

Introduction

XPO Logistics, Inc. and its subsidiaries (“XPO” or the “Company”) use an integrated network of people, technology and physical assets to help customers manage their goods more efficiently throughout their supply chains. The Company’s customers are multinational, national, mid-size and small enterprises, and include many of the most prominent companies in the world. XPO runs its business on a global basis, with two reportable segments: Transportation and Logistics.

This statement outlines XPO’s general tax strategy which is applied by its group entities at a country level. The publication of this statement is regarded as complying with Part 2 of Schedule 19 Finance Act 2016 in respect of XPO’s UK business.

Approach

Our business activities around the world incur a substantial amount and variety of taxes. XPO pays corporate income taxes, customs duties, excise taxes, stamp duties, employment and many other business taxes in all jurisdictions where applicable. In addition, XPO collects and pays employee taxes and indirect taxes such as Value Added Tax (VAT), fuel and truck taxes. The taxes XPO pays and collects represent a contribution to the countries in which XPO operates.

XPO is committed to paying the right amount of tax, in the right place and at the right time. As a result of this; we are committed to complying with laws in a responsible manner and building and maintaining professional, constructive and co-operative working relationships with tax authorities based on principles of mutual transparency and trust. As part of this commitment, XPO has a Code of Business Conduct and Ethics that requires the highest standards of professional and ethical conduct from its employees.

The following information is provided in compliance with the requirements of Part 2 of Schedule 19 Finance Act 2016.

Governance

XPO maintains internal policies and procedures to support its tax control framework and provides training to its employees to manage tax risk.

Regarding roles and responsibilities:

The Chief Financial Officer and Senior VP of Tax Operations are ultimately responsible for the XPO tax policy.

The management of tax risks in the EMEA region is performed by the company’s VP of Tax and in the UK by the Senior Accounting Officers (SAO’s) and the Senior Tax Manager.

The UK Board of Directors has approved the approach of taxation.



Tax Planning

XPO seeks to comply with all tax rules and regulations on a worldwide basis and engages in tax planning that is aligned and appropriate with its commercial business activities and substantive transactions, such as acquisitions and divestments.

XPO adheres to the UK tax legislation, Double Tax Treaties, European Directives and the relevant guidance issued by the Organisation for Economic Co-operation and Development (“OECD”) for international tax matters.

Tax Risks

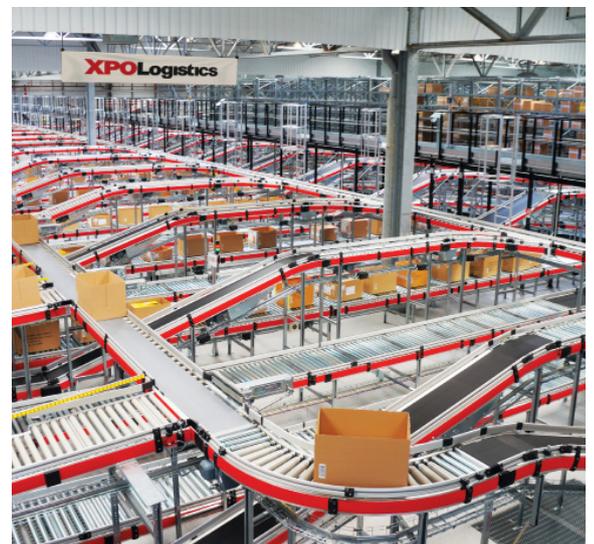
Tax risk can arise from unclear laws and regulations as well as differences in interpretation. As common for many multinationals, most significant source of uncertainty arises where two or more governments adopt different interpretations in relation to pricing and VAT regime of inter-company cross border transactions. XPO aligns its transfer pricing policy with the OECD guidelines as well as the guidelines of the various jurisdictions in which XPO operates. XPO applies the arm’s length standard to ensure the parties to intercompany transactions are appropriately remunerated.

XPO monitors and reviews its operations in the UK and elsewhere to realign its tax arrangements when necessary to be compliant with the tax rules and regulations, including transfer pricing guidelines. In this purpose, XPO regularly seeks professional opinions and advice from independent external advisors on tax matters.



Working with HMRC

XPO seeks to build and sustain relationships with UK Government and HMRC that are constructive and based on mutual respect. XPO works collaboratively wherever possible with HMRC to resolve disputes and to achieve early agreement and certainty. In this purpose, XPO notably meets with HMRC annually for a Business Risk Review meeting which addresses all the taxes and is a wide-ranging discussion of all aspects of XPO’s UK tax affairs.



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