

# 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*