

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.

