpse of these operations rolling through Ireland's green landscape.

"Our collaborative, end-to-end service with Irish Rail — where XPO provides the booking of rail freight movements, drayage trucking of containers and services such as cross-docking — is a double win," says Dan Myers, managing director, transport for the UK and Ireland "Our customers have new, eco-friendly transport options, and our planet wins as supply chains become greener."

# Waste Management

Managing our waste streams poses a two-fold challenge: ensuring waste is minimized, while also making sure it's transported as safely as possible.

XPO constantly seeks new ways to reduce overall material consumption, to reuse what we can and to develop new recycling channels. For instance, instead of discarding wood pallets after onetime use, we reuse them where possible. We have also established links to sell wooden pallets to be reused and/or recycled.

With respect to safety, our US waste management program aims to achieve sustained regulatory compliance with local, state and federal waste regulations and laws. New regulations are monitored on a weekly basis and operations are continuously evaluated against requirements to assess if modifications are necessary.

## Stormwater Management

In North America, our stormwater policy is compliant with all local, state and national regulations and ordinances. Further, all sites are required to adhere to a Stormwater Pollution Prevention Plan that incorporates best management practices to prevent pollutants from entering and impacting stormwater. Our performance metrics and permit obligations are continuously tracked and communicated to company leadership.



### Sustainable Procurement

At XPO, we place a high level of importance on serving our customers in a sustainable and responsible manner. The partnerships we build with our suppliers, sub-contractors and vendors are integral to our success in this area.

Our XPO Supplier Code of Conduct reinforces how we work together on business ethics, human rights and working conditions, health and safety, and the environment. At a minimum, we expect our business partners to adhere to all applicable laws, regulations, codes and statutory requirements, as well as to respect our values. We require our business partners to cooperate with XPO in all matters relating to ESG and strive to advance good practices in this area.





# Respectful



**XPO's success is built on respect,** which we demonstrate by listening to our customers, business partners, investors and, most of all, to one another. By listening well, we succeed at creating new markets, spotting hidden opportunities and discovering smart ways to tackle tough problems.  
– *Chris Signorello, chief compliance officer and deputy general counsel*

# Executive and Board Governance

## Our Commitment to Ethical Conduct

Ethical conduct is the backbone of our company. Our goal has always been to deliver stockholder value and to do so in a way that's compliant with all applicable laws and rules. By performing to the highest standards of business conduct in every interaction, we improve collaboration and speed our shared success.

## Our Approach to Leadership

The only way we can reach our goals is by doing business the ethical way. Our strong corporate governance structure, including a diverse Board of Directors with independent committees, serves to reinforce our commitment to operating with integrity. This informs all aspects of our sustainability efforts, including our ability to build safe workplaces, serve our customers, foster the success of our employees, reduce environmental impacts and act as a good corporate citizen. It also allows our Board to strike the right balance between decisive leadership and rigorous independent oversight of management.

To encourage open discussion without management influence, our [Corporate Governance Guidelines](#) require non-management directors to meet one or more times annually without the presence of management. These guidelines also provide for board members to have access to senior XPO officers and outside advisors.

Our Board aims to create a diverse and highly skilled team of directors who provide our company with thoughtful oversight. When selecting new directors, our Board considers, among other things, a nominee's:



- Breadth of experience
- Financial expertise
- Integrity
- Ability to make independent analytical inquiries
- Understanding of our company's business environment
- Skills in areas relevant to our growth drivers
- Willingness to devote adequate time to board duties

## Board Diversity

Our Board endeavors to include highly qualified individuals from historically underrepresented groups in the candidate pool and engages in a process of regular renewal. This has resulted in the addition of five new directors since 2017.

In August 2021, in conjunction with the spin-off, four XPO directors moved to the GXO board, four new directors with diverse backgrounds joined the XPO Board. Two of our new directors are women and one of our new directors is Black. Our Board is now comprised of five men and three women. Fifty percent of the Board is comprised of women and individuals from traditionally underrepresented groups. Three identify as Caucasian, one identifies as Black and four choose not to disclose their demographic information. Seven out of our eight directors are independent, five of whom have been added to the board since 2017. The XPO Board of Directors is led by Brad Jacobs, who also serves as chief executive officer.

**Committee Roles**

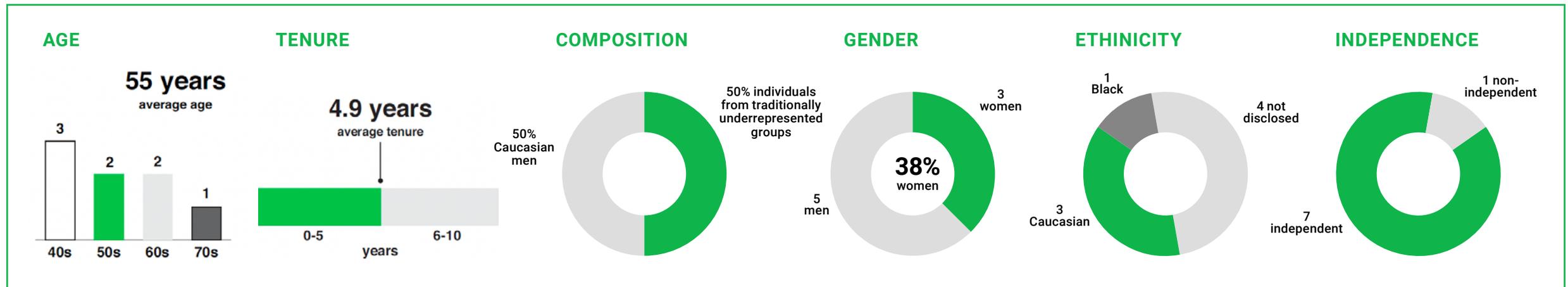
Our Board of Directors provides overall risk oversight, with a focus on the most significant risks facing our company. In addition, the Board is responsible for ensuring that appropriate crisis management and business continuity plans are in place. The management of risks to our business, and the execution of contingency plans, are primarily the responsibility of our senior management team.

Our Board and senior management team regularly discuss the company’s business strategy, operations, policies, controls, prospects and current and potential risks. These discussions include approaches for assessing, monitoring, mitigating and controlling risk exposure. The Board has delegated responsibility for the oversight of specific risks to special committees as follows:

- **Audit.** The primary responsibilities of the Audit Committee include, among other things, the Committee’s oversight of policies that govern the process by which our exposure to risk is assessed and managed. The Committee discusses major financial risk exposures with management and discusses the steps that management has taken to monitor and control these exposures. Additionally, the Committee is responsible for reviewing risks arising from related party transactions involving our company, and for overseeing our companywide Code of Business Ethics and overall compliance with legal and regulatory requirements.
- **Compensation.** The Compensation Committee monitors the risks associated with our compensation philosophy and programs. The Committee ensures that the company’s compensation structure strikes an appropriate balance in motivating our senior executives to deliver long-term results for the company’s stockholders, while simultaneously holding our senior leadership team accountable.

- **Nominating, Corporate Governance and Sustainability.** The primary responsibilities of the Nominating, Corporate Governance and Sustainability Committee are, among other things, to recommend qualified individuals to our Board for consideration as potential directors, make recommendations for committee appointments and oversee an annual evaluation of the Board and its committees. Additionally, the Committee oversees governance matters, including our Corporate Governance Guidelines, and supports the Board in its oversight of our sustainability strategies, performance and external disclosures.

To complement the roles of the committees and their chairs in providing effective independent oversight, the Board established two leadership positions for independent directors: a vice chairman and the lead independent director. AnnaMaria DeSalva, an independent director of XPO since 2017, has served as vice chairman of the Board since February 2019. Michael Jesselson, an independent director of XPO since 2011, has served as lead independent director since 2016.



### CELEBRATING OUR BOARD DIVERSITY

In 2021, we were honored by the Women’s Forum of New York at its biennial Corporate Champions event. Three of the company’s eight directorships are held by women, a level which meets the Corporate Champions’ criterion of at least 35% female representation.

“We’re honored to be recognized by the Women’s Forum of New York for the composition of our board,” says AnnaMaria DeSalva, vice chairman of the board. “The diversity of experience of our directors enhances our ability to serve the interests of all our stakeholders.”

The [Women’s Forum Corporate Board Initiative](#) focuses on CEOs, directors and nominating and governing chairs working together to advance the appointment of women, with the overarching goal of achieving gender parity on corporate boards. This year, the Women’s Forum honored 243 companies from the S&P 500 and the Fortune 1000 at its Breakfast of Corporate Champions (BCC).

“We’re proud to honor XPO as an important member of the 2021 class of Corporate Champions who are determined to lead the way,” says Janice Reals Ellig, chair and chief executive officer of the Ellig Group as well as founder of the BCC.

### Sustainability and Climate Governance Structure

| Role  | Owner                        | Responsibility   |
|---|------------------------------|--|
| Accountability, ownership, activation and day-to-day implementation | XPO Sustainability Committee | Cross-functional team of leaders and subject matter experts working to develop and implement ESG-related initiatives across the business in the US and Europe.   |
| Direction and decision-making                                       | Executive Leadership Team    | The executive team, comprised of the chief executive officer, chief human resources officer, chief compliance officer, chief financial officer and chief strategy officer, provides strategic direction and oversight of sustainability efforts, including the ESG scorecard.  |
| Oversight   | Board of Directors           | The Nominating, Governance and Sustainability Committee is responsible for the selection and criteria to enhance board diversity, providing guidance on DE&I, climate, energy and safety initiatives and reviewing ESG scorecard metrics.<br><br>The Compensation Committee is responsible for reviewing executive compensation tied to ESG. |



### Stockholder Engagement and Responsiveness

XPO’s Board and management team believe that stockholder engagement is key to strong corporate governance and best practice executive compensation. The feedback received during these conversations helps inform our compensation program, sustainability and human capital management practices and ensures that our approach on these topics continues to align with the long-term interests of our stockholders.

In the spring of 2021, members of senior management and independent directors reached out to stockholders representing approximately 50% of our common stock and engaged with stockholders representing approximately 47% of our common stock. This includes proxy ballot-focused meetings prior to our annual meeting and meetings led by our investor relations team and chief strategy officer, often with our CEO, following our annual meeting. All meetings touched on business strategy, ESG-related topics and executive compensation.

### Leading on ESG

We’re committed to managing our business responsibly toward our goals as a good corporate citizen. In 2021, Newsweek named us as one of America’s Most Responsible Companies based on a mix of social, environmental and corporate governance performance. In the Transport and Logistics category, we received the highest environmental score of any road transportation provider. Additionally, our Compensation Committee is connecting executive pay with performance across 41 targets within our ESG scorecard.

# Ethics and Compliance

## Our Approach to Ethical Conduct

To deliver results, we must perform to the highest standards of business conduct. We do not compromise our values to meet commercial or financial objectives. As a global leader in our industry, we share a responsibility to:

- Act with integrity in all our business dealings, large and small.
- Treat each other with dignity and respect.
- Comply with all applicable policies, laws and regulations.
- Uphold our commitment to our [Code of Business Ethics](#).

Our culture reinforces behavior that is fair, respectful, lawful and honest. We expect all individuals and companies affiliated with us to conduct business in the same manner. In addition, we take exacting measures to ensure we comply with local laws and regulations. With the involvement of our compliance team, we assess sites to confirm that policies and procedures are followed at our facilities.

To strengthen our culture, we remind employees of our high standards by distributing a monthly global newsletter from our compliance leaders. This publication reinforces a range of compliance topics from proper handling of confidential information to economic sanctions and trade controls.

## Management's Commitment

Our management is committed to leading by example to reinforce our company values. This includes responding in a timely manner to employee concerns, addressing compliance risks and providing reporting resources to ensure that potential violations of company policies or laws are identified and addressed. Management – and the company overall – will not tolerate retaliation against anyone who has, in good faith, reported concerns or cooperated with ethics or compliance inquiries.

## Code of Business Ethics

[Our Code of Business Ethics](#) is a comprehensive blueprint of XPO's business standards as they apply to directors, employees, management, suppliers and business partners. The code covers topics such as workplace safety, insider trading, conflicts of interest, discrimination, harassment, bullying, compliance and the reporting of concerns. All employees receive the code when they join XPO and are trained during onboarding. Employees are required to acknowledge they will abide by the code.

## Ethics and Compliance Training

We do not tolerate corruption, fraud or bribery. We ensure adherence through company-wide policies and mandatory training. To promote best practices across our teams, we conduct ongoing training to instruct employees about the code, antibribery and anticorruption practices, trade compliance, corporate governance and other





aspects of employment at XPO. In 2021, all employees were required to complete training on the Code of Business Ethics, which includes anti-corruption compliance.

As part of our ESG scorecard, we set a target completion rate of at least 85% for all mandatory and assigned compliance training courses. In 2021, we achieved a completion rate of 89.2% for our Code of Business Ethics compliance training and a 91% completion rate for our Information Security compliance training. We also achieved an 84% completion rate for our Respect in the Workplace training, which is required annually in Illinois, California and New York.

Select training programs are refreshed throughout an employee's tenure, and we expect to continue to expand the curriculum as our business evolves. Refresher programs are conducted through XPO University, in tandem with live training. For employees who lack digital access, we arrange in-person and/or roundtable training at their workplace.

### Public Policy

Our minimal government affairs activities are limited almost exclusively to membership in trade associations

that interact with policymakers and government officials. We're a member of organizations that represent the industries we're a part of, as well as organizations that represent broader interests relevant to our business where we believe our stockholders could benefit. Our participation is oriented toward ways such organizations can help promote and protect long-term stockholder value, and the company regularly evaluates the effectiveness of these organizations toward that goal. These organizations provide insight into policy issues important to our industry, our company, our customers and our communities. They may also represent other interests not relevant to us and may take positions with which we, or our individual stockholders, do not agree.

At least annually, we review our trade association memberships. Any material or significant issues arising from these reviews are shared with the Board of Directors, which oversees lobbying expenditures as part of its oversight role of risks associated with the company's broader stakeholder engagement efforts.

# Risk Management

## Our Approach to Managing Risk

We prepare proactively for risk, both in our efforts to avoid disruptions through disciplined planning as well as our success in responding to disruptions on the rare occasions they occur. This requires strategies to identify potential risks and manage them in a disciplined manner using technology, contingency planning and other resiliency measures. Our organizational leaders and our Board of Directors pay rigorous attention to understanding risks from different perspectives, ensuring that all viewpoints are considered when crafting solutions.

## Environmental and Climate Risks

Our growing commitment to sustainable business practices helps lower a variety of environmental risks. We aim to improve the efficiency of energy consumption, to reduce GHG emissions and to improve the overall efficiency of our consumption of related resources, such as water, packaging and other materials.

As a leading operator of freight transportation services, we excel at focusing on the basics. For over the road services, we emphasize fuel efficient routing and optimize vehicle loading to minimize the carbon per unit of material transported. Our delivery vehicles rely on the latest available efficiency technologies, such as aerodynamics and tires designed to reduce rolling resistance. Driver training emphasizes eco-driving techniques and awareness of related environmental risks. We also assess the locations in which our facilities

are based and the routes we service to ensure minimal business disruptions, including those from potential climate impacts. When disruptions occur due to natural disasters or weather events, such as extreme storms, fires or other climate related disturbances, we activate contingency plans to ensure customer needs are met with reliability and minimal interruption.

As we address climate risk, we'll continue to improve our sustainability practices via a commitment to innovation and planning for a low carbon future. Special attention will be given to the ongoing introduction of alternative fuel vehicles, continued shifts toward multi-modal delivery solutions and the use of higher-capacity vehicles, where safe to do so.

## Environmental Laws

We are committed to conducting our business in a manner that complies with all applicable environmental laws. This includes ensuring that all hazardous materials, waste or pollutants are properly labeled, stored, handled, transported, used and disposed of. Environmental rules are often complex and vary by location. Our compliance team is available if employees, suppliers, customers or other stakeholders have questions regarding specific environmental requirements.

## Information and Cybersecurity

Globally, cyber risks continue to multiply in number and worsen in severity. At XPO, the protection of



## RESPECTFUL – RISK MANAGEMENT

our hardware, software and data is a strategic priority in which we invest heavily. Our diligence extends to protecting the data of employees, customers, suppliers, independent contractors and other stakeholders.

We actively combat threats via multilayered security measures to protect our systems, networks and data. As part of our cyber vigilance, we also educate our employees about the critical role they play in maintaining email integrity, confidentiality and the privacy of personal information.

In 2021, we achieved a mean time to resolve (MTTR) cybersecurity incidents of under one day, which is below the industry average of 1.73 days and below our ESG scorecard target. Likewise, as described in our ESG scorecard, we retained an independent third party to perform an annual information security health check and assess XPO against industry benchmarks. The assessment determined that XPO exceeds industry peers and is comfortably in the upper quartile of performance metrics.

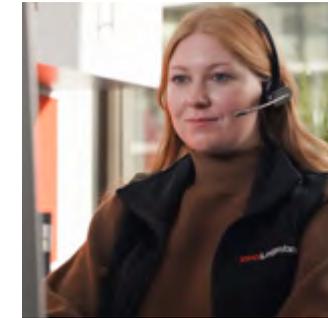
### Human Rights Values

We're committed to maintaining a global standard of integrity in the 20-plus countries and territories in which we operate. Accordingly, we're committed to conducting business in a manner that respects the rights and dignity of all people.

We believe in fair trade practices, human rights and sustainable business practices that mitigate potential damage to the environment. We will not tolerate any conduct that contributes to, facilitates or encourages human trafficking, child labor, forced labor or compulsory



### HUNTING FOR HACKERS



Malware and ransomware attacks are multiplying constantly, growing in severity and sophistication. The evolution of hacking from small, unsophisticated operations to coordinated efforts orchestrated by organized criminal groups has led to even more attacks. At the same time, we're scaling the sophistication of our counter efforts faster than ever before.

Working with industry experts and federal authorities, we constantly update our counter-tactics to identify and stymie inbound attacks, such as phishing emails that pose as trusted partners to trick human agents into sharing compromising information. This work is proactive not only within our systems, but also in all the ways we interface with and support our customers and counterparts. Helping them secure their technology reduces our risks, too.

These efforts are delivering measurable improvements. Not long ago, it could take us an average of 197 days to identify a security breach. Today, our average is 45 days. Recently, we've caught and deterred invaders in as few as five minutes. In time, our goal is to detect and reject threats in seconds or minutes, rather than hours or days.



### UNIFYING TRUCKERS AGAINST HUMAN TRAFFICKING

We maintain a platinum partnership with [Truckers Against Trafficking \(TAT\)](#), which has trained more than 1.2 million truck and bus drivers to spot suspected trafficking activities and alert law enforcement agencies via channels such as the [National Human Trafficking Hotline](#).

At XPO, we make TAT training available to company drivers in the US and Canada. The initiative aligns with our cultural guidelines for business conduct, including our Human Trafficking Policy and Code of Business Ethics, both of which mandate respect for human rights.

“The transportation industry is in a unique position to help prevent modern-day human trafficking,” says Chris Signorello, chief compliance officer and deputy general counsel. “XPO is proud to stand with Truckers Against Trafficking in raising driver awareness.”

labor. We support government policies in the US and other countries that combat human trafficking, and we expect our subcontractors and suppliers to respect human rights laws as well.

Our strong stand against human rights violations is backed by our [Human Trafficking Policy](#) and the e-learning programs in our XPO University curriculum. As a member of the American Trucking Association (ATA), we work with Truckers Against Trafficking (see box at left). The ATA has publicly urged trucking companies to provide anti-human trafficking training programs to drivers and professional staff and implement a zero-tolerance policy for trafficking, both of which XPO does. In the UK, a Countering Modern Slavery module is available to all employees and mandatory for managers. In North America, we make available e-learning training on human trafficking awareness and prevention for LTL drivers and staff.

### Anti-Bribery and Anti-Corruption Standards

We do not tolerate bribery or corruption in any form, directly or indirectly, whether doing business with a government entity, commercial enterprise or individual. Our team members cannot authorize, offer to pay or accept bribes, kickbacks or gratuities. This includes offering or making payments to third-parties in situations where there is reason to believe that even a portion of the payment will be offered to someone for an improper purpose.

## About the Report

The XPO Logistics 2022 Sustainability Report details the company's objectives and progress in the areas of environmental sustainability, social initiatives and governance performance.

Data about financial performance is not included in the report but can be found at [xpo.com](https://www.xpo.com) under the Investors tab and in our public filings with the US Securities and Exchange Commission.

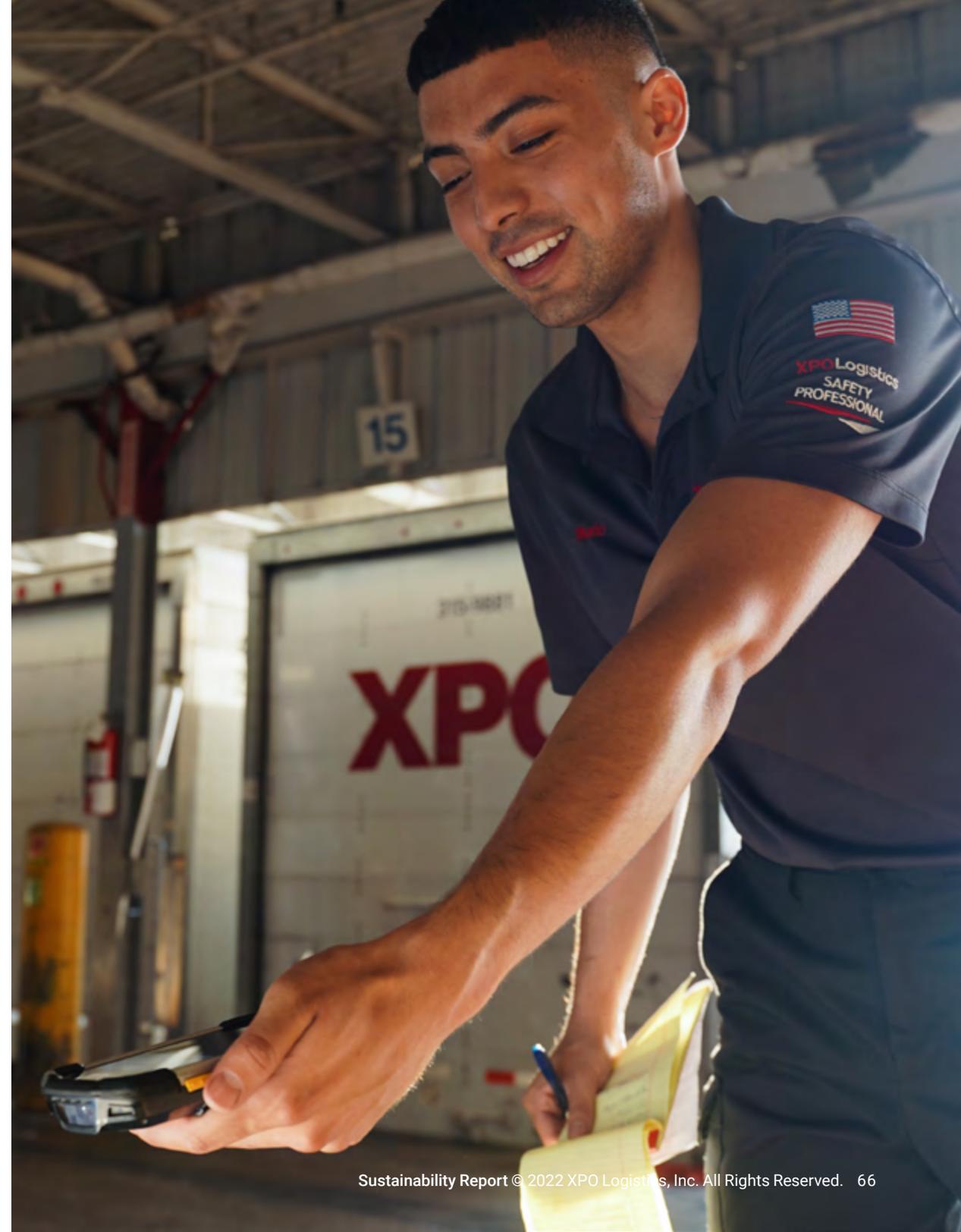
The information contained in this document reflects the global activities and initiatives undertaken by XPO in calendar year 2021. We intend to continue issuing updated sustainability reports annually.

In light of the 2021 spin-off of GXO, related operations will be covered by separate reports published by each entity.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards: Core option, and in consideration of the Sustainability Accounting Standards Board (SASB) Sustainability Disclosure Topics and Accounting Metrics for the Transportation Sector: Air Freight and Logistics and Road Transportation.

This report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical

fact are, or may be deemed to be, forward-looking statements, including statements about the goals and initiatives discussed in this report. These forward-looking statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that may cause actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause or contribute to a material difference include the risk factors discussed in our filings with the SEC, which may be accessed on the investor page of our website. All forward-looking statements set forth in this report are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to or effects on us or our business or operations. Forward-looking statements set forth in this report speak only as of the date hereof, and we do not undertake any obligation to update forward-looking statements to reflect subsequent events or circumstances, changes in expectations or the occurrence of unanticipated events, except to the extent required by law.



# Performance Tables

| <b>Global Operations (\$ millions)</b>           |             |                         |                         |
|--|-------------|-------------------------|-------------------------|
|  | <b>2021</b> | <b>2020<sup>1</sup></b> | <b>2019<sup>1</sup></b> |
| Total revenue                                    | 12,806      | 10,199                  | 10,681                  |
| Cost of transportation and services <sup>2</sup> | 8,945       | 6,950                   | 7,359                   |
| Direct operating expense <sup>3</sup>            | 1,391       | 1,235                   | 1,186                   |
| SG&A expense                                     | 1,322       | 1,210                   | 1,068                   |
| Operating income                                 | 616         | 228                     | 561                     |
| Operating margin                                 | 4.8%        | 2.2%                    | 5.3%                    |
| Income tax expense (benefit)                     | 87          | (22)                    | 60                      |
| Net income                                       | 341         | 117                     | 440                     |
| Total stockholders' equity                       | 1,138       | 2,849                   | 2,896                   |

<sup>1</sup> On Aug. 2, 2021, we completed the previously announced spin-off of our Logistics segment, which resulted in a recast of some data.

<sup>2</sup> Cost of transportation and services is exclusive of depreciation and amortization.

<sup>3</sup> Direct operating expense is exclusive of depreciation and amortization.

# Performance Tables

| Workforce Data                     |        |         |        |        |        |        |             |        |
|------------------------------------|--------|---------|--------|--------|--------|--------|-------------|--------|
|                                    | Total  |         | Female |        | Male   |        | Undisclosed |        |
|                                    | 2021   | 2020    | 2021   | 2020   | 2021   | 2020   | 2021        | 2020   |
| Total Employment                   |        |         |        |        |        |        |             |        |
| Permanent employees                | 42,257 | 101,881 | 7,475  | 28,073 | 34,744 | 73,695 | 38          | 113    |
| Temporary employees <sup>1</sup>   | 5,400  | 18,781  | 120    | 494    | 193    | 609    | 5,087       | 17,678 |
| Employment Type <sup>2</sup>       |        |         |        |        |        |        |             |        |
| Full-time                          | 40,549 | 44,828  | 7,097  | 12,606 | 33,416 | 32,112 | 36          | 110    |
| Part-time                          | 1,708  | 1,237   | 378    | 198    | 1,328  | 1,036  | 2           | 3      |
| Workforce by Region <sup>3</sup>   |        |         |        |        |        |        |             |        |
| Asia                               | 552    | 1,735   | 209    | 556    | 343    | 1,179  | -           | 0      |
| Europe                             | 15,635 | 53,774  | 2,526  | 14,627 | 11,195 | 39,147 | 1,914       | 0      |
| North America                      | 31,258 | 46,065  | 4,798  | 12,804 | 23,249 | 33,148 | 3,211       | 113    |
| South & Central America, Other     | 212    | 307     | 62     | 86     | 150    | 221    | -           | 0      |
| Employee Category                  |        |         |        |        |        |        |             |        |
| Board of Directors                 | 8      | 8       | 3      | 3      | 5      | 5      | -           | 0      |
| Executive                          | 16     | 78      | 3      | 7      | 13     | 71     | -           | 0      |
| Vice President                     | 133    | 193     | 30     | 37     | 103    | 156    | -           | 0      |
| Director/Sr. Director              | 406    | 696     | 90     | 145    | 315    | 551    | 1           | 0      |
| Manager                            | 3,868  | 9,281   | 943    | 2,158  | 2,924  | 7,111  | 1           | 12     |
| Individual Contributor/Non-Manager | 37,834 | 91,633  | 6,409  | 25,726 | 31,389 | 65,806 | 36          | 101    |

<sup>1</sup> XPO does not ask temporary employees to self-identify gender as their employer of record is a third-party staffing agency.

<sup>2</sup> 2020 data for Europe not available/reported. All 2020 values are for North America only.

<sup>3</sup> 2020 data did not include temporary employees.

# Performance Tables

| <b>Percentage of Women in Workforce - Europe</b> |                                   |             |             |
|--|-----------------------------------|-------------|-------------|
|  | <b>Transport Solutions Europe</b> |             |             |
|  | <b>2021</b>                       | <b>2020</b> | <b>2019</b> |
| Hourly employees                                 | 12.5%                             | -           | -           |
| Salaried employees                               | 42.4%                             | -           | -           |
| Managers   | 32.30%                            | 30.6%       | 27.7%       |
| Drivers  | 1.90%                             | 1.7%        | 1.6%        |
| New Hires <sup>1</sup>                           | 19.70%                            | -           | -           |

| <b>Headcount Breakdown by Age Range - Europe</b> |             |             |             |
|--|-------------|-------------|-------------|
|  | <b>2021</b> | <b>2020</b> | <b>2019</b> |
| 56 years and over                                | 18.4%       | 13.4%       | 13.3%       |
| 46-55 years                                      | 32.1%       | 25.4%       | 26.2%       |
| 36-45 years                                      | 26.8%       | 26.4%       | 26.5%       |
| 26-35 years                                      | 17.9%       | 25.8%       | 25.6%       |
| 25 years and under                               | 4.8%        | 9.1%        | 8.4%        |

# Performance Tables

| <b>Employee Training (Total Hours) - North America<sup>2</sup></b> |                  |                  |                  |
|--|------------------|------------------|------------------|
|  | <b>2021</b>      | <b>2020</b>      | <b>2019</b>      |
| Hourly employees   | 1,221,204        | 370,074          | 306,898          |
| Salaried employees   | 128,998          | 312,361          | 181,644          |
| Managers   | 99,682           |                  |                  |
| Drivers  | 839,721          | 25,700           | 154,080          |
| New Hires  | 735,191          | 1,193,360        | 1,150,160        |
| <b>Total</b>   | <b>1,350,202</b> | <b>1,901,495</b> | <b>1,792,782</b> |

| <b>Employee Training (Total Hours) - Europe<sup>3</sup></b> |               |             |             |
|---|---------------|-------------|-------------|
|   | <b>2021</b>   | <b>2020</b> | <b>2019</b> |
| Hourly employees  | 16,566        | -           | -           |
| Salaried employees  | 5,582         | -           | -           |
| Managers  | 2,970         | 13          | 124         |
| Drivers   | 12,034        | 23          | 14          |
| New Hires   | 19,162        | -           | -           |
| <b>Total</b>  | <b>23,293</b> | <b>16.3</b> | <b>14.5</b> |

<sup>1</sup> An employee hired between Jan. 1 - Dec. 31, 2021. New tracking metric for 2021.

<sup>2</sup> Based on hours from Kronos Time & Attendance system and XPO University.

<sup>3</sup> Changed from 2020 and 2019 reporting of average hours per employee to total hours. Based on hours from XPO University.

# Performance Tables

| Safety Metrics - Europe                      |                            |             |             |
|--|----------------------------|-------------|-------------|
|  | Transport Solutions Europe |             |             |
|  | 2021                       | 2020        | 2019        |
| Accident injury rate <sup>1</sup>            | 7.1                        | 6.5         | 7.5         |
| Lost time injury rate <sup>2</sup>           | 3.8                        | 2.8         | 3.2         |
| Lost day rate <sup>3</sup>                   | 282.5                      | 83.5        | 133.4       |
| Crash rate (per thousand miles) <sup>4</sup> | 4.7                        | 2.5         | 3.1         |
| Number of hours worked                       | 27,052,639                 | 123,751,196 | 132,061,842 |

| Safety Metrics - North America <sup>5</sup> |                           |            |            |           |           |
|---|---------------------------|------------|------------|-----------|-----------|
|   | Less-Than-Truckload (LTL) |            |            | Last Mile |           |
|   | 2021                      | 2020       | 2019       | 2021      | 2020      |
| Accident injury rate                        | 7.7                       | 6.5        | 6.4        | 3.5       | 1.7       |
| Lost time injury rate                       | 4.6                       | 4.1        | 4.0        | 0.2       | 1.4       |
| Lost day rate                               | 100.1                     | 81.6       | 97.0       | 4.7       | 49.5      |
| Crash rate (per thousand miles)             | 4.6                       | 4.1        | 4.4        | N/A       | -         |
| Number of hours worked                      | 42,246,149                | 38,796,626 | 41,632,439 | 4,242,963 | 3,475,563 |

# Performance Tables

| Safety Metrics - North America <sup>5</sup> |          |      |      |  |         |
|---|----------|------|------|--|---------|
|   | Expedite |      |      | Legacy Jacobson & Managed Transportation |         |
|   | 2021     | 2020 | 2019 | 2021                                     | 2020    |
| Accident injury rate                        | 0        | 0.0  | 0.0  | 4.1                                      | 3.4     |
| Lost time injury rate                       | 0        | 0.0  | 0.0  | 3.1                                      | 3.1     |
| Lost day rate                               | 0        | 0.0  | 0.0  | -  | -       |
| Crash rate (per thousand miles)             | .2       | 0.4  | 0.2  | 0.18                                     | 0.3     |
| Number of hours worked                      | 218,400  | -    | -    | 1,077,892                                | 702,680 |

<sup>1</sup> Defined as the total number of all reported injuries/total hours worked x 200,000.

<sup>2</sup> Defined as the number of lost time incidents / total hours worked x 200,000.

<sup>3</sup> Defined as the total days lost / total hours worked x 200,000.

<sup>4</sup> Defined as per 1 million kilometers or miles driven.

<sup>5</sup> As a result of the August 2, 2021 spin-off of XPO's contract logistics business, 2021 data reflects European and North American operations, whereas data from prior years reflect operations in North America, Europe, Latin America and Asia. Where appropriate, we incorporated safety metrics for contract workers into the metrics for direct employees. Blank cells denote where information was unavailable, or not tracked by the business unit.

# Performance Tables

| <b>Safety Measurement System BASIC Percentiles - United States<sup>1</sup></b> |                                  |             |             |
|--|----------------------------------|-------------|-------------|
|  | <b>Less-Than-Truckload (LTL)</b> |             |             |
|  | <b>2021</b>                      | <b>2020</b> | <b>2019</b> |
| Unsafe driving   | 2%                               | 2%          | 4%          |
| Crash indicator  | 62%                              | 44%         | 36%         |
| Hours-of-service compliance  | 32%                              | 28%         | 29%         |
| Vehicle maintenance  | 75%                              | 62%         | 57%         |
| Controlled substances/alcohol  | 0%                               | 0%          | 0%          |
| Hazardous materials compliance   | 92%                              | 89%         | 86%         |
| Driver fitness   | 71%                              | 62%         | 71%         |

| <b>Safety Measurement System BASIC Percentiles - United States<sup>1,2</sup></b> |                  |             |             |                 |             |             |                        |             |             |
|--|------------------|-------------|-------------|-----------------|-------------|-------------|------------------------|-------------|-------------|
|  | <b>Last Mile</b> |             |             | <b>Expedite</b> |             |             | <b>Legacy Jacobson</b> |             |             |
|  | <b>2021</b>      | <b>2020</b> | <b>2019</b> | <b>2021</b>     | <b>2020</b> | <b>2019</b> | <b>2021</b>            | <b>2020</b> | <b>2019</b> |
| Unsafe driving   | -                | -           | -           | 13%             | 14%         | 27%         | 7%                     | 10%         | 18%         |
| Crash indicator  | -                | -           | -           | 33%             | 18%         | 15%         | 20%                    | 2%          | 20%         |
| Hours-of-service compliance  | -                | -           | -           | 53%             | 30%         | 32%         | 19%                    | 33%         | 61%         |
| Vehicle maintenance  | -                | -           | -           | 55%             | 54%         | 55%         | 57%                    | 58%         | 59%         |
| Controlled substances/alcohol  | -                | -           | 0%          | 7%              | 0%          | 4%          | -                      | -           | -           |
| Hazardous materials compliance   | -                | -           | -           | -               | 0%          | 0%          | -                      | -           | -           |
| Driver fitness   | -                | -           | -           | -               | 0%          | 0%          | -                      | -           | -           |

# Performance Tables

| Safety Measurement System BASIC Percentiles - United States <sup>1</sup> |                      |      |      |                      |      |      |                            |      |      |
|--|----------------------|------|------|----------------------|------|------|----------------------------|------|------|
|  | Intermodal - Drayage |      |      | Intermodal - Cartage |      |      | Intermodal - Port Services |      |      |
|  | 2021                 | 2020 | 2019 | 2021                 | 2020 | 2019 | 2021                       | 2020 | 2019 |
| Unsafe driving   | 69%                  | 47%  | 36%  | 0%                   | 1%   | -    | -                          | -    | -    |
| Crash indicator  | 48%                  | 41%  | 56%  | 13%                  | 10%  | 4%   | 14%                        | 28%  | -    |
| Hours-of-service compliance  | 76%                  | 75%  | 78%  | 0%                   | 18%  | 29%  | -                          | -    | -    |
| Vehicle maintenance  | 96%                  | 95%  | 93%  | 58%                  | 55%  | 39%  | 58%                        | 53%  | 23%  |
| Controlled substances/alcohol  | 1%                   | -    | -    | -                    | -    | -    | -                          | -    | -    |
| Hazardous materials compliance   | 64%                  | 89%  | 90%  | -                    | -    | -    | -                          | -    | -    |
| Driver fitness   | 48%                  | 36%  | 36%  | -                    | -    | -    | -                          | -    | -    |

<sup>1</sup> Blank cells denote instances where the Federal Motor Carrier Safety Administration (FMCSA) did not provide a BASIC percentile because they did not conduct adequate sampling to make the percentage meaningful.

<sup>2</sup> Dashes mean there is no percentile assigned, and should not be confused with "0%."

# Performance Tables

| Energy - North America <sup>1</sup>                       |                        |                   |            |
|---|------------------------|-------------------|------------|
|   | Transportation Segment |                   |            |
|   | 2021                   | 2020 <sup>2</sup> | 2019       |
| <b>Energy Consumption within the Organization (mmBtu)</b> |                        |                   |            |
| Propane   | 720,289                | 551,852           | 625,876    |
| Diesel  | 12,068,709             | 12,877,877        | 13,178,510 |
| Biodiesel <sup>3</sup>                                    | 1,923,283              | -                 | 5,030      |
| Compressed natural gas                                    | -                      | -                 | 1,049      |
| Natural gas   | 227,620                | 168,795           | 203,251    |
| Gasoline  | 4,496                  | 38,114            | 64,398     |
| Electricity   | 330,092                | 273,732           | 317,432    |
| Ethanol   | 82                     | 57                | 216        |
| Methanol  | 154                    | 357               | 278        |

| Energy - North America <sup>1</sup>                        |               |        |        |                        |                   |           |
|--|---------------|--------|--------|------------------------|-------------------|-----------|
|  | XPO Corporate |        |        | Transportation Segment |                   |           |
|  | 2021          | 2020   | 2019   | 2021                   | 2020 <sup>6</sup> | 2019      |
| <b>Energy Consumption outside the Organization (mmBtu)</b> |               |        |        |                        |                   |           |
| Gasoline <sup>4</sup>                                      | 19,636        | 22,802 | 36,251 | -                      | -                 | 95,807    |
| Diesel   | -             | -      | -      | -                      | -                 | 3,291,618 |
| Biodiesel  | -             | -      | -      | -                      | -                 | 888       |

| Greenhouse Gas Emissions - North America <sup>1</sup>                         |               |       |       |        |                        |           |           |           |
|---|---------------|-------|-------|--------|------------------------|-----------|-----------|-----------|
|   | XPO Corporate |       |       |        | Transportation Segment |           |           |           |
|   | 2021          | 2020  | 2019  | 2019   | 2021                   | 2020      | 2019      | 2018      |
| Direct (Scope 1) GHG emissions (metric tons CO <sub>2</sub> e)                | -             | -     | -     | -      | 1,000,455              | 1,083,668 | 1,109,507 | 1,064,010 |
| Indirect (Scope 2) GHG emissions (metric tons CO <sub>2</sub> e)              | -             | -     | -     | -      | 40,988                 | 35,540    | 40,702    | 54,292    |
| Indirect (Scope 3) GHG emissions (metric tons CO <sub>2</sub> e) <sup>5</sup> | 3,558         | 4,628 | 9,538 | 10,707 | 249,467                | 283,517   | 284,791   | 230,219   |

# Performance Tables

| <b>Pollutant Emissions - North America<sup>1</sup></b> |             |             |             |
|--|-------------|-------------|-------------|
|  | <b>2021</b> | <b>2020</b> | <b>2019</b> |
| <b>NO<sub>x</sub> (metric tons)</b>                    |             |             |             |
| Scope 1 emissions                                      | -           | -           | 1,438       |
| Scope 2 emissions                                      | 26          | 23          | 27          |
| Scope 3 emissions                                      | -           | -           | 14,988      |
| <b>SO<sub>2</sub> (metric tons)</b>                    |             |             |             |
| Scope 2 emissions                                      | 31          | 26          | 30          |
| <b>PM<sub>10</sub> (metric tons)</b>                   |             |             |             |
| Scope 1 emissions                                      | -           | -           | 27          |
| Scope 3 emissions                                      | -           | -           | 442         |
| <b>PM<sub>2.5</sub> (metric tons)</b>                  |             |             |             |
| Scope 1 emissions                                      | -           | -           | 25          |
| Scope 3 emissions                                      | -           | -           | 436         |

| <b>Water - North America<sup>1</sup></b> |             |             |             |
|--|-------------|-------------|-------------|
|  | <b>2021</b> | <b>2020</b> | <b>2019</b> |
| Total water use (gallons)                | 718,602,655 | 242,711,255 | 103,892,322 |

# Performance Tables

| <b>Waste - North America<sup>1</sup></b>   |             |             |             |
|--|-------------|-------------|-------------|
|  | <b>2021</b> | <b>2020</b> | <b>2019</b> |
| Total waste generated (metric tons)        | 67,892      | 45,082      | 38,351      |
| Total waste sent to landfill (metric tons) | 53,055      | 39,098      | 32,744      |
| Total materials recycled (metric tons)     | 14,837      | 5,685       | 5,259       |
| Total hazardous waste (metric tons)        | 383         | 299         | 348         |

| <b>Freight Transport Metrics - North America<sup>1</sup></b>   |             |             |             |
|--|-------------|-------------|-------------|
|  | <b>2021</b> | <b>2020</b> | <b>2019</b> |
| Total freight transport - Own Operations<br>(million metric ton-kilometers)                            | -           | -           | 14,034      |
| Total GHG footprint - Own Operations<br>(metric ton CO <sub>2</sub> e/million metric ton-kilometer)    | -           | -           | 68          |
| Total freight transport - Contract Carriers<br>(million metric ton-kilometers)                         | -           | -           | 38,675      |
| Total GHG footprint - Contract Carriers<br>(metric ton CO <sub>2</sub> e/million metric ton-kilometer) | -           | -           | 71          |

# Performance Tables

| <b>Electricity Consumption - Europe</b> |             |             |             |
|---|-------------|-------------|-------------|
|   | <b>2021</b> | <b>2020</b> | <b>2019</b> |
| Electricity consumption (kWh)           | 24,716,215  | 20,896,272  | 23,851,547  |

| <b>Facilities Fuel Consumption - Europe</b> |             |             |             |
|---|-------------|-------------|-------------|
|   | <b>2021</b> | <b>2020</b> | <b>2019</b> |
| Natural gas (m <sup>3</sup> )               | 1,869,394   | 7,771,925   | 7,827,811   |
| Butane, propane (m <sup>3</sup> )           | 992,080     | 50,096      | 64,970      |
| Heating oil (liters)                        | 184,877     | 641,435     | 728,247     |
| Diesel (liters)                             | 192,108     | 182,443,216 | 1,817,288   |

| <b>Greenhouse Gas Emissions - Europe</b>                                      |             |             |             |             |
|---|-------------|-------------|-------------|-------------|
|   | <b>2021</b> | <b>2020</b> | <b>2019</b> | <b>2018</b> |
| Direct (Scope 1) GHG emissions (metric tons CO <sub>2</sub> e)                | 400,550     | 397,231     | 432,165     | 483,959     |
| Indirect (Scope 2) GHG emissions (metric tons CO <sub>2</sub> e)              | 2,709       | 3,387       | 3,570       | 3,972       |
| Indirect (Scope 3) GHG emissions (metric tons CO <sub>2</sub> e) <sup>6</sup> | 664,036     | 161,681     | 754,442     | 708,173     |

# Performance Tables

| <b>Waste - Europe</b>                      |             |             |             |
|--|-------------|-------------|-------------|
|  | <b>2021</b> | <b>2020</b> | <b>2019</b> |
| Total waste generated (metric tons)        | 6,890       | 98,042      | 94,719      |
| Total waste sent to landfill (metric tons) | 3,083       | 9,283       | 7,754       |
| Total materials recycled (metric tons)     | 6,633       | 80,534      | 77,856      |
| Total hazardous waste (metric tons)        | 2,826       | 8,906       | 9,109       |

| <b>Water - Europe</b> |             |             |             |
|-----------------------|-------------|-------------|-------------|
| <b>Transportation</b> | <b>2021</b> | <b>2020</b> | <b>2019</b> |
| Water (cubic meter)   | 311,363     | -           | -           |

| <b>Total Greenhouse Gas Emissions</b>   |             |           |
|---|-------------|-----------|
|   | <b>2021</b> |           |
| Direct (Scope 1) GHG emissions (metric tons CO <sub>2</sub> e)                | 59%         | 1,401,005 |
| Indirect (Scope 2) GHG emissions (metric tons CO <sub>2</sub> e)              | 2%          | 43,697    |
| Indirect (Scope 3) GHG emissions (metric tons CO <sub>2</sub> e) <sup>5</sup> | 39%         | 917,061   |

<sup>1</sup> 2017 - 2019 and 2021 data reflects North America only. 2020 data reflects North America, Latin America, and Asia.

<sup>2</sup> Some data tracked by our transportation partner lags by one year. Accordingly, some 2021 metrics are unavailable at the time of reporting. XPO reports three years on environmental data (2021-2019) for North America to ensure at least three years' worth of data is available for each metric.

<sup>3</sup> Includes biodiesel and renewable diesel.

<sup>4</sup> Gasoline consumption for XPO Corporate is based on rental cars used for business travel.

<sup>5</sup> Scope 3 emissions for XPO's Transportation segment include emissions from owner-operators and emissions associated with waste. Emissions from business travel are now tracked under XPO Corporate.

<sup>6</sup> Since 2018, we have reviewed how we account for Scope 3 emissions in Europe to improve the consistency of our data. As this is an ongoing process, we have reported on a reduced scope for the purposes of this report. In scope are the GHG emissions from third-party road transportation services in France, Poland, Romania and Italy. Emissions were calculated using emissions factors set by ADEME (French Environment and Energy Management Agency), average weight by activity and the theoretical distance of each trip.

# SASB Reference Table

| SASB Reference Table                    |  |  |
|---|--|--|
| SASB Code                               | Accounting Metric  | 2021 Cross-Reference or Answer   |
| <b>Air Freight &amp; Logistics</b>      |  |  |
| <b>Greenhouse Gas Emissions</b>         |  |  |
| SASB - TR-AF-110a.2                     | Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets | Our Values, Our Culture pp.8-9<br>Innovative, pp. 40-49<br>Entrepreneurial, pp. 50-56<br>Performance Tables, pp. 75-78 |
| <b>Labor Practices</b>                  |  |  |
| SASB TR-AF-310a.1                       | Percentage of drivers classified as independent contractors  | North America: 17% <sup>1</sup>  |
| SASB TR-AF-310a.2                       | Total amount of monetary losses as a result of legal proceedings associated with labor law violations  | XPO will not disclose this figure, except to the extent material and required by SEC rules.                            |
| <b>Supply Chain Management</b>          |  |  |
| SASB - TR-AF-430a.1                     | Percentage of carriers with BASIC percentiles above the FMCSA intervention threshold   | This data is not available at this time.   |
| <b>Accident &amp; Safety Management</b> |  |  |
| SASB TR-AF-540a.1                       | Description of implementation and outcomes of Safety Management System   | Safe, pp. 14-21<br>Performance Tables, pp. 71-74   |
| SASB TR-AF-540a.2                       | Number of aviation accidents   | This disclosure is not applicable to XPO.  |
| <b>Activity Metrics</b>                 |  |  |
| SASB - TR-AF-000.A                      | Revenue ton kilometers (RTK) for: (1) road transport and (2) air transport   | US LTL: \$0.54357 <sup>2</sup><br>US NAT: \$0.188 <sup>2</sup><br>Europe: €0.326                                       |
| SASB - TR-AF-000.B                      | Load factor for: (1) road transport and (2) air transport  | US LTL: 24,118 <sup>3</sup><br>Europe: 0.883   |
| SASB - TR-AF-000.C                      | Number of employees, number of truck drivers   | 42,257 employees<br>19,702 truck drivers   |

# SASB Reference Table

| SASB Reference Table                    |  |  |
|---|--|--|
| <b>Road Transport</b>                   |  |  |
| <b>Driver Working Conditions</b>        |  |  |
| <b>SASB TR-RO-320a.3</b>                | Description of approach to managing short-term and long-term driver health risks | Safe, pp. 14-21<br>Inclusive, p. 36  |
| <b>Accident &amp; Safety Management</b> |  |  |
| <b>SASB TR-RO-540a.3</b>                | (1) Number and (2) aggregate volume of spills and releases to the environment    | Within US LTL, 12,499 spills and incidental releases out of 13 million shipments, amounting to 4.3 million pounds. |
| <b>Activity Metrics</b>                 |  |  |
| <b>SASB - TR-RO-000.A</b>               | Revenue ton miles (RTM)  | US LTL: \$0.54357<br>US NAT: \$0.27  |

<sup>1</sup> Includes 1,900 independent contractors that contract with XPO Cartage, which was divested from XPO Logistics, Inc. on Mar. 25, 2022.

<sup>2</sup> Calculated as revenue per ton-mile, based on ton-miles from the shipment perspective, not the vehicle perspective.

<sup>3</sup> Calculated based on miles that shipments travel and shipment weight.

# GRI Content Index

| GRI 2: General Disclosures 2021*                       |  |   |
|--|--|---|
| Disclosure   | Description  | Response  |
| <b>1. The organization and its reporting practices</b> |  |   |
| 2-1  | Organizational details   | XPO Logistics, Inc.<br>Company Profile, pp. 4-5   |
| 2-2  | Entities included in the organization's sustainability reporting | The reporting entities for the sustainability and financial report are the same.  |
| 2-3  | Reporting period, frequency and contact point                    | About the Report, p. 66<br>We report on an annual basis.<br><a href="mailto:sarah.shelden@xpo.com">Sarah Shelden, sarah.shelden@xpo.com</a>   |
| 2-4  | Restatements of information                                      | Indicated when necessary throughout the report.   |
| 2-5  | External assurance   | The 2021 Sustainability Report has not been externally assured.   |
| <b>2. Activities and workers</b>                       |  |   |
| 2-6  | Activities, value chain, and other business relationships        | Company Profile, pp. 4-5<br>2021 10-K, pp. 4-15   |
| 2-7  | Employees  | Performance Tables, pp. 68-70<br>2022 10-K, p. 4,31<br>On August 2, 2021, XPO completed the spin-off of its contract logistics business, resulting in a decrease in the number of employees reported.   |
| 2-8  | Workers who are not employees                                    | In 2021, XPO's Last Mile business contracted with 1,570 Contract Carriers that operate under their own DOT authority to provide last mile delivery services. Our Expedite and Dedicated businesses also contracted with independent business owners to provide freight delivery services. |

# GRI Content Index

| GRI 2: General Disclosures 2021* |   |  |
|----------------------------------|---|--|
| Disclosure                       | Description   | Response   |
| <b>3. Governance</b>             |   |  |
| 2-9                              | Governance structure and composition  | Respectful, pp. 58-60  |
| 2-10                             | Nomination and selection of the highest governance body                     | Respectful, p. 58  |
| 2-11                             | Chair of the highest governance body  | Respectful, p. 58  |
| 2-12                             | Role of the highest governance body in overseeing the management of impacts | Respectful, pp. 58-60<br>Corporate Governance Guidelines, p. 7<br>( <a href="https://investors.xpo.com/static-files/100742d6-df64-4be2-be94-33bd42e8100f">https://investors.xpo.com/static-files/100742d6-df64-4be2-be94-33bd42e8100f</a> )<br>Environmental and social risks are considered, along with other material risks to the business, directly by the XPO board of directors. |
| 2-13                             | Delegation of responsibility for managing impacts                           | ESG Scorecard Summary, pp. 11-13   |
| 2-14                             | Role of the highest governance body in sustainability reporting             | Members of the Nominating, Governance and Sustainability Committee review sustainability reporting prior to its issuance.  |
| 2-15                             | Conflicts of interest   | Respectful, p. 60<br>2022 Proxy Statement, pp. 23, 27<br>Corporate Governance Guidelines ( <a href="https://investors.xpo.com/static-files/100742d6-df64-4be2-be94-33bd42e8100f">https://investors.xpo.com/static-files/100742d6-df64-4be2-be94-33bd42e8100f</a> )   |
| 2-16                             | Communication of critical concerns  | Corporate Governance ( <a href="https://investors.xpo.com/corporate-governance/highlights">https://investors.xpo.com/corporate-governance/highlights</a> )   |

# GRI Content Index

| GRI 2: General Disclosures 2021*            |  |  |
|---|--|--|
| Disclosure                                  | Description  | Response   |
| 2-17  | Collective knowledge of the highest governance body          | Our Approach to ESG, p. 10<br>Corporate Governance Guidelines, p. 3<br>( <a href="https://investors.xpo.com/static-files/100742d6-df64-4be2-be94-33bd42e8100f">https://investors.xpo.com/static-files/100742d6-df64-4be2-be94-33bd42e8100f</a> ) |
| 2-18  | Evaluation of the performance of the highest governance body | Corporate Governance Guidelines, p. 7<br>( <a href="https://investors.xpo.com/static-files/100742d6-df64-4be2-be94-33bd42e8100f">https://investors.xpo.com/static-files/100742d6-df64-4be2-be94-33bd42e8100f</a> )                               |
| 2-19  | Remuneration policies  | 2022 Proxy Statement, p. 21  |
| 2-20  | Process to determine remuneration                            | 2022 Proxy Statement, p. 21  |
| 2-21  | Annual total compensation ratio                              | 2022 Proxy Statement, pp. 60-61  |
| <b>4. Strategy, policies, and practices</b> |  |  |
| 2-22  | Statement on sustainable development strategy                | CEO Letter, p. 3   |
| 2-23  | Policy commitments   | All relevant policy commitments are publicly available at <a href="https://ethics.xpo.com">ethics.xpo.com</a> .  |
| 2-24  | Embedding policy commitments                                 | Respectful, pp. 58-62  |
| 2-25  | Processes to remediate negative impacts                      | Respectful, pp. 61-62<br>Code of Business Ethics, p.15 ( <a href="https://investors.xpo.com/static-files/e664d911-4f96-4798-ab12-d770f5b23b25">https://investors.xpo.com/static-files/e664d911-4f96-4798-ab12-d770f5b23b25</a> )                 |
| 2-26  | Mechanisms for seeking advice and raising concerns           | Code of Business Ethics, p.15 ( <a href="https://investors.xpo.com/static-files/e664d911-4f96-4798-ab12-d770f5b23b25">https://investors.xpo.com/static-files/e664d911-4f96-4798-ab12-d770f5b23b25</a> )  |

# GRI Content Index

| GRI 2: General Disclosures 2021*            |                                      |  |
|---|--------------------------------------|--|
| Disclosure                                  | Description                          | Response   |
| <b>4. Strategy, policies, and practices</b> |                                      |  |
| 2-27  | Compliance with laws and regulations | 2021 10-K, p. 32   |
| 2-28  | Membership associations              | <ul style="list-style-type: none"> <li>■ American Benefits Council</li> <li>■ American Trucking Association</li> <li>■ Consumer Technology Association</li> <li>■ SmartWay® Partner, US Environmental Protection Agency</li> <li>■ National Federation for Road Transport</li> <li>■ Road Haulage Association</li> <li>■ Logistics UK</li> <li>■ Confederación Española de Transporte de Mercancías</li> <li>■ The Chartered Institute of Logistics and Transportation</li> <li>■ Asociacion de TTE Internacional por Carretera</li> <li>■ Asociacion Empresarial de Transporte de Mercancia por Carretera</li> <li>■ Asociacion Española de Codificacion Comercial</li> <li>■ Centro Español de Logistica</li> <li>■ Insitute for Careers and Innovation in Logistics and Supply Chain</li> </ul> |
| <b>5. Stakeholder engagement</b>            |                                      |  |
| 2-29  | Approach to stakeholder engagement   | Our Values, Our Culture, pp. 8-9<br>Respectful, p. 58  |
| 2-30  | Collective bargaining agreements     | Inclusive, p. 38<br>In the European Union, 88% of employees are covered by a collective bargaining or similar agreement. In the US, less than 1% of eligible employees are covered by a collective bargaining agreement.   |

# GRI Content Index

| Material Topic-Specific Disclosures 2016, 2018* |            |  |   |
|---|------------|--|---|
| Topic   | Disclosure | Description  | Cross-Reference or Answer   |
| <b>Material Topics</b>                          |            |  |   |
| GRI 3: Material Topics 2021                     | 3-1        | Process to determine material topics   | Our Approach to ESG, p. 10  |
|   | 3-2        | List of material topics  | Our Approach to ESG, p. 10  |
| <b>Health and Safety</b>                        |            |  |   |
| GRI 3: Material Topics 2021                     | 3-3        | Management of material topics  | Our Approach to ESG, pp. 10-13<br>Safe, pp. 14-21<br>Performance Tables, pp. 71-74  |
| GRI 403: Occupational Health and Safety 2018    | 403-1      | Occupational health and safety management system   | Safe, pp. 15-16   |
|   | 403-5      | Worker training on occupational health and safety  | Safe, pp. 15-18   |
|   | 403-9      | Work-related injuries  | Performance Tables, pp. 71-74   |
| <b>Employee Engagement</b>                      |            |  |   |
| GRI 3: Material Topics 2021                     | 3-3        | Management of material topics  | Our Approach to ESG, pp. 10-13<br>CEO Letter, p. 3<br>Safe, p. 21<br>Inclusive, pp. 31- 33<br>Performance Tables, pp. 68-70               |
| GRI 401: Employment 2016                        | 401-2      | Benefits provided to full-time employees that are not provided to temporary or part-time employees | Safe, p. 21<br>Inclusive, p. 33   |
|   | 401-3      | Parental Leave   | Inclusive, p. 33  |
| <b>Climate and GHG Emissions</b>                |            |  |   |
| GRI 3: Material Topics 2021                     | 3-3        | Management of material topics  | Our Approach to ESG, pp. 10-13<br>CEO Letter, p. 3<br>Innovative, pp. 41-48<br>Entrepreneurial, pp. 51-55<br>Performance Tables, p. 75-79 |

# GRI Content Index

| Material Topic-Specific Disclosures 2016, 2018* |            |   |   |
|---|------------|---|---|
| Topic   | Disclosure | Description                                     | Cross-Reference or Answer   |
| <b>Climate and GHG Emissions</b>                |            |   |   |
| GRI 302: Energy 2016                            | 302-1      | Energy consumption within the organization      | Performance Tables, pp. 75-79   |
|   | 302-2      | Energy consumption outside of the organization  | Performance Tables, pp. 75-79   |
|   | 302-4      | Reduction of energy consumption                 | Innovative, pp. 43-49<br>Entrepreneurial, pp. 51, 53-54   |
| GRI 305: Emissions 2016                         | 305-1      | Direct (Scope 1) GHG emissions                  | Performance Tables, pp. 75-79   |
|   | 305-2      | Energy Indirect (Scope 2) GHG emissions         | Performance Tables, pp. 75-79   |
|   | 305-3      | Other indirect (Scope 3) GHG emissions          | Performance Tables, pp. 75-79   |
|   | 305-5      | Reduction of GHG emissions                      | Innovative, pp. 41-48<br>Entrepreneurial, pp. 51, 54  |
| <b>Talent Management</b>                        |            |   |   |
| GRI 3: Material Topics 2021                     | 3-3        | Management of material topics                   | Our Approach to ESG, pp. 10-13<br>Safe, pp. 14-19<br>Inclusive, pp. 25-36<br>Performance Tables, p. 70  |
| GRI 404: Training and Education 2016            | 404-1      | Average hours of training per year per employee | Our Approach to ESG, pp. 10-13<br>Performance Tables, p. 70<br>Drivers are required to take a mandatory 60 hours of training per year on issues including safety training, DOT compliance and technology tools. |

# GRI Content Index

| Material Topic-Specific Disclosures 2016, 2018* |            |  |  |
|---|------------|--|--|
| Topic   | Disclosure | Description  | Cross-Reference or Answer  |
| <b>Talent Management</b>                        |            |  |  |
| GRI 406: Non-discrimination 2016                | 406-1      | Incidents of discrimination and corrective actions taken                                     | XPO treats incidents and investigations confidentially. When an incident is substantiated, XPO takes action that is proportional and appropriate to the situation, including and not limited to termination of employment. Pursuant to its anti-harassment policy, XPO also reserves the discretion to take appropriate action to reinforce its commitment to providing a work environment free of harassment. |
| <b>Data Security and Privacy</b>                |            |  |  |
| GRI 3: Material Topics 2021                     | 3-3        | Management of material topics  | Our Approach to ESG, pp. 10-13   |
| GRI 418: Customer Privacy 2016                  | 418-1      | Substantiated complaints concerning breaches of customer privacy and losses of customer data | There were no substantiated complaints concerning breach of customer privacy or losses of customer data.   |

\* XPO Logistics' 2021 Sustainability Report applies the 2016 version of the GRI Standards; "2016" refers to the Standards issue date, not the date of information presented in this report. However, for the GRI standard 403, XPO Logistics applied the 2018 version.

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