



2019 Sustainability Report

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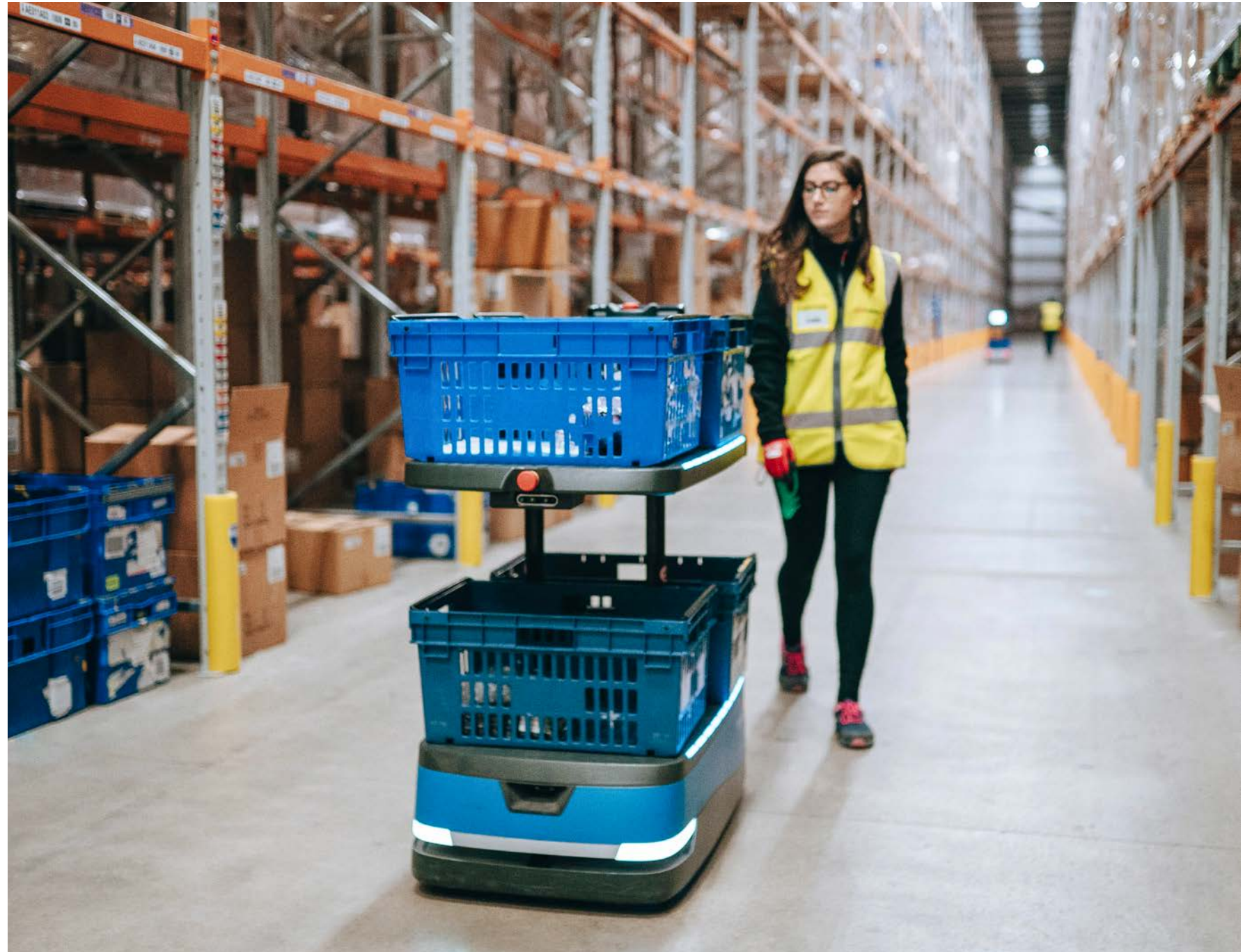


About XPO Logistics

At XPO, we're moving the world forward by providing our customers with a global network of transportation and logistics services powered by the world's most advanced technologies. As a top 10 global logistics company, we take the complexity out of the supply chain so that our customers can deliver for their customers.

XPO was built to harness the disruptive trends reshaping commerce. In 2019, we spent more than half a billion dollars on technology worldwide. By putting great technology in the hands of problem-solving employees and driving business process improvements, we deliver innovation that matters and customer service that makes a difference.

Most importantly, XPO is purpose-driven. We know our success depends on a strong governance structure, good corporate citizenship, inclusive workplaces, environmental responsibility and ethical business conduct.





To Our Stakeholders

Sustainability is a gauge of resilience. As we issue our 2019 Sustainability Report, COVID-19 is sweeping across the globe, testing the resilience of our industry in an unprecedented way. At XPO, the strength of our culture is equipping us to meet this and other challenges.

As the crisis unfolded, we adapted to deliver on our responsibility to customers, communities, colleagues and shareholders. We're listening to our frontline employees and taking measures to protect them as they perform essential services, while working with customers to adjust resources and capacity. Together, we're working to fight the spread of COVID-19 and maintain the flow of vital supplies to families, communities, hospitals and businesses.

We demonstrated our resilience when our Expedite operation flew pallets of masks to the current epicenter of the pandemic, New York City. It inspired the motto, "We're feeding the world," that our supply chain employees embraced when they helped a food manufacturing customer increase pasta production to 8,000 tons a week to provide food to families sheltering in place. It was inherent in our corporate policies and protocols, ranging from pandemic paid sick leave to enhanced workplace cleanings. Finally, we saw our resilience when the global demand for face masks outstripped supply, and our employees began to proactively sew masks for healthcare providers and each other.

Everything we do to keep supply chains moving is rooted in our purpose-driven approach to sustainability. We put safety first; we operate an advanced network of assets and technology solutions; and we hire resourceful people who are motivated to tackle complex challenges. Throughout 2019, we undertook several broad efforts that were built upon our strong culture.

In 2019, we rolled out new benefits for women and families that are among the most progressive in business. These additions reflect how carefully we listen to our employees. Our Pregnancy Care Policy allows pregnant employees to adjust their work life around pregnancy – not the other way around – providing flexible work arrangements and 80 hours of pre-natal paid time off. We also offer up to an additional six weeks of paid time off for family bonding after the birth or adoption of a child. Approximately 1,000 employees have taken advantage of these new benefits.

We also reward those who are eager for training opportunities. Last year, XPO University, our online learning portal, created nearly 340 new courses, including frontline leadership curricula, certifications for sales, dock and freight leadership positions and ethics training. We continued XPO University's global

expansion, now reaching most of our workforce. These efforts culminated in nearly three million training hours for employees across North America and Europe.

A third area of focus is climate change. As the coronavirus pandemic taught us, climate change is best addressed by the coordinated actions of businesses and governments. Throughout 2019, we worked with customers on innovative approaches to tackling this pressing global challenge. In Europe, we continued to invest in alternative fuel vehicles to reduce the carbon footprint of our fleet. We now have more than 200 liquefied natural gas (LNG) vehicles that reduce fine-particle emissions and generate up to 70% fewer NO₂ emissions than the limit permitted by the Euro VI Standard.

Our expertise in circular economy practices is also growing. We increased the number of initiatives in 2019 focused on keeping materials in the system, ranging from simple actions such as reusing packaging and pallets at our warehouses to implementing complete reverse-logistics operations. At one of our reverse-logistics locations in the US Midwest, for example, we handle all the returned items for one of the world's largest manufacturers of athletic shoes. Our team evaluates every shoe to assess its quality for resale. For shoes that don't make the cut, XPO partners with our customer to grind the shoes into plastic pellets for playground surfaces.

While we're pleased with our continued progress, we remain a young company with many opportunities ahead to strengthen our impact. We're tracking our business activities closely and responding surgically to data trends as they emerge.

I want to thank my fellow XPO employees for their dedication. Looking ahead, I'm confident that we'll continue to find ways to maximize value for our shareholders, employees, customers and other stakeholders while managing the business responsibly.

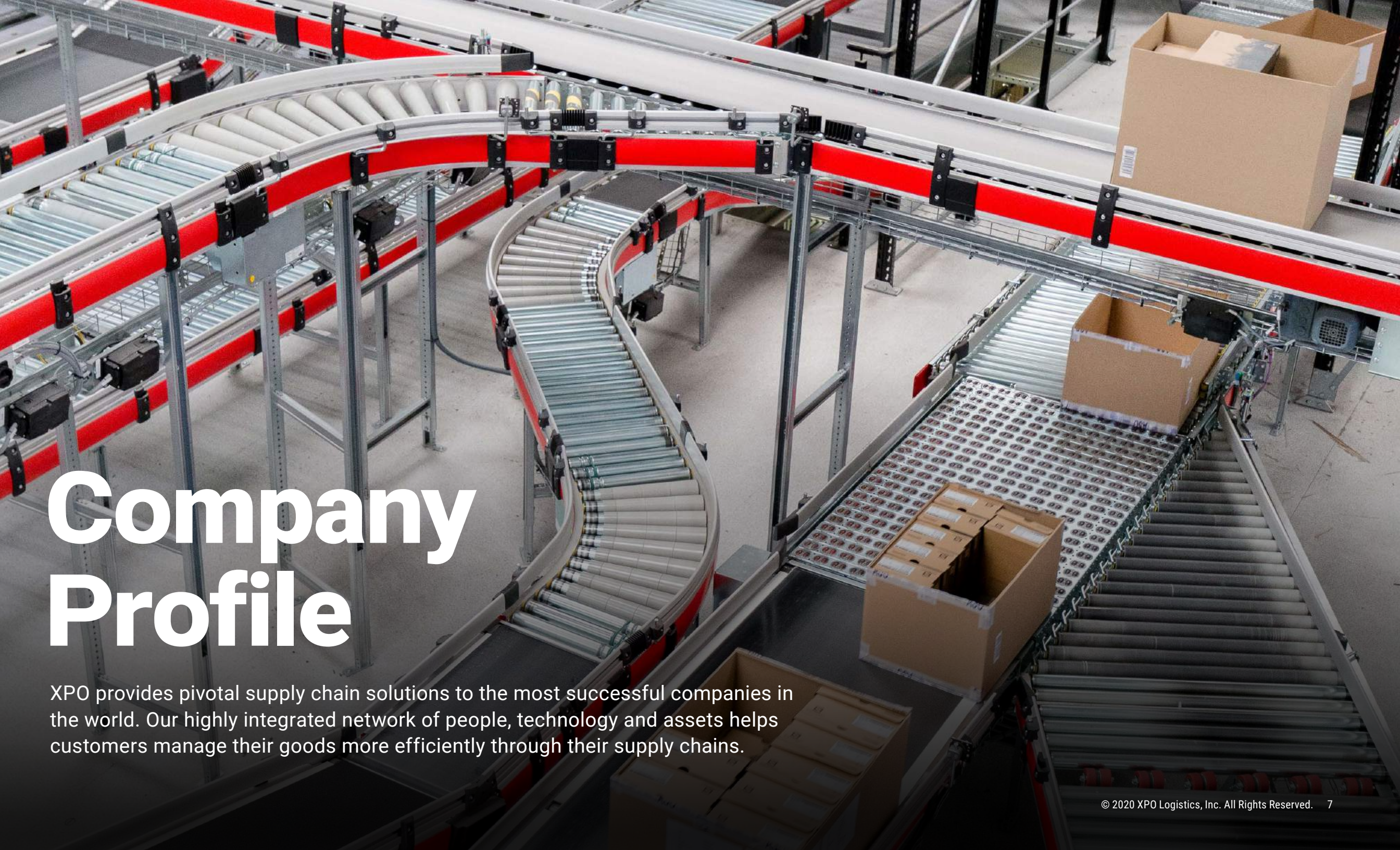


Bradley S. Jacobs
Chairman and Chief Executive Officer
XPO Logistics



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XPOLogistics



Company Profile

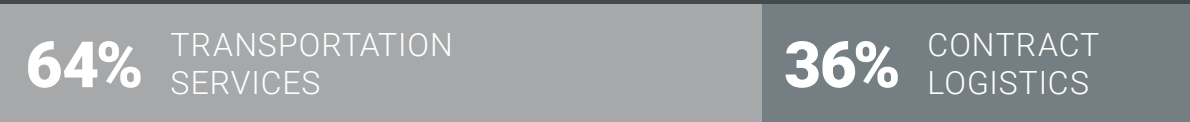
XPO provides pivotal supply chain solutions to the most successful companies in the world. Our highly integrated network of people, technology and assets helps customers manage their goods more efficiently through their supply chains.

XPO's Global Operations

In 2019, we reported more than \$16.6 billion of revenue, approximately 64% of which came from our transportation services. The other 36% came from logistics services, which we sometimes refer to as supply chain.

\$16.65 Billion

OF REVENUE IN 2019



100,000	1,504	30	50,000
EMPLOYEES	LOCATIONS	COUNTRIES	CUSTOMERS

- Trusted daily with the management of approximately **160,000 ground shipments** and more than **7 billion inventory units**



Transportation

XPO offers an unmatched variety of modes to move freight using the optimal mode or a combination of modes:

- Full truckload via brokered, contracted and owned truck and trailer capacity
- Less-than-truckload
- Last mile delivery, assembly and installation of heavy goods via contracted capacity
- Intermodal rail



Logistics

XPO solves complex supply chain requirements for all types of goods, using a range of contract logistics and engineered solutions:

- High-value-add warehousing, fulfillment, distribution and inventory management
- Advanced automation, proprietary analytics and other XPO technology
- E-commerce and omnichannel specialization
- Returns management (reverse logistics)

Within this complementary range of services, XPO is:

- The largest last mile logistics provider for heavy goods in North America, completing more than 10 million deliveries annually
- The largest manager of expedited shipments in North America by ground, air and automated carrier procurement
- The second-largest contract logistics provider worldwide, and the largest outsourced e-fulfillment provider in Europe
- A top-three provider of less-than-truckload (LTL) transportation in North America, and a leading LTL provider in Europe
- The second-largest freight broker worldwide, with one of the largest owned road fleets in Europe
- The third-largest intermodal provider in North America
- A global provider of managed transportation
- A global freight forwarder



Why Customers Choose XPO

As one of the largest supply chain service providers in the world, XPO powers major industries and propels companies forward with our global scale, engaged workforce and wide range of innovative solutions and technologies. We use our expertise to help our customers become more efficient, lower costs and gain sustainable competitive advantages.

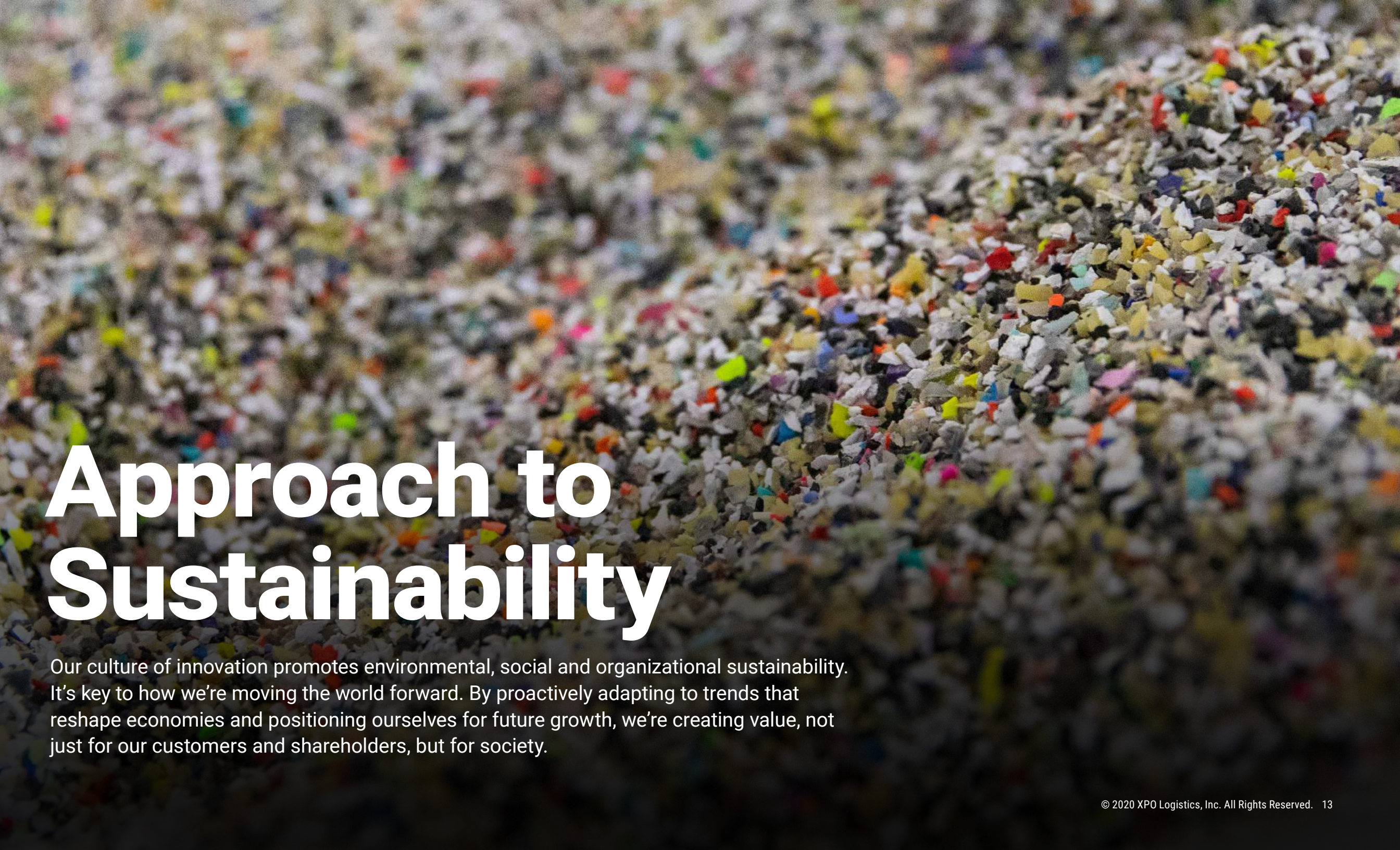


Recognitions

We're recognized for the strength of our values-driven culture and our dedication to our customers.

- Named one of the World's Most Admired Companies by Fortune, 2018, 2019 and 2020, and ranked first in our category in 2019 and 2020
- Ranked in the Top 100 overall of America's most responsible companies by Newsweek in 2019 and second in our industry
- Advanced to 180 on the Fortune 500 list and recognized as the fastest-growing company in our industry
- Named a Worldwide Leader in the Magic Quadrant for Third-Party Logistics Providers by Gartner, 2019
- Named a top European company for diversity and inclusion as part of the Financial Times's inaugural Diversity Leaders list in 2019
- Named a Top 75 Green Supply Chain Partner by Inbound Logistics, 2016, 2017, 2018, 2019
- Named a Winning "W" Company by 2020 Women on Boards (2020WOB), a global advocacy alliance
- Received a rating of 85 out of 100 on the Human Rights Campaign Foundation's Corporate Equality Index
- Named by *Forbes* as a best company to work for in Spain for the second consecutive year
- Named to the 2019 Freight.Tech 25 list of most technologically disruptive companies in the North American transportation industry
- Recognized by Raytheon, Ford, GM and Dow for supplier excellence





Approach to Sustainability

Our culture of innovation promotes environmental, social and organizational sustainability. It's key to how we're moving the world forward. By proactively adapting to trends that reshape economies and positioning ourselves for future growth, we're creating value, not just for our customers and shareholders, but for society.

Materiality Matrix

We believe sustainability is good business sense. Sustainable thinking is embedded in our operations, governance and strategic blueprints, reflecting the expectations of our employees and customers, and our commitment to purpose-led progress. Working with our colleagues, customers, suppliers and other stakeholders, we're fostering equitable workplaces for our employees, making a difference in our communities and promoting the transition to a low-carbon economy.

Materiality Analysis

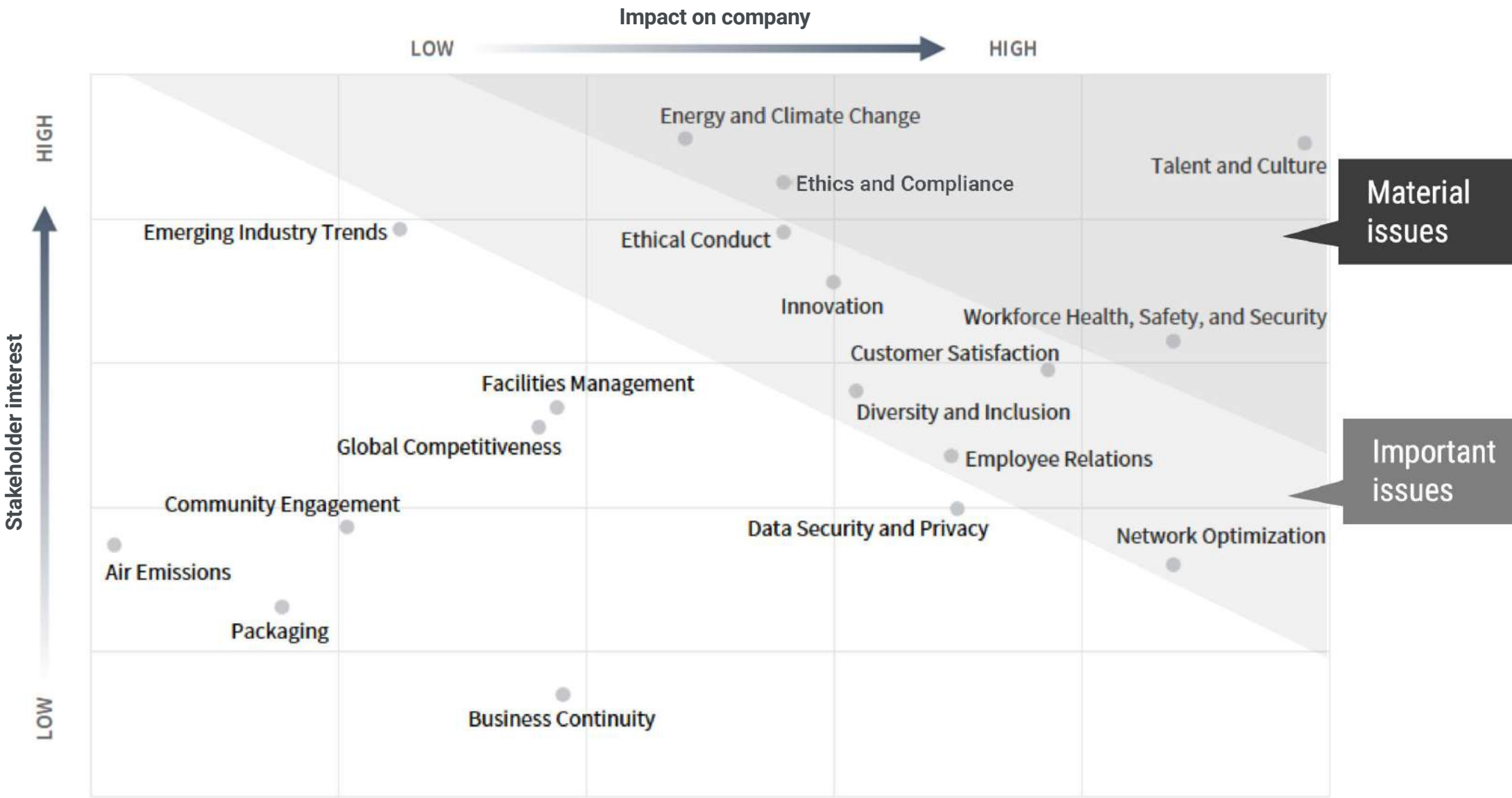
In late 2018, we conducted a global analysis to identify the key issues that are material to our business. XPO's material issues are those deemed of highest priority to our company and our stakeholders. We considered the expectations of our internal and external stakeholder groups and analyzed various opportunities and risks to the business.

In cooperation with an independent firm, we undertook a comprehensive review of the environmental, social, governance and economic topics most relevant to XPO and our stakeholders. We interviewed members of our executive leadership team, surveyed internal subject matter experts from our business units and reviewed the global views of external stakeholders.

The results of our analysis are represented in our materiality matrix on page 19. The four issues that rated highly – Talent and Culture; Workforce Health; Safety and Security; Corporate Governance; and Energy and Climate Change – are in the upper right quadrant. We also recognize a second set of issues that are identified as important to our company and our stakeholders. These results allow us to better define our sustainability strategy and disclosure priorities.



Materiality Matrix



A photograph of two people, a woman on the left and a man on the right, seen from the back and side. They are both wearing bright orange safety vests with reflective silver stripes. The vests have the 'XPO Logistics' logo printed on the back in red and black. The woman has dark hair in a ponytail and is looking towards the right. The man has short brown hair and is also looking towards the right. The background is a blurred industrial or outdoor setting.

People and Culture

We're collaborators, contributors and problem solvers. Our company is innovative because we're motivated to make a difference for our customers, colleagues and communities. We maintain this dynamic culture by fostering a supportive, safe work environment that promotes teamwork and professional growth. We seek out talented individuals who want to join us in making an impact globally and locally.

Workforce

As a global team, we create solutions for the toughest challenges in business. By innovating to create long-term value, we’re driving sustainable change, including building a more resourceful and entrepreneurial workplace, cultivating a diverse workforce that reflects the diversity of the world around us, leaving a smaller ecological footprint and contributing to our communities.

The XPO team ended 2019 with nearly 100,000 outstanding colleagues worldwide. As of December 31, 2019, total headcount in North America was 46,245 employees, not including temporary workers or agency staff. In Europe, total headcount was 50,081, not including agency staff. In both North America and Europe, our supply chain operations employ the most workers. Headcount in Europe decreased 0.37% compared to 2018. In North America, headcount decreased 5%.

Approximately 95% of XPO employees in Europe, and more than 97% of XPO’s North American employees, work under permanent full-time employment contracts.

XPO 2019 Workforce by Region			
	Total	Women	Men
Asia	1,766	579	1,187
Europe	50,081	12,733	37,348
North America	46,245	12,467	33,628
South and Central America, Other	707	315	392



In 2019, more than 75% of US distribution center employees received a wage increase of at least 7.2%.

Our Values, Our Culture

Our values best describe how we think about our business. We’re safe, entrepreneurial, respectful, innovative, and inclusive.



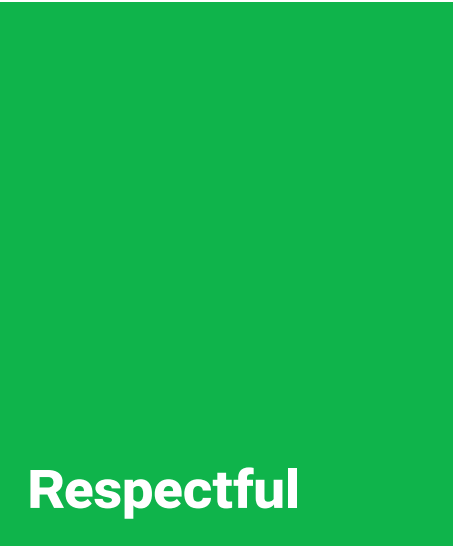
Safe

We put safety first – For each other, our communities and our 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 warehouses and data centers.



Entrepreneurial

We ask, “What if?” We’re boldly optimistic about reinventing industries and shaping the future of how business 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 individual 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 create a diversity of talents and perspectives. We stand for integrity, celebrate individuality and know we can always learn more from each other, our customers and the communities we serve.

Our Values, Our Culture



Don Frederick, an LTL driver was recognized for his act of selflessness and bravery.



After launching our Citizen Award in 2018 to honor employees who best exemplify XPO’s values, Don Frederick, an LTL driver, was recognized for selflessness and bravery. Don was driving on a state highway in Ohio when he saw a coal truck flip onto its side. He removed the damaged truck’s back window, reached into the vehicle and stanchied the driver’s bleeding wounds. As the truck began to emit smoke, Don worked with a bystander to free the driver from the cab and move him to safety.



Employee Engagement

One of the most important ways we demonstrate respect is by listening – to our colleagues, our partners and our customers. Our culture is based on open communication and learning from each other. This approach drives our results and gives us room to try new ideas and solve problems.

Our management style is based on active listening, seeking out input from employees and encouraging them to contribute ideas and voice concerns. We know that the suggestions and concerns of our employees are the surest path to improvement, and we're successful in this collaborative approach because we welcome diverse points of view.

We use many different communication channels, including quarterly employee surveys, roundtable discussions, a robust virtual community and town hall meetings led by executives to ensure that employee voices are heard. Our CEO is active in communications throughout the year: through email groups, within our digital Workplace community, at physical sites around our network and in leadership meetings with our operating executives. In 2019, more than 54,000 XPO employee engagement survey responses were received and reviewed by management, with numerous suggestions adopted as action plans.



In 2019, our contract logistics business conducted a robust survey of hourly frontline employees in North America, and more than 13,000 employees responded. It was our third annual survey, and we've been pleased to find that engagement has steadily improved each year, increasing from a score of 7.3, on a scale from one to ten, in 2017 to 7.6 in 2019. Additionally, participation has increased every year – 88% of our hourly workforce responded to the 2019 survey.

We believe in the importance of soliciting feedback and listening to all employees. Most of our LTL employees are loading and delivering freight, and our Supply Chain team members are processing inventory orders throughout the day. So we prioritize time to connect through engagement surveys, town halls, roundtable discussions and webinars. In 2019, we conducted an engagement survey among our Supply Chain hourly employees through the use of computer kiosks, posters with QR codes to take the survey by phone, and emailed links to the survey.

Following Supply Chain's 2019 employee engagement survey, more than 600 action plans were created at the site level to improve work environments, foster better collaboration and provide opportunities for development. We plan to expand the survey to other regions and business areas in 2020.



Employee Benefits

One of the most important ways we support our employees and their families is through a comprehensive benefits package. Companywide feedback – specifically from our employee engagement surveys – plays a significant role in determining how XPO tailors its benefits programs to best serve employee needs. US employees have access to important benefits, including:

- **Pregnancy Care Policy.** A new Pregnancy Care Policy took effect January 1, 2019 for US employees. The policy goes beyond current US law and guarantees up to 80 hours of paid pre-natal leave and certain automatic accommodations for pregnant employees, plus consideration for more significant accommodations. Since the policy took effect, XPO has granted 1,135 accommodations to 612 pregnant employees, 85% of whom are hourly.
- **Family Bonding Policy.** In the US, XPO introduced paid leave for parents to bond with their newborn and newly adopted children. Primary caregivers receive 100% paid time off for six weeks, and secondary caregivers receive 100% paid time off for two weeks. In 2019, 1,216 employees took advantage of the paid parental leave benefit, including 355 primary caregivers, 245 of whom are mothers and 110 of whom are fathers.
- **Shorter waiting period for short-term disability.** The waiting period before disability payments begin has been shortened to seven days for employees who need time off for pregnancy or childbirth, or to recover from an illness or injury. This took effect January 1, 2019.
- **Annual tuition reimbursement.** Effective January 2019, every US XPO employee – hourly and salaried – is eligible to receive up to \$5,250 annually in tuition reimbursement to pursue continuing education.



In November 2019, Tara Kurada spoke with [Fairygodboss](#), a career site for women, about her experience preparing for maternity leave and accessing the company’s pre-natal paid parental leave benefit. The following is an excerpt:

Learning you’re pregnant for the first time comes with changes and considerations expectant parents never anticipated. But the one thing Tara Kurada didn’t have to give a second thought to was how to navigate coming back to work after maternity leave.

“When I shared my pregnancy news with my boss, human resources and others on my team, they were excited and happy for me. The health of my baby and me came before everything else for them,” says Kurada, a Supply Chain Systems Analyst who has worked at XPO for three years.

Kurada’s boss jumped into action, her coworkers stepped up to cover for her during maternity leave, and Kurada and her husband were free to focus on preparing for the arrival of their daughter—a process that was made easier thanks to XPO’s generous family-friendly benefits, including paid pre-natal leave, paid bonding leave and schedule flexibility.

“When I found out I was pregnant, I reached out to human resources to learn about my available leave and other benefits. Then, I planned my time off work accordingly and conveyed it to my boss. He supported my plans and shared information as necessary to others on my team to organize the work while I was away. Having taken care of all that, my husband and I only had the preparation of our home left for the arrival of our daughter.”

Employee Benefits



Approximately 1,000 employees signed up for a range of new benefits we rolled out in 2019 for women and families that are among the most progressive in business. Our Pregnancy Care Policy provides employees flexible work arrangements and 80 hours of pre-natal paid time off. Our Family Bonding Policy, similarly, provides extended paid leave for parents to devote uninterrupted time to their newborn and newly adopted children. We also partnered with Maven Clinic, a virtual clinic that provides 24/7 support for new and prospective parents.

Labor Philosophy

As a global leader in transportation and logistics, we operate in an industry where speed, flexibility and collaboration are the differences between success and failure. We must, additionally, deliver outstanding customer service. This requires a commitment from every employee to work as a team.

In Europe, XPO maintains productive working relationships with its union partners. Approximately 66% of our European employees are covered by a collective bargaining (or similar) agreement. This rate varies nationally, primarily due to differences in labor relations practices between countries. In 2019, our European representatives engaged in 415 contract negotiations, resulting in 377 signed agreements regarding mandatory annual negotiations, profit sharing or pre-electoral agreements.

In the US, we respect the right of every employee to choose or decline union membership. Our employees have largely declined union representation, believing that we can best achieve our shared goals by maintaining collaborative relationships.

In 2019, XPO received two petitions for union representation elections in our LTL business. One election resulted in employees voting to decline union representation and the other resulted in employees voting to accept union representation. Separately, nearly two hundred employees in two other XPO locations voted to decertify their union representation, effectively reducing the total number of US union-represented employees to fewer than 200.

XPO is currently negotiating in good faith with union representatives for first contracts at five locations.



Community Engagement



We take pride in contributing to our communities. In 2019, there were hundreds of examples of XPO and our employees giving back to the communities where we live and operate. For example:

- Inspired by our employees, XPO partnered with the [Susan G. Komen Foundation](#), a leading non-profit breast cancer organization, in the fight against breast cancer. With this partnership, we added Komen's iconic pink ribbon to company trucks to carry awareness throughout the country and remind our employees to do routine testing.
 - In recognition of Black History Month, XPO co-sponsored two signature events for the National Civil Rights Museum in Memphis, Tennessee – Night at the Lorraine and the Ruby Bridges Reading Festival – and invited employees and their families to join the celebrations.
 - *United in Giving and Feeding America* are annual food drives spearheaded by our UK and US teams. Over the 2019 holidays, more than 8,700 employees in the UK collected food and raised funds for families in need, stocking 35 food banks with more than seven tons of food and setting a new record for that campaign.
- In addition, three corporate offices in the US donated a total of 8,408 pounds of food, enough for more than 7,000 meals.
- XPO partnered with [Operation Backpack](#), a community service of non-profit Volunteers of America of Greater New York, to deliver new backpacks and school supplies to 19,000 children living in shelters.
 - In France, XPO employees collected more than 600 toys and books during an annual drive in partnership with our company's LTL transport agencies. XPO donated the items, as well as trucking and pallet distribution services, to the Emmaüs Association.

Community Engagement

- We expanded our 14-year partnership with [Elves & More of Northeast Ohio](#), a non-profit that gives children in need new bicycles. Elves & More was co-founded by Tim House, who asked his childhood best friend and XPO driver, Joe Caliri, to help him manage the non-profit's logistics. XPO has been the transportation partner of Elves & More since its inception.
- XPO partnered with [Girls With Impact](#), an entrepreneurship program for teenage girls, to support high schoolers in developing skills that put them on the road to becoming business leaders.
- Our Supply Chain team raised nearly \$100,000 and granted 15 "wishes" to families in central and western North Carolina, marking the fourth year we've sponsored Make-A-Wish® Foundation.
- The sixth annual *Fill the Truck for the Veterans, Kittens & Pups*, our annual drive in Rockford, Illinois for animal welfare, collected a record 40,000 pounds of pet food and accessories, in part through a \$30,000 donation in goods from The Pound Bakery, a pet treats manufacturer. *Fill the Truck* was founded six years ago by XPO truck driver and US Army veteran Donald Rolon. All donations go to local animal shelters and Circle of Change, a non-profit that trains companion dogs for military veterans with brain disorders.
- For the second year running, **XPO Cares**, a special fund maintained by employee donations and company contributions, provided financial assistance to employees affected by natural disasters. **XPO Cares** helps ensure that our employees and their families have the financial assistance they need in the immediate aftermath of a natural disaster.



Memphis employee Rosiland Gilmore and her granddaughter, Lillian McLaren, visit the National Civil Rights Museum during the Ruby Bridges Reading Festival.

Community Engagement

“Susan G. Komen is committed to achieving our vision of a world without breast cancer. As we work to make that vision a reality, we are committed to saving lives and supporting those facing the disease today, but we cannot accomplish this work alone. We must leverage the resources of corporate partners committed to the cause to mobilize action, engage their network and employee base and fuel support,” said Christina Alford, Senior Vice President, Development at Susan G. Komen. “XPO Logistics is a great example of a partner championing the cause by leveraging their transportation capabilities to support the Komen 3-Day and recruiting employee fundraising teams across the country. We are deeply appreciative of XPO and all of its employees for their commitment to the breast cancer community.”



Recruitment and Development

In 2019, XPO received nearly 800,000 online job applications through our career site. We work hard to identify what attracts candidates to our company, and we drill down by market and job function to develop targeted recruitment strategies. We also focus on making sure our compensation remains competitive, with a schedule of merit increases based on employee tenure.

We proactively recruit through advertisements tailored for individual roles and use a range of sources and targeted programs to ensure we're reaching out to a diverse group of potential candidates, including women, LGBTQ+ individuals, African-Americans, Hispanic Americans, veterans and people with disabilities. In 2019, we bolstered our outreach to military veterans by:

- Establishing a Veteran Recruitment Steering Committee and launching an internal online networking group;
- Expanding in-person hiring events, including at military bases and veterans groups, and online recruiting efforts at sites such as Military.com and LinkedIn; and
- Establishing partnerships with more local and national veterans groups, such as Veterans Bridge Home, the Honor Foundation, Warriors to Work and Paralyzed Veterans of America.

Supervisors play a key role within our operations. When we promote or hire a supervisor, we try to choose an individual who not only exhibits the talent needed to engage a workforce, but also reflects the local community and diversity of the workforce. We screen candidates for strong managerial and communication skills and train them to succeed in their new roles.

We also use inclusive recruiting practices for corporate management. For all openings at the vice president level and above, a diverse slate of candidates must be presented for consideration. At a minimum, this must include three candidates, at least one of whom qualifies as representing diversity of gender or an underrepresented group. The definition of diversity depends on the demographics of the hiring jurisdiction, but typically includes gender and underrepresented groups.



In recognition of those who've served their countries, including more than 2,000 XPO employees, the company marked Remembrance Day and Veterans Day by financially contributing to [Help for Heroes \(UK\)](#) and [Wreaths Across America](#).



Learning and Development

Our culture is built on embracing positive change. Our training and development programs are designed to give employees the opportunity to continue to grow professionally, advance their careers and create strong collaborative teams. Our Learning and Development team creates and runs online and in-person programs that include onboarding, frontline and leadership management training, job skills development, mentoring and sales curriculums. Our learning and development efforts culminated in nearly 1.8 million training hours for employees in North America and more than one million hours in Europe. For example:

- **XPO University** is our e-learning portal where employees take courses to advance their

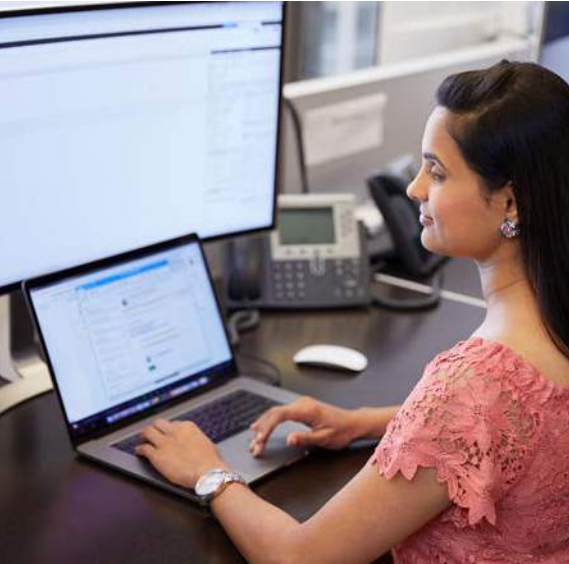
skills. In 2019, the Learning and Development team ramped up the number of training modules it produced. We created nearly 340 course offerings, including 14 frontline leadership courses, certifications for sales, dock and freight leadership positions and mandatory training on our Code of Business Ethics and anti-workplace harassment and discrimination policies. These programs are available to employees on XPO University’s interactive learning platform. Many courses are self-paced, while others are led by instructors. After launching in the US and UK in 2018, we rolled out XPO University in France and India, reaching most of our

workforce. The team is now focusing on expanding the online learning platform to Latin America and Asia Pacific, and plans are underway for XPO University to be introduced in Ireland and Luxembourg.

- **Development programs.** Our Learning and Development team launched a host of other initiatives across the business, including Perform, our performance management system; Develop, our human resources development program; JumpStart, our onboarding process for new hires that includes a dedicated site and courses; and the Excel Leadership series, an umbrella leadership program that includes 108 course packages.



XPO’s Operating System (XOS) is a methodology designed to encourage a continuous improvement culture. It seeks to promote excellence by leveraging tools to identify and eliminate waste. We’re on track to continue the development of our sustainability curriculum and integrate best practices into XOS.



Learning and Development

- **The XPO Graduate Program** in Europe recruits talented individuals for tailored training opportunities, with the goal of moving them quickly into management roles at XPO. In 2019, we're proud to have hired 50 young people from our Graduate Program, bringing the total number of graduates hired through this program to more than 300 across Europe since 2005. We also have a robust XPO Management Program that has trained 4,500 European leaders in professional management skills.
- **Annual tuition reimbursement** is available to every US XPO employee—hourly and salaried—who wants to pursue continuing education. This career development program, which includes a \$5,250 benefit, was implemented following employee suggestions. To provide further support, we're partnering with the University of Maryland, University of Notre Dame, Villanova University, Learning Tree International and other academic entities to arrange discounted tuition for in-person and online classes.
- **Truck driver training** in the US is one of our key educational initiatives. We offer free tuition at XPO driver schools, income while training and an opportunity for graduates to gain full-time employment with XPO after earning a Class A Commercial Driver's License (CDL-A). We've seen more than 320 CDL-A graduates, all of whom now drive for XPO. We also offer incentives to attract quality, career-minded drivers to our company, including \$5,000 in tuition reimbursement at any approved non-XPO driver training schools whose students come to work for us.



Learning and Development

Tuition Reimbursement Benefit Participants



Kristie Luff, communications analyst in XPO’s Greenwich headquarters, is pursuing her master’s degree in Communication through Syracuse University. “The tuition reimbursement program is a great example of XPO’s commitment to employees. I’m so grateful for XPO’s support as I work toward achieving this educational milestone.”



Pamela Grey, lead specialist in human resources in Irving, Texas, is pursuing certification in Applied Project Management through Villanova University. “I thought about taking steps to become a project manager, but when the tuition reimbursement program was announced, I stopped thinking and started acting.”



Jyoti Karamarkar, a material handler in Connecticut, is attending Gateway Community College and taking courses in quality control. “I was so happy to receive the tuition reimbursement benefit. Without it, pursuing a degree would have been much more difficult. I’m grateful that my managers are supportive of my schooling and allow me to adjust my work hours to attend classes.”



Amanda Castillo, human resources generalist in Bridgeview, Illinois, is pursuing her associate’s degree in Human Resources Management through Moraine Valley Community College in nearby Palos Hills. “The tuition reimbursement benefit has provided me the opportunity to develop and focus on the skills I need to grow within XPO Logistics.”



Safe, Respectful, Innovative, Entrepreneurial, Inclusive. Our values underpin our strong culture, and training gives meaning to these values and reinforces them. No one understands this better than Jeannine Barnett, Senior Manager, Learning and Development, who created a company-wide anti-workplace harassment and discrimination training course, Respect in the Workplace. Because of our pride in our XPO culture, Barnett wanted to ensure that the end result reflected our company and the values we represent.

“We knew we had to have something that really showed who we are,” Jeannine says. “We wanted to make it ours.” She and her team couldn’t just use an off-the-shelf training unit. Instead, they created several courses, ranging from 30 minutes to two hours, writing new scripts and using XPO people, properties and trucks throughout the interactive courses. For example, to create three, two-minute videos that appear in the training, she and a colleague spent days in an XPO facility in Los Angeles, California, managing shoots and rewriting lines as needed. From start to finish, the development of the training, which has state-specific modules, took nearly a year and a half. Throughout it all, Jeannine wanted to be sure that she and her team created something that helped our employees succeed, grow in their careers and contribute to helping XPO achieve its goals. There were many, many revisions. “I’ve seen the class so much, I could recite it word for word,” says Jeannine with a laugh.

Learning and Development

For 28-year-old Eleanor Lynch, joining XPO led to an experience of a lifetime. For six months in 2019, as part of our flagship training program for young managers, Eleanor worked in Uganda with Transaid, a UK non-profit dedicated to improving road safety in Africa. Eleanor helped run a pilot of a standardized training program for bus and truck drivers that Transaid aims to roll out in six Sub-Saharan African countries, where road deaths are the third-most frequent cause of death. “XPO focuses on safety, and knowing that you’ve spent six months working on a project that’s actually going to save lives definitely makes you realize how much you can make a difference,” Eleanor says. She applied to Transaid as part of XPO’s Graduate Program in Europe.

XPO is a founding partner of Transaid, which HRH Princess Anne helped start to tackle transportation safety in Africa. Every year for the past eight years, a participant from our XPO Graduate Program has worked with Transaid on projects that include consulting with government agencies on major transportation projects, crafting licensing standards for driving and maintaining trucks and developing other projects, such as a bicycle ambulance program to deliver drugs for the Gates Foundation in Zambia to fight malaria. “Our graduates gain great life lessons and are ambassadors for our values, taking on highly strategic work that matters,” says Christopher Dolby, head of talent development for XPO in Europe. During Eleanor’s time in Uganda, she made friends for life, saw mountain gorillas and the Royal Ascot Goat Races and learned to battle her way through the legendary Kampala traffic. “The traffic is insane,” Eleanor says. “You have no idea how long it’ll take you to get anywhere. You have to get in the car and hope.” The experience gave her a true appreciation for the global scale of distribution networks that connect countries—and her ability to have an impact.



During her time in Uganda, Eleanor worked to recruit private sector transport companies to take part in Transaid’s driver training program and analyzed driving trends.

Diversity and Inclusion

XPO takes pride in creating an inclusive and respectful workplace for each one of our 100,000 employees. We're committed to fostering equality and inspiring authenticity that help our people thrive in their jobs and their lives. We stand for integrity, celebrate individuality and know we can always learn more from each other, our customers and the communities we serve.

Creating a culture of equality is central to who we are. Our company is built on collaboration; we respect and value the diverse backgrounds that each employee contributes to XPO. Companies that prioritize diversity and inclusion are true changemakers in society and business—they're more dynamic, innovative and successful. Our commitment to diversity and inclusion spans inclusive workplace policies, professional development and equal benefits, including insurance coverage for gender affirmation treatments.

Positive trends in our employee base include the following:

- Of all global hires in 2019, 31% were female.
- In North America, 27% of management promotions (director and above) in 2019 were female.
- Our continued focus on shrinking the pay gap through talent development and succession planning includes our You Grow, We Grow internal promotion program in Europe, which is a core tenet of our professional development strategy.

Throughout 2019, we celebrated the diversity of our workplace with a variety of events, videos and social media spotlights. For instance, we featured members of our Latino community in videos and Q&As on social media during National Hispanic Heritage Month, and we made contributions to civil rights museums during National Black History Month. In 2019, we

also launched a Diversity, Inclusion and Belonging Steering Committee to help shape the company's broader strategies around diversity and inclusion. To help propel change more widely in our industry, we're involved in sponsoring and participating in conferences and events at key organizations. For instance, we're a member of AWESOME (Achieving Women's Excellence in Supply Chain Operations, Management and Education), the industry's most prominent organization focused on advancing women's leadership in the supply chain.



In September and October, we celebrated thousands of employees who are of Latin American descent by honoring their cultural heritage, family traditions, music and food.



XPO creates career pathways in the workforce for differently-abled employees through a variety of programs globally, including our partnership with the Down's Syndrome Association's WorkFit group in the UK. As a result of our support of WorkFit, we were recognized by the British Association for Supported Employment (BASE) in 2019 for the 'Best Employer Practice' award. Aaron Walker, who joined XPO through WorkFit, accepted the award for XPO. "I love my job; I would like to become a Health and Safety trainer at XPO Logistics. All the staff have been very nice and I have learnt how to say good morning in lots of different languages. I like to work hard and keep focused."

Diversity and Inclusion

In 2019, we expanded our Inclusion Series, which we launched in 2018 with the Women's Inclusion Series (WISE), by introducing eight new programs highlighting veterans, people of color, working parents, LGBTQ+ individuals, multi-generation workforce, young professionals, people with disabilities and tenured professionals. Our interactive quarterly forums give participants an opportunity to discuss important career topics, learn from each other and share with their colleagues.

The forums are typically hour-long roundtables that are broadcast in real time on Workplace, our internal social media network. Marianne Malizia, Senior Director, Corporate Learning and Development, facilitates these roundtables. Employees watching online can email questions for the participating group to address.



Diversity and Inclusion



In June 2019, we showed our support for the LGBTQ+ community by serving as a Silver Sponsor of the 50th Anniversary of Stonewall / World Pride celebration in New York City, New York. More than 100 employees, including our CEO Brad Jacobs and other executives, traveled to New York to ride on the XPO float, driven by one of our own LTL drivers, in the NYC Pride Parade.

Diversity and Inclusion

Josephine Berisha, XPO’s Senior Vice President, compensation and benefits, was named a Top Woman to Watch in Transportation by the Women In Trucking Association in March 2019 in recognition of her work to attract more women to the industry and help them advance. The award recognizes women whose accomplishments qualify them as key influencers of diversity and gender equality in the transportation industry.



Stacy Hopper leads an automotive distribution center in Fairburn, Georgia, and she has a passion for helping women develop their careers. “There was someone who believed in me 20 years ago – who pushed me – and that built a belief in me that anyone can succeed if given the right chance,” Stacy says. “There are more women in the workplace than ever before, so we have to give everyone an equal opportunity to pursue a better career, regardless of gender.”

In the contract logistics industry, women must often seek out roles that have been traditionally dominated by men. One such position is driving powered industrial trucks – or PITs for short. At sites like the one Stacy leads, it’s not unusual for all PIT drivers to be men, but she has made training female PIT drivers a priority. Out of 55 PIT drivers at her location, 18 are women. “To be able to help a woman become a forklift operator or PIT driver not only gives her a better paycheck – it also empowers her and gives her a sense of pride in her career,” says Stacy.

Supplier Diversity

Our company believes that, in order to meet diverse needs, we must ensure the demographics of our suppliers reflect those of our customers. In fact, many of our supply chain customer contracts include specifications about the diversity of suppliers, particularly those who provide contract or temporary talent. 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 addition, we support supplier initiatives that are important to their organizations and reflect our values. We also ensure subcontracting opportunities are inclusive and reflect our commitment to diversity.

We categorize our sourcing as either direct or indirect:

- **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 our procurement levels fluctuate, often according to customer needs, our largest supplier expenditures typically occur with items that are the lifeblood of our business – tractors and trailers in transportation, for instance, and warehouse shelving and equipment for logistics contracts.

We're seeing increasing opportunities to work with larger customers to thoroughly understand their diversity objectives, and we also have a diversity subcontracting plan specific to client requirements that has helped create growth in diversity spend and opportunities for suppliers to also increase their revenue.





Moving the World Forward

At XPO, we're a disruptor with a purpose. We're pioneering new ways of helping our customers move goods efficiently around the globe— to meet their customers' biggest demands. We believe that great technology in the hands of highly engaged employees is the ultimate way to differentiate our services and deliver tangible value to our customers and investors.

Transportation: Scale and Sustainability

Innovation is driving more than our own success and that of our customers. It's key to our ability to create positive change and contribute to solving pressing global challenges. For example, we're contributing to industry initiatives that seek to limit the environmental impact of transportation and logistics services. Our efforts are focused on two areas: working to reduce the environmental footprint of our operations and collaborating with our customers on action plans to improve the sustainability of their supply chains.

Many customers, particularly national or multinational companies, prefer to use large, multimodal service providers to manage more than one aspect of their supply chain. At XPO, we're in a strong position to serve shippers with a broad range of transportation modes: LTL, full truckload, last mile, expedite, intermodal, drayage and global forwarding, as well as managed transportation services. This variety of transportation modes allows customers of all sizes the ability to leverage our scale as a way to gain efficiencies and control costs.

The extensive transportation capacity we provide has far-reaching benefits for our customers, the environment and the industry. Transportation is a highly fragmented industry, which makes it difficult for shippers to understand at any one point the most efficient options available to them for moving their goods. This can lead to inefficiencies, such as unnecessarily long routes, empty miles or reducing the sustainability of a shipper's supply chain. We use a blended model of contracted, owned and brokered truck capacity, which gives us the flexibility to select the optimal transportation solutions for each customer, taking all impacts into account. By leveraging our scale and technological assets, we're reducing the carbon footprint of our supply chain.



Company-wide, we employ more than 23,500 professional drivers who transport goods using our fleet of owned and leased trucks and trailers. Our drivers work primarily in our LTL unit in North America and in our full truckload operations in Europe.

Our transportation offerings for truck brokerage, drayage, expedite and last mile, as well as some European LTL, are provided by independent contractors who use their own drivers and equipment. As of December 31, 2019, in the US, we had approximately 11,000 independent carriers and owner-operators under contract to provide services to our customers, and more

than 38,000 independent brokered carriers representing over one million trucks on the road.

We expect all independent contractors that contract with XPO and all our business partners to show a high regard for the environment, as this is important to us and our customers. For instance, in Europe, we build multimodal solutions in partnership with other transportation service providers, such as rail and shipping companies. Our use of the Seine River in Paris is a good example. This innovative route, which serves central Paris, reduces road congestion and urban noise by taking 7,000 trucks off the road each year.

Fleet Efficiencies and Upgrades

As a top three provider of LTL freight service in North America and the owner of one of the largest road fleets in Europe, we have the responsibility to take an industry-leading role in sustainability. We're making substantial investments and process improvements to continuously advance the fuel and energy efficiency of our fleet and facilities. Our goals are to keep reducing our carbon footprint and improve efficiency in our use of resources.

Our fleet initiatives include modernizing our equipment, transitioning to alternative fuels when practical and using new technologies to become even more efficient at routing drivers, loading trucks and handling freight on our cross-docks. Within our LTL facilities, we also have energy-saving policies in place and a phased upgrade to LED lighting. Other conservation initiatives include the recycling of used motor oil to use as heating fuel.

- **In North America**, we expanded our \$90 million purchase in 2018 of 500 new Freightliner Cascadia tractors, 270 Navistar International LTL tractors and 19 Freightliner M2 straight trucks – all of which meet Global Greenhouse Gas regulations – by further investing in upgrades to our fleet. We installed low-rolling resistance tires on the entire fleet to increase fuel efficiency, switched to LED lighting on tractors to increase efficiency and added aerodynamic skirts to trailers to reduce drag. During the past five years, we've also focused on training drivers to use cruise control to increase fuel efficiency and restrict idling to reduce emissions and save fuel.



Fleet Efficiencies and Upgrades

- **In Europe**, we maintain one of the industry's most modern fleets. Approximately 98% of our fleet is compliant with Euro V, EEV and Euro VI standards, and our trucks average about three years of age.

In 2019, we continued to invest in alternative fuel vehicles as part of our ongoing efforts to be at the forefront of innovative solutions and new technologies to reduce the carbon footprint of our fleet. This is part of our long-standing commitment, notably under the French Objective CO₂ Charter, to cut total vehicle greenhouse gas (GHG) emissions and reduce other air pollutants. We expanded our fleet to over 200 natural gas vehicles operating in Europe. Liquefied natural gas (LNG) vehicles reduce fine-particle emissions and generate up to 70% less NO₂ emissions than the limit permitted by the Euro VI Standard.

In 2019, we also expanded our use of more efficient mega-trucks, rolling them out in Portugal and Morocco. Mega-trucks are 25 meters long and carry a maximum load of 60 tons, compared with the standard 40 tons. Due to their larger capacity, mega-trucks can reduce road miles and cut CO₂ emissions by as much as 20% for the same freight volume.



Fleet Efficiencies and Upgrades

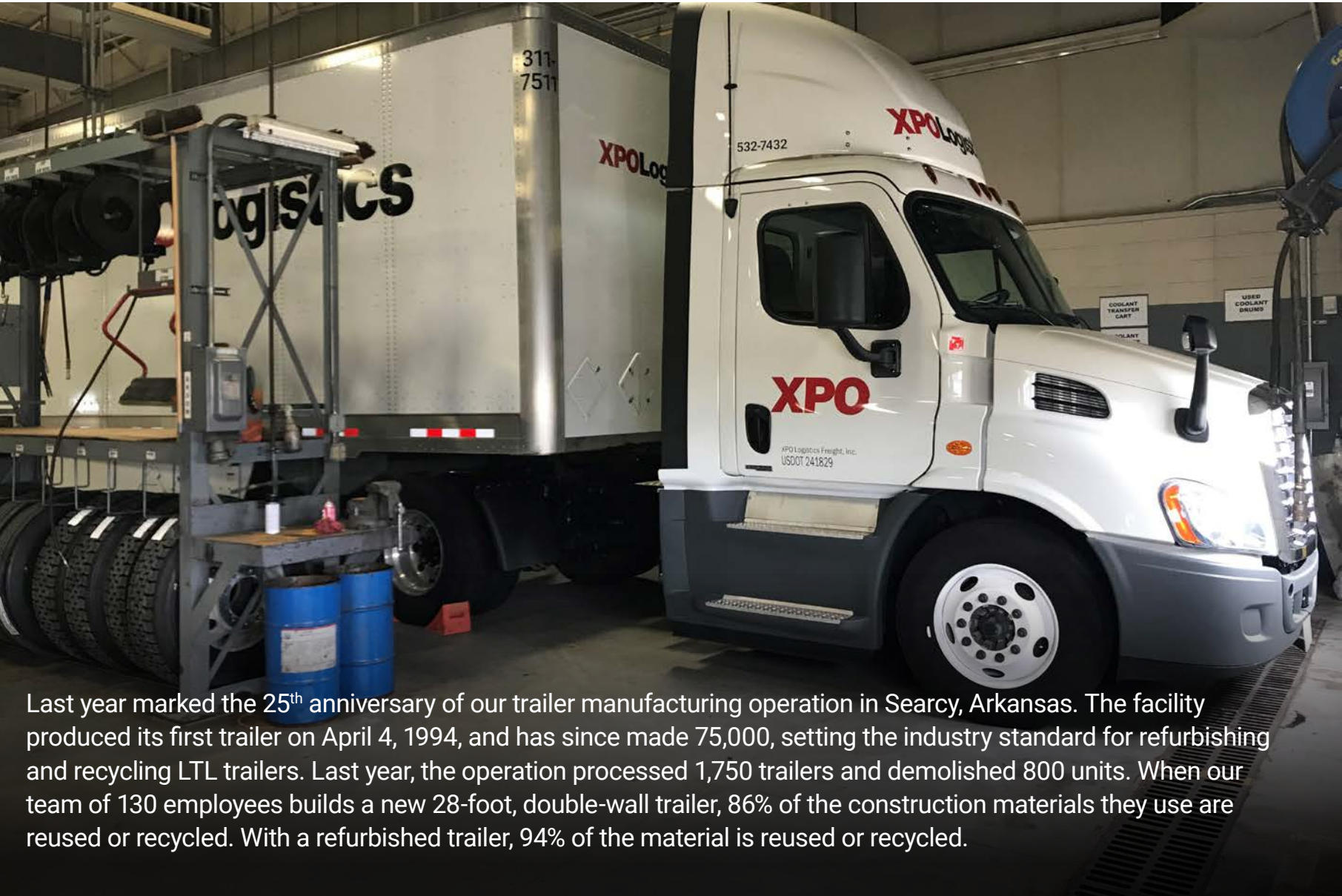
There's little that's simple about transitioning to low-carbon transportation. But for Thierry Griset, the architect behind the expansion of our alternative fuel vehicle fleet in Europe, if it was easy, it wouldn't be interesting. In 2019, we bought 100 Stralis Natural Power Euro VI tractors from Iveco, doubling the size of our natural gas truck fleet and further cementing our role as an industry leader in using natural gas powered vehicles. Thierry, Head of Fleet in Europe, shepherded the project from the initial strategy meetings and discussions with vehicle manufacturers in 2013, through our piloting phases and buying natural gas trucks in 2014 to significantly expanding our fleet last year.

But while the spotlight is centered on the trucks themselves, the most complicated part of transitioning more of our fleet to natural gas was finding the natural gas distribution partner who'd provide fueling capabilities within three kilometers of our LTL facilities and every 150 kilometers along the highway. "Change is very easy in PowerPoint, but it's something else entirely when you're looking at our network sites," says Thierry. Unlike the convenience of having ubiquitous gas and diesel stations around the world, creating sprawling networks of fueling stations for alternative energy vehicles is a work in progress. It's this challenge that's so intriguing, says Thierry, who joined XPO in 1982. He worked in our dry bulk transport division for nearly 30 years before taking over as head of fleet management for Europe in 2011.

"As we continue to expand our industry leadership in greener transportation, natural gas, electric vehicles and hydrogen will all play different roles in the evolution of our fleet," says Jérôme Thomas, Head of Procurement, Europe, who helped drive the natural gas project. "Operating in a global environment, we have a duty to inspire the market and conduct business with a long-term view to maintaining our competitive, sustainable edge," he says.



Fleet Efficiencies and Upgrades



Last year marked the 25th anniversary of our trailer manufacturing operation in Searcy, Arkansas. The facility produced its first trailer on April 4, 1994, and has since made 75,000, setting the industry standard for refurbishing and recycling LTL trailers. Last year, the operation processed 1,750 trailers and demolished 800 units. When our team of 130 employees builds a new 28-foot, double-wall trailer, 86% of the construction materials they use are reused or recycled. With a refurbished trailer, 94% of the material is reused or recycled.

In 2019, XPO was named a Green 75 Supply Chain Partner by Inbound Logistics for the fourth consecutive year based on four benchmarks: measurable green results, innovation in sustainability, continuous improvement and industry recognition. We were recognized for both our transportation and our logistics operations.



Sustainability through Technology and Optimization

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

For many customers, the transportation components of their supply chain account for a significant portion of their CO₂ footprint. We collaborate with contractual customers to develop action plans that reduce their emissions through tactics such as route optimization and load consolidation, and we benchmark progress against goals.

Over the past two years, we've focused significant effort and resources on applying machine learning and artificial intelligence to enhance pickup and delivery management and increase truck and trailer utilization. In 2019, we put in place 10 major growth initiatives, six of which are driven by technology. For instance, we developed sophisticated LTL modeling technologies, including dynamic route optimization that we use to design the most efficient routes for the 2.6 million miles we drive every day for our customers. These intuitive tools help our dispatchers improve route density and reduce the number of miles we drive between each stop so that our trucks can more efficiently pick up and deliver freight.

We also used proprietary modeling technology to help us improve our load factor – or the amount of weight carried by a trailer when it moves freight – by 1.9% in 2019. Load factor improvement doesn't just help improve fuel use and minimize CO₂ emissions; it can also translate to lower use of other resources, including packaging.



In 2019, XPO became the first global logistics company to partner with the Massachusetts Institute of Technology's Industrial Liaison Program, which pairs world-class research with industry-leading corporations to tackle the toughest business challenges. Sharing insights with MIT's world-class research center is another way we're driving productivity and innovation for our customers. Through close relationships with MIT's faculty members and startups, we're diving deep into the latest developments in business technology, including robotics, machine learning, renewable energy and systems engineering.

Sustainability through Technology and Optimization

One of our most exciting initiatives is XPO Connect, a digital freight marketplace that matches supply and demand automatically. After launching [XPO Connect](#) in the US in 2018, we rolled it out in Europe in 2019. Connect gives our customers the sophisticated analytics and tools they need to contract and manage freight, including a real-time visibility of freight movements, available carrier capacity and market conditions, such as weather and traffic, that could impact shipments.

Optimal shipper-carrier matches help reduce empty miles (backhauls after freight is unloaded), which in turn reduces emissions and wasted fuel. Our mission is to capture that capacity for our customers with the utmost efficiency.

Carriers use XPO Connect through the Drive XPO app – a suite of procurement and productivity tools that gives drivers the information they need to source loads on XPO Connect based on time, place, freight and equipment type. Proprietary algorithms provide trend analysis of spot rates, driving conditions and other factors that impact bids. The app helps drivers be more efficient with refueling, layovers, traffic avoidance and other daily decisions that are good for customer service, as well as helping to improve fuel economy and reduce emissions. We’ve experienced exponential growth in XPO Connect. In 2019,

100,000 drivers downloaded the Drive XPO app and carrier registrations surpassed 40,000.

In parts of Europe, we use a calculator that we co-developed through our partnerships with the French Ministry of the Environment and the French Environment and Energy Agency (ADEME) to track CO₂ and CO₂e. This tool was the first Bureau Veritas-certified CO₂ calculator in the industry.

When we transport customers’ freight using our own trucks, our CO₂ calculator determines the emissions based on distance, type of miles and freight characteristics. We report these calculations at the request of our customers and use the data for our internal environmental initiatives. In this way, our goals are aligned with our customers’ goals. When appropriate for customer-specific requirements, we seek to reduce CO₂ emissions by recommending multimodal solutions or we may explore the use of alternative fuels. For instance, we work with major companies to analyze their businesses and design transportation solutions that ship their time-sensitive freight by plane or truck and the rest via rail. Shipping through intermodal (rail) reduces GHG emissions by 75%, compared to highway transportation. XPO moved 240,000 rail shipments in 2019 in the US, which reduced GHG emissions by over 600 million metric tons.





We track our fuel economy in the US in keeping with our commitment to environmental responsibility as a partner in SmartWay®, a program of the US Environmental Protection Agency (EPA). XPO is a longstanding participant in SmartWay® and an Excellence Award winner. We're proud that, in 2018, our LTL and Intermodal business units ranked in the top 20% among our peers in emitting the fewest grams of CO₂ / ton-mile, and that in 2019, our drayage group was recognized as a high-performing SmartWay Dray Carrier. Fewer than 10% of all SmartWay carriers operate fleets efficiently enough to make the SmartWay High Performer list for low carbon emissions.

Our SmartWay® transportation partnership:

- Provides a comprehensive system for tracking, documenting and sharing information about fuel use and freight emissions across supply chain activities;
- Helps XPO identify efficient freight carriers, transport modes, equipment and operational strategies to improve supply chain sustainability and lower costs;
- Supports global energy security and offsets environmental risk for companies and countries;
- Reduces shipping-related climate change and air pollutant emissions by accelerating the use of advanced fuel-saving technologies; and
- Is supported by major transportation industry associations, environmental groups, state and local governments, international agencies and the corporate community.

At XPO, we support:

- Assessing mobile source-related air quality problems and developing sophisticated modeling tools;
- Establishing national standards to reduce emissions from on-road and non-road mobile sources of pollution;
- Implementing national mobile source standards through certification processes and in-use monitoring strategies;
- Developing fuel efficiency programs and technologies that reduce GHG emissions from the transportation sector; and
- Applying resources for researching, evaluating and developing advanced technologies and strategies for controlling emissions

Supply Chain Logistics: Efficiency and Innovation

At XPO, we provide our logistics customers with solutions that help them realize the greatest possible value from their supply chain investments in the most efficient possible manner. Businesses choose XPO for logistics services because we're a technologically advanced partner that helps them deliver for their customers. We work closely with companies to look at their entire supply chain and identify opportunities. Whether we're providing a solution that transforms the entire flow of goods, rethinking how inventory is managed or combining several of our services into a custom solution, we're able to conform to the way a customer operates.

As with transportation customers, logistics customers are placing increasing importance on the sustainability of their supply chain operations. This is an area where we've already set an example in our industry, and now we're building on that position. Through a combination of internal initiatives and our collaborations with forward-thinking customers and suppliers, we're identifying the sustainability practices that will move the industry forward and help our customers reach their goals.



Supply Chain Logistics: Efficiency and Innovation

CarbonNet

CarbonNET (CNET) is XPO’s proprietary, cloud-based GHG calculator technology. Our sites use the technology to document emission sources, activity data and calculations for CO₂, CO₂ equivalents, methane and N₂O. This information has proven to be valuable for our operations, customers and voluntary disclosures. We continue to integrate data sources into our CNET platform to expand our understanding of GHG emissions in our operations and pinpoint the areas of opportunity.



The EcoVadis Corporate Social Responsibility (CSR) assessment is an evaluation of how well a company has integrated the principles of CSR across its global procurement and supply chain systems. Our current and prospective customers use data from EcoVadis to evaluate and compare our CSR performance against our peers. We have two scores, one for Europe and one for the US. In 2019, we’re proud to have demonstrated increased evidence of CSR performance in our US operations, which improved our evaluation 23% from 2018 and earned us a Silver CSR designation. We plan to increase our attention on sustainable procurement in 2020.

EPA’s Energy Star

In 2019, to better understand and manage our energy usage across the XPO portfolio of distribution facilities, we partnered with the EPA’s ENERGY STAR® Commercial Building program and benchmarked our facilities using the ENERGY STAR Portfolio Manager. This valuable tool allows us to effectively measure and track our energy consumption over time, understand the level of efficiency of each building, and prioritize our resources and efforts accordingly.

MOVING THE WORLD FORWARD

Continuous Innovation

Our focus on being a technology pacesetter is an essential element of our DNA and sets XPO apart from our industry peers.. We're innovative and fast-moving, qualities that we've shown to be instrumental in managing complex contract logistics implementations. We're also extremely adept at e-fulfilment and reverse logistics – two of the fastest-growing areas of contract logistics in today's on-demand economy. Reverse logistics, in particular, can be a complex undertaking, requiring inspections, testing, refurbishment, repackaging, return-to-retail or disposal, refunding and warranty management.

Our rapid-fire development of logistics innovations speeds the movement of goods, while enhancing workplace quality for our employees and reducing waste within our facilities. The same is true of the process improvements we implement. Determined to leave traditional thinking behind, we've been pioneers in tapping emerging technologies, such as drones that monitor inventory levels, cobots, goods-to-person systems and other technologies that make our warehouses safer and more efficient.

For example, as part of our global robotics expansion, we rolled out cobots in our UK operations in December 2019 to help manage the holiday shopping rush. These mobile robots, designed by 6 River Systems, Inc. and called chucks, team up with distribution center staff to help fulfill orders. Our employees and the cobots navigate the distribution center together, with the cobots guiding the way to shelves where ordered items are stored and transporting completed orders to packing stations. Using machine learning to organize, track and manage orders, the cobots can double productivity rates and improve accuracy by as much as 40%. Safety is enhanced by reducing repetitive employee movements and time spent walking.



MOVING THE WORLD FORWARD

Continuous Innovation

Beyond robotics, we're deeply invested in harnessing big data and advanced analytics to power our operations. We've developed predictive analytics that analyze trends and can forecast the future rate of product returns, information that helps our e-commerce and retail customers prepare for seasonal surges and reverse flows. These analytics also assist in reducing idle inventory – which costs our customers money – by providing accurate, just-in-time stock level management.

XPO Direct, our network of 90 shared-space distribution centers, last mile hubs and cross-docks in North America, is another key logistics advancement. With sites strategically located to enable one- or two-day delivery to the majority of the US population, XPO Direct delivers on sustainability through more efficient utilization of facilities, people and technology; a reduction in multiple movements of goods; and shorter truck routes, on average.



Robots are, by their very nature, designed to improve the productivity of operations, reduce waste and conserve energy. And some manufacturers design their technology to have a lower environmental impact. This was one of the reasons we chose 6 River Systems, a division of Shopify, as one of our key innovation partners. Over 90% of the components that 6 River's cobots are made from can be recycled. The company uses as much diecast aluminum as possible in the structural elements and marks each component with the material type and recycling category to encourage reuse. Even the rechargeable lithium ion batteries that power the cobots can be recycled.

Partnering for a Sustainable Future

Our logistics customers include some of the most recognizable names in a vast range of industries: retail; food and beverage; technology; aerospace; wireless; industrial and manufacturing; chemical; agribusiness; life sciences; and healthcare. We view each customer relationship as a long-term strategic partnership.

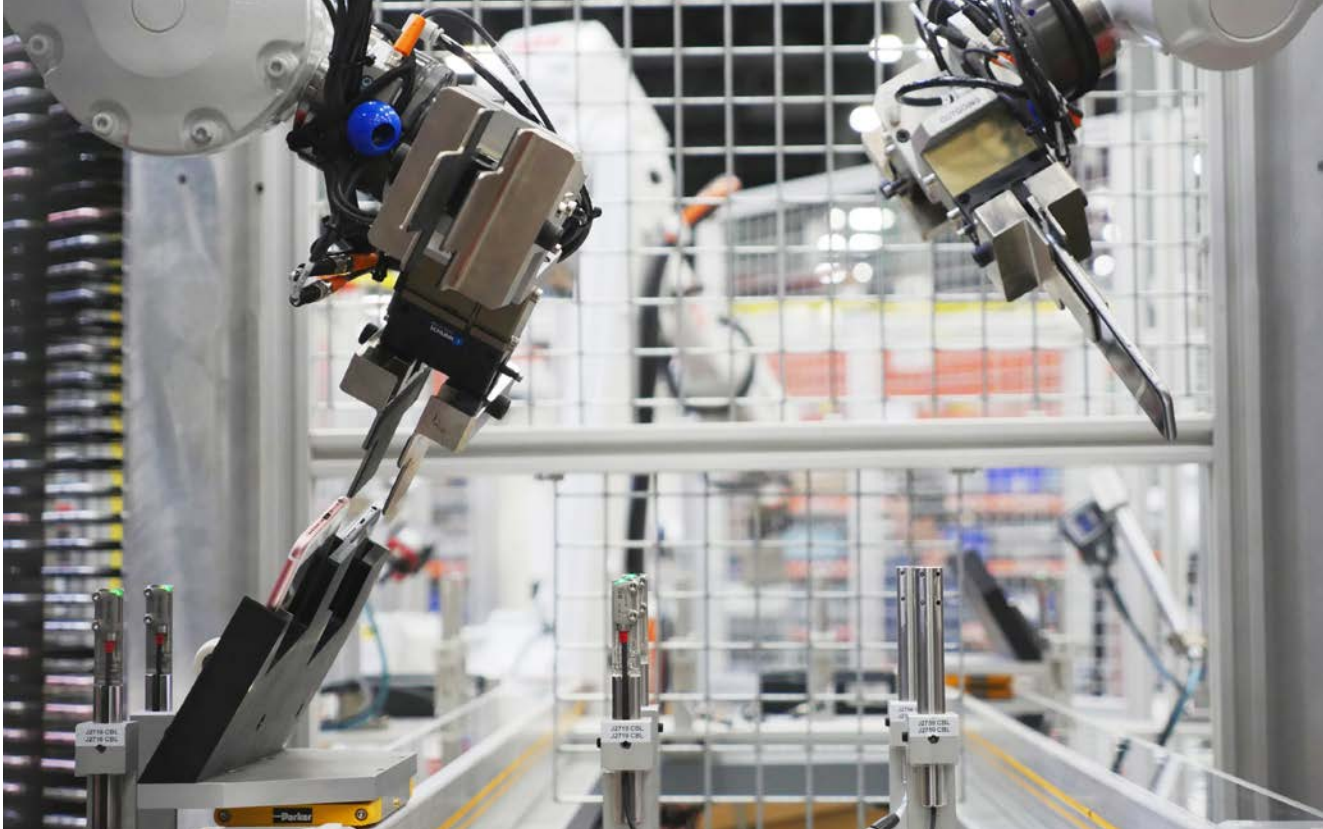
Our expertise in circular economy practices is growing. We increased the number of initiatives in 2019 that seek to keep materials in the system, ranging from simple actions such as reusing packaging and pallets at our warehouses to implementing complete reverse-logistics operations. For example, we consolidated the reverse logistics operations for a customer into a single warehouse in the Netherlands. Our services include sorting, disassembling and stripping, cleaning and testing for reuse,



weighing and registration, preparation for refurbishing and repair, preparation for recycling and managing all waste streams.

In addition to leading the wave of innovation in areas such as e-commerce fulfillment and robotics, we're diligent in ensuring environmental and regulatory compliance. This is evidenced by ISO14001 certifications at two-thirds of our sites in Europe, as well as our framework of sustainable policies and procedures. These include:

- Energy efficiency evaluations performed prior to selecting warehouses to lease, and energy-efficient equipment purchased when feasible;
- Programs in place at approximately 95% of our warehouses for reducing energy consumption year-over-year;
- Reductions in idle facilities and other resources, as our cloud-based warehouse management system integrates technology efficiently for contract start-ups;
- Millions of electronic components and batteries recycled annually as a byproduct of reverse logistics operations; and
- Employee training – in 2019, distribution center employees in Europe received a total 10,150 hours of environmental protection training that covered waste sorting, energy-saving measures, use of new technologies and environmental accident prevention.



When consumers return electronic devices – think smart phones, digital assistants and e-readers – where do they go? Years ago, they were simply discarded and sent to landfills. There was no system to sort, evaluate, refurbish and reuse returned devices. XPO partners with a customer to establish industry-leading reverse logistics for the technology sector. Through this partnership, we've processed, repaired and redistributed tens of thousands of electronic devices per day since 2001. Our data-driven processes have dramatically improved forecasting capabilities, providing millions of dollars in savings each year by removing unnecessary inventory. In 2019, 100% of all operational waste (including cardboard and paper) was diverted from landfills to reuse, recycle and repurpose. Recycling alone has resulted in 10,132 trees saved annually – enough to absorb 75 tons of carbon dioxide. The annual energy savings due to this recycling program is enough to power 573 US homes and save 3,193 tons of coal.

Partnering for a Sustainable Future

The growth in online sales has driven higher return rates, as some 20% to 30% of online purchases are returned. But insight into those returns can be used to make operations more sustainable. For instance, the same technology we use to track orders and inventory lets us know when a product is dropped back into the mail as a return by a customer—and when another customer orders the same item. We can route the returned product to the center closest to the new customer who ordered the same item and quickly prepare it for reshipment, limiting travel distance and fuel emissions.



Our logistics facilities account for approximately a tenth of our company's climate change impact in Europe, primarily related to gas and electricity usage. At the end of 2019, we had more than two million square meters of space in Europe with LED lighting. Additionally, we require all building construction and renovation work for our LTL network in France to be completed with energy-saving technologies and materials.

Partnering for a Sustainable Future

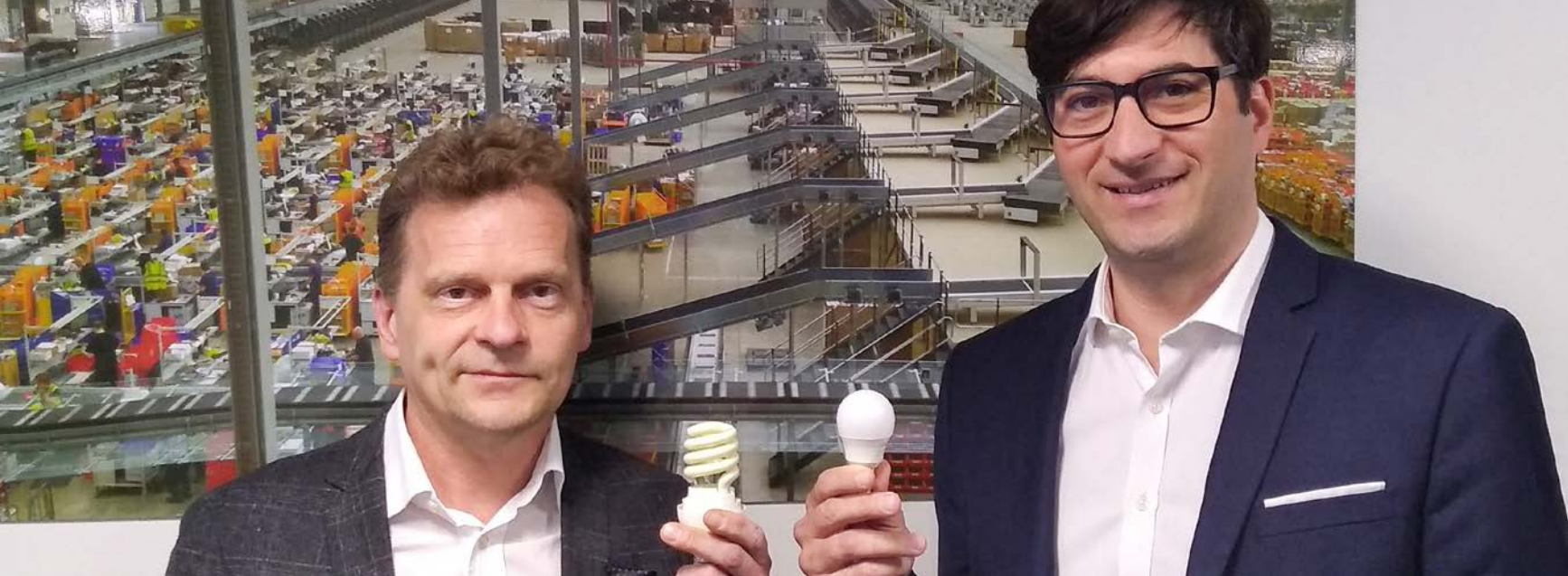
As much as society tries to take better care of the environment, we can't get around the fact that plastic is convenient and inexpensive for manufacturing, transportation and distribution. Thankfully, recycling innovations have evolved to the point that many plastics can be reused for other purposes, and XPO is at the forefront of the plastic-recycling revolution. At one of our reverse-logistics locations in the US Midwest, for example, we handle all of the returned items for one of the largest manufacturers of athletic shoes in the world.

Our team evaluates every shoe and decides if the quality is high enough for sale at a retail outlet or wholesale store. For shoes that don't make the grade, XPO partners with the client to grind the shoes into plastic pellets, which are then used in playground surfaces. Similarly, at a distribution center where we serve one of the largest clothing retailers in the world, our team noticed that about 30,000 plastic hangers were being thrown away each month. The local team created a new system to reuse hangers or recycle them into plastic pellets for playground surfaces and other uses.



Utility Usage Reductions

A large part of our sustainability efforts focuses on reducing electricity usage at our warehouses and distribution centers with state-of-the-art LED lighting, retrofitting existing facilities and installing LED lighting in new facilities. While retrofitting existing facilities can be challenging from a financial perspective – our warehouses are leased based on our customers’ requirements for an average of three to five years – we always review the operational lighting requirements for each customer and align new fixture locations with the light levels required for each area of the operation, such as receiving, shipping, storage and processing. To date, we’ve reduced our electricity usage by 18% in the US, in part, by installing or retrofitting more than 55 facilities with LED lighting. We’re eliminating the use of older, inefficient high bay high-intensity discharge (HID) fixtures, as well as more modern but still less efficient fluorescent fixtures. In Europe, in 2019, we undertook an ambitious project to install intelligent LED lighting in 75% of our facilities by the end of 2020.

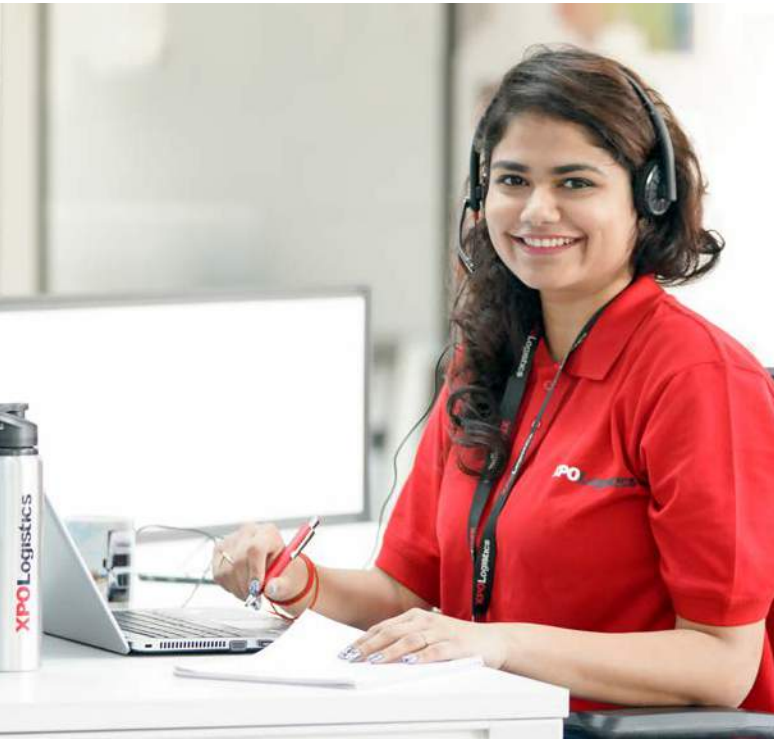


When John Wilson, European Category Manager, and Jean-Francois Gloux, Director of Asset Management Europe, teamed up on XPO’s initiative to deploy intelligent LED lighting systems in nearly 90 of our facilities in Europe, they knew it’d be a huge endeavor. What they didn’t expect was that it’d be a communication challenge, as well. They had a lot of explaining to do—a project of this scale, retrofitting lighting in nearly five million square meters of space in warehouses and distribution centers in 15 countries, requires buy-in at many levels, from our warehouse supervisors, procurement managers and financial analysts, to the local and international owners and landlords of the facilities we rent. “Everyone wants change as long as they control the change,” laughs John. The duo became very good at explaining how the project would move more quickly if it was centrally managed and how the staged rollout would avoid disrupting operations.

The financial, safety and environmental benefits spoke for themselves. The intelligent LED lighting systems we chose are 75% more efficient and create a better workplace by using sensors to adapt to natural light and activity levels, automatically detecting the optimal lighting for employees. Though the pair had never worked together before, they made a great team, with John focusing on the procurement details and Jean-Francois on the financing. “To do something of this size has been a remarkable experience and we learned a lot together,” said Jean-Francois. In 2019, 35 buildings, or 1.2 million square meters, were retrofitted. By the end of 2020, the systems will be installed in 75% of our total space in Europe. When fully implemented, our LED project has the potential to save 2,200 tons of CO₂ annually. [Watch Video](#)

Utility Usage Reductions

Since April 2019, all of the electricity used by our offices and distribution centers in Spain has been 100% renewable—meaning that the environmental impact of the electricity amounts to 0 kg of CO₂ per kWh and 0 mg of radioactive waste per kWh. We buy green electricity from a Spanish utility that is certified by Engie España and the CNMC (Spanish National Commission of Markets and Competition).



Daylighting is the practice of strategically installing windows, skylights and reflective surfaces to maximize sunlight (direct or indirect), replacing internal lighting when possible. At several of XPO’s flagship locations, including one of our Food & Beverage sites in Irving, Texas, daylighting is creating a more energy-efficient, sustainable and low-cost environment. Studies have also shown that natural light is more pleasing to occupants than artificial lighting, enabling increased employee engagement and productivity.

Packaging Initiatives

Proper packaging is an essential component of sustainable logistics operations. XPO partners with national providers of packaging that are certified by the Sustainable Forestry Initiative and have manufacturing capabilities in the markets where XPO operates to both support local economies and minimize the ecological impact of transporting packaging over long distances. Our packaging engineers develop designs that incorporate state-of-the-art technologies and materials that minimize material and labor waste to give our customers the most cost-effective and ecologically-friendly designs.

XPO packaging engineers ensure that the optimal carton size is used for each product slated for distribution. This reduces waste while fully protecting the product during shipping. In addition, we partner with packaging manufacturers to design the best possible protection for awkward or hard-to-ship products, such as countertops.

The safety of goods in transit goes hand-in-hand with sustainability, as undamaged goods reduce product and packaging waste and mitigate the use of facilities, labor, trucks and fuel required to replace them.



In early 2019, our site in Satolas-et-Bonce, France, signed a partnership with Envie, a company that supports disadvantaged adults by helping them to find jobs. Together, they sort and give new life to polystyrene packaging used to package major appliances on-site. The project has turned 143 cubic meters of polystyrene into reusable plastic, reducing carbon emissions by 54%.

Waste Management

While our transportation operations are responsible for the most significant portion of our carbon footprint, the majority of our waste generation occurs within our logistics operations. Our warehouses have environmental management practices in place to reduce waste and encourage the use of recycled products. We sort and recycle waste at all our facilities.

Aside from protecting human health and the environment, our US waste management program is designed 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 determine the actions necessary to ensure compliance.

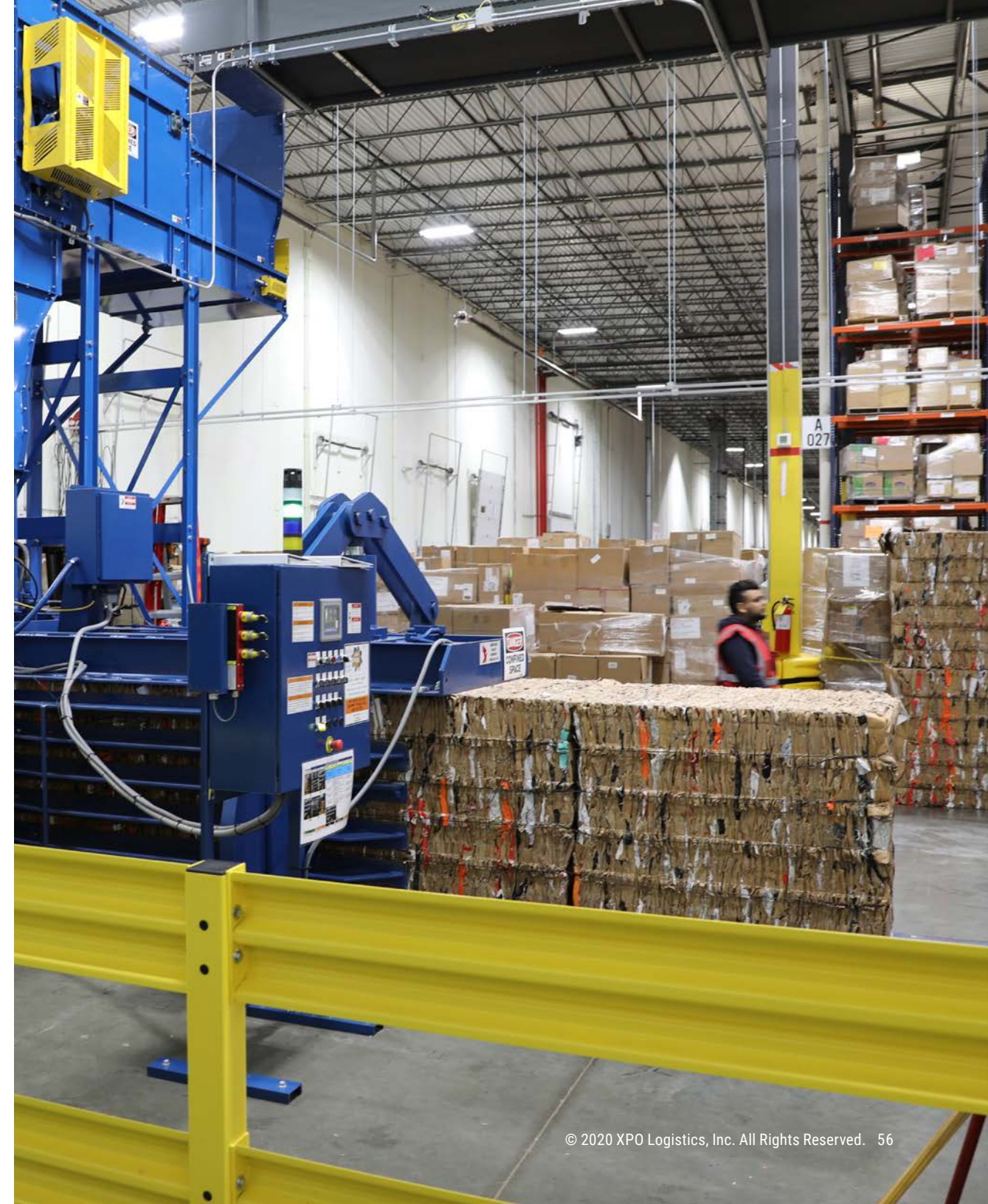
Although 95% our sites generate minimal amounts of regulated waste, our training modules, corporate policies, job aids and written instructions provide the necessary framework to fulfill compliance obligations to identify, manage, store and dispose of regulated waste. Furthermore, we provide oversight to our waste vendors by ensuring waste profiles and shipping documents are accurate. Compliance assurance is accomplished through internal environmental audits, external third-party audits and sharing best management practices.

We've set up several partnerships with waste collection and optimization professionals. Against this backdrop, XPO is constantly seeking new channels for recycling and minimizing waste. We now reuse wood pallets when possible, instead of discarding them after one-time use. We have also established channels to sell pallets for reuse or recycling.

- **In North America**, we generated 79,357 tons of waste in 2019, 99.48% of which was non-hazardous. Approximately 28.89% of waste was recycled. The combined recycling from our US operations equaled 23,000 metric tons and is estimated to have avoided nearly 81,000 metric tons of carbon emissions. We also recycled millions of electronic components and batteries in North America through our reverse logistics operations.

During 2019 we consolidated our waste and recycling vendors which we anticipated to create additional waste diversion improvements in the future.

- **In Europe**, our logistics operations generated 94,719 tons of waste in 2019, 90.2% of which was non-hazardous. Approximately 82% of waste was recycled, up from 78% in 2018. In 2019, Europe's food waste amounted to 3,276 tons.



Stormwater Management



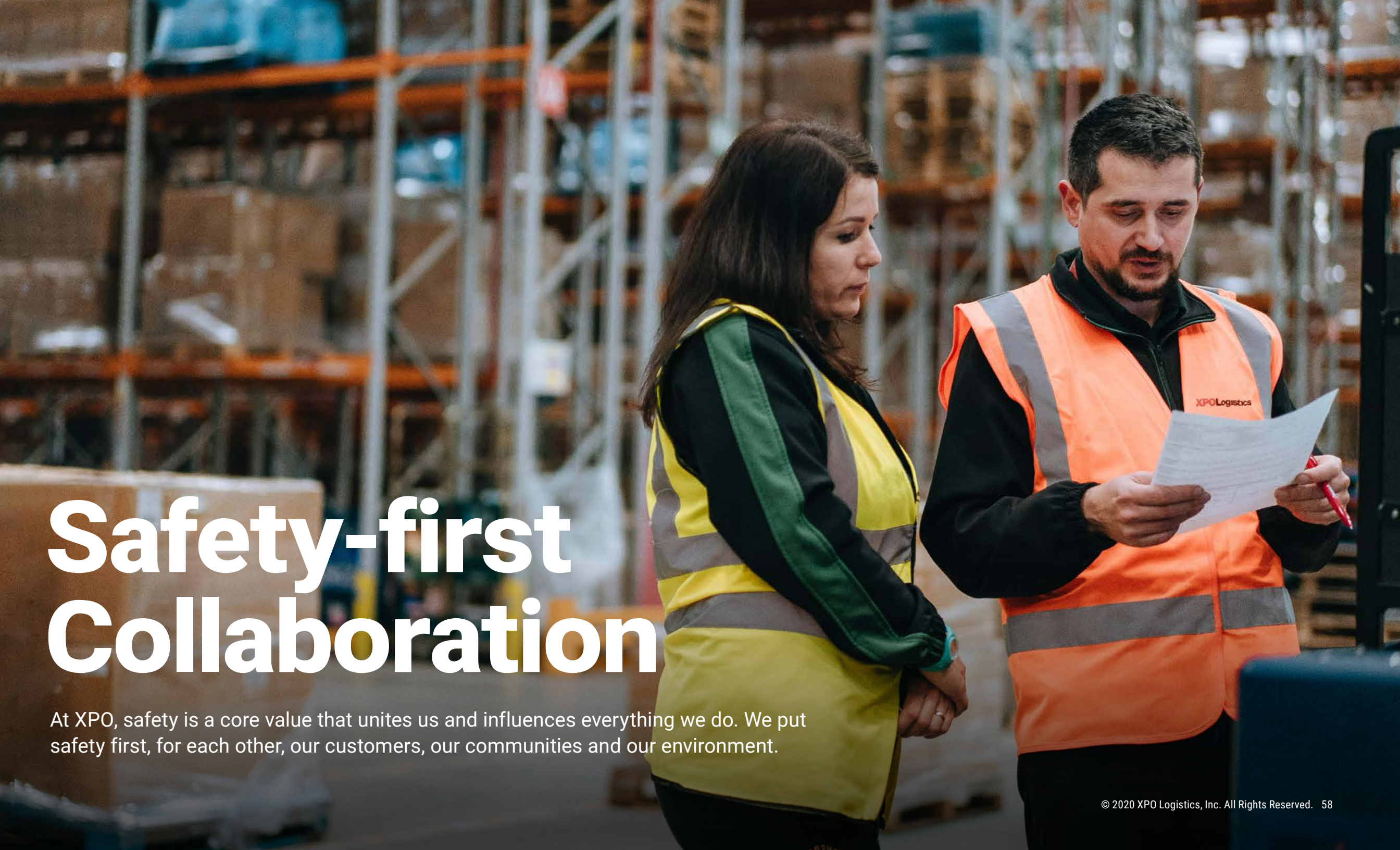
In North America, our stormwater policy is compliant with all national, state and local stormwater regulations and ordinances. All sites are expected to adhere to a Stormwater Pollution Prevention Plan that provides best management practices to prevent pollutants from impacting stormwater. Over 96% of XPO supply chain sites are eligible for Stormwater No Exposure Certification from the EPA, demonstrating our commitment to maintaining pollutant-free stormwater. Stormwater KPIs and permit obligations are continuously tracked and communicated to XPO leadership.

Construction and Decommissioning of Facilities

During the construction and decommissioning of our supply chain facilities, we consider environmental impacts, and we make every effort to incorporate the following:

- Installing occupancy sensors on high bay light fixtures in the warehouses to minimize unnecessary energy usage for lighting;
- Providing thermal insulation in the warehouses to moderate high and low temperature swings to control energy usage and improve employee comfort;
- Encouraging the use of recycled materials (e.g., crushed concrete for gravel bases) where available and technically feasible;
- Reusing pallet racking and other equipment; and
- Recycling copper wire, when required.





Safety-first Collaboration

At XPO, safety is a core value that unites us and influences everything we do. We put safety first, for each other, our customers, our communities and our environment.

Road to Zero

One of the ways XPO instills safety awareness is by empowering colleagues on the frontlines through safety-first education, mentoring and on-the-job reinforcement. We use sophisticated safety systems on our trucks and trailers and a comprehensive safety management system to continuously improve our health and safety performance and maintain our regulatory compliances.

As a result, we have strong safety policies and programs, a sense of shared responsibility and a commitment to improvement. We're continuing to work across the organization to ensure that common reporting processes and KPIs are leveraged for the greatest possible insights and that best practices are always incorporated into our workplaces.

A major component of our safety performance is our Road to Zero safety program. Our goal is to achieve zero occupational injuries and illnesses and ensure the emotional security of all XPO colleagues in our workplaces. We insist on zero tolerance of discrimination, harassment, retaliation, bullying and other unacceptable behaviors.

Initially launched in the UK in 2016, this global initiative encompasses employee training, compliance measures and safety disciplines. It also extends to our relationships with carriers and independent contractors.

Road to Zero promotes a safety-first culture through initiatives that are tailored to specific operations. These initiatives support our Road to Zero mission, which prioritizes three areas of investment:

- **Employee training.** We invest in accident prevention and safety training that meets or exceeds regulatory requirements.
- **Technology.** We provide employees with cutting-edge solutions to enhance safety and reduce physical labor.



In recognition of our commitment to safety, our customer, Dow, honored our drayage business with the company's 2019 Gold Safety Excellence Award for Drayage. This award is Dow's highest recognition of carrier safety performance, and we were the only North American company to be honored in 2019.

- **Benefits and policies.** We provide a comprehensive benefits package for employees, as well as policies to help ensure their safety while at work.

Within XPO, the activities that drive Road to Zero range from grassroots efforts to global initiatives. In 2019, we implemented dozens of ideas for Road to Zero, many of which were suggested by employees:

- Successfully rolled out electronic logging devices (ELD) ahead of schedule in the US and Canada, ensuring compliance with a US federal mandate designed to track the number of hours truckers work and help prevent crashes and injuries.
- Implemented webcam meetings among leadership to review critical safety events and distill key lessons, which are shared with drivers in pre-shift meetings and posters in our service centers and integrated into our safety training.
- Integrated observations of freight loading standards into our Safety Recognition and Coaching Program to help reduce chemical spills.
- Reduced our commercial motor vehicle crash frequency through increased focus on local safety committee activities, including regularly held live demos, skill drills and competitions.
- Produced driver safety training for our managed transportation group designed to help drivers share information about driving hazards, road inspections, accident occurrence and safety points.
- Introduced Safety Care Cards, which improve on-site safety engagement by encouraging colleagues to report near misses and potentially dangerous situations, and to acknowledge positive safety actions; and

Road to Zero

- Deployed a safety management system in the UK to record and manage safety incidents. Deployment across Europe will continue in 2020, starting in the BeNeGe region.
- Implemented a “Show You Care” program in North America for our drivers achieving one, two, and three million consecutive miles crash-free. Executive leadership reaches out to the five or 10 drivers per week that achieve these milestones.
- Made enhancements to our State Truck Driving Championship program in North America to include reimbursement for employee expenses and more internal promotion of the program, leading to more participants advancing to the 2019 National Truck Driving Championships.



In 2019, a key initiative we undertook to reinforce safety was upgrading SafeStack, the industry-leading safety system for our trailers that we introduced in 2011. SafeStack is a highly adjustable loading and securing system used inside our trailers to protect customers' freight during loading and transport. As the aluminum beams age, they can bend and crack. Under the initiative, we're replacing, repairing and recycling 16% of the 450,000 beams we use in 18,000 trailers.

Integrated Safety Infrastructure



Road to Zero bolsters our company’s broader safety initiatives, which include a range of global programs:

- Training for customer dockworkers;
- Training for XPO employee drivers;
- Management system tracking of safety performance and regulatory compliance, such as Occupational Safety and Health Administration (OSHA) recordable rates and PIT significant incidents;
- Automated, real-time monitoring of carrier safety ratings, insurance qualifications and operating authorities;
- Corporate and local safety professionals based in all XPO operating regions;



- Programs that reduce cargo damage and improve cargo security; and
- Rigorous tracking of US preventable road crashes and injuries in accordance with OSHA requirements.

In Europe, we run the Safe Driving Plan. Introduced in the 1990s, this comprehensive program provides our drivers with ongoing training in defensive driving techniques and the avoidance of accidents and road hazards. Drivers are required to take the safety training when they join XPO, at the six-month mark and every 18 months thereafter.

Our European operations track three key safety indicators: Crash Rate, Lost Time and Lost



Days. The rates vary between individual operations, but our rates are lower than the industry average.

Our Crash Rate metric tracks road safety performance based on the number of at-fault accidents declared to insurance companies, divided by one million kilometers. In 2019, our transport operations in Europe had 3.05 at-fault accidents per one million kilometers.

The Lost Time and Lost Days metrics record the frequency and severity of at-work incidents that prevent a person from returning to work the next day.

Supply Chain Lost Time Incident Rate

(includes data from France, Poland, Italy, Russia, Romania, Spain, Netherlands and UK)

	2019	2018	2017
Cumulative	31.44	36.401	37.309
Average	2.62	3.033	3.109

Supply Chain Lost Days Rate

(includes data from France, Poland, Italy, Russia, Romania, Spain, Netherlands and UK)

	2019	2018	2017
Cumulative	651.57	700.172	993.851
Average	53.30	58.348	82.821

Transport Lost Time Incident Rate

(includes data from France, Poland, Germany, Iberia, Romania and UK)

	2019	2018	2017
Cumulative	64.14	62.819	64.380
Average	5.34	5.235	5.365

Transport Lost Days Rate

(includes data from France, Poland, Italy, Russia, Romania, Spain, Netherlands and UK)

	2019	2018	2017
Cumulative	3409.64	3706.503	4768.675
Average	284.14	308.875	397.390

Integrated Safety Infrastructure



Disciplined oversight is key to our safety performance and a foundation of all sustainability practices at XPO. Our operations perform safety audits and report regionally in North America and Europe. A dedicated department with local safety staff in each country of operation is responsible for quality, health, safety and environmental performance. Two important components of XPO's corporate safety structure are our Global Safety Committee, which is comprised of safety leaders who meet on a regular basis to share best practices, and our Global Safety Summit, which is dedicated to defining the next steps for continuous improvement. Road to Zero is an example of a global program that is a direct result of the Global Safety Summit.



Tom Chambers



Jose Diaz



Robert Vargas



Charles Miller

In 2019, XPO celebrated the achievements of 216 US drivers who travelled more than one million, two million or three million consecutive miles without a preventable accident. We had 175 drivers reach one million, 37 drivers reach two million and four drivers reach an astonishing three million miles – a total of 328 million accident-free miles between them. Our safety superstars, three-million-mile drivers are Robert Vargas, Tom Chambers, Jose Diaz and Charles Miller.

Industry-Leading Driver Safety Programs

In North America, we believe our network of internal driver training programs is a major factor in our superior safety performance on the road. Led by veteran XPO drivers, our CDL training program is designed to prepare new drivers to earn their Class-A CDL while teaching them the specifics of driver safety.

Our CDL training includes 150 supervised hours behind the wheel with a driver-trainer – far beyond what’s recommended by the Federal Motor Carrier Safety Administration – as well as 140 hours of classroom study on federal and state highway laws, regulatory and safety rules, vehicle safety inspection techniques and defensive driving skills. In 2019, XPO offered several incentives to attract candidates, including:

- Tuition-free training, saving a student driver as much as \$7,500; and
- The opportunity to earn income as an XPO dockworker while attending driver training.

In addition, we offer:

- Reimbursement of up to \$5,000 for any approved external CDL-A school;
- Fast Track training for certified CDL-A independent drivers who need additional training and who are seeking employment with XPO; and
- The opportunity to learn how to move freight around a yard rather than drive on the road.



Bob Dolan understands the importance of driver safety. As a 41-year veteran of professional truck driving and the son of a truck driver, Dolan has embraced safety culture throughout his career. He’s driven three million miles with only one accident, and he’s a 15-time Pennsylvania state driving champion and former national grand champion. He’s also active in training new drivers

“My office window is my windshield,” Dolan says.

Dolan’s dedication to safety is why the American Trucking Association (ATA) awarded him the prestigious Neill Darmstadter Professional Excellence Award at the ATA’s 2019 National Truck Driving Championship (NTDC), where Dolan finished second in the straight-truck class. The Darmstadter Award recognizes the competitor who best exemplifies the characteristics of a professional truck driver, based on driving record, skills, knowledge, attitude toward safety and personality.

The four-day NTDC, often referred to as the “Superbowl of Safety,” tests the driving skills and safety acumen of the nation’s finest truck drivers – and gives XPO the opportunity to celebrate our industry’s top safety ambassadors.

“It’s a fantastic safety program,” says Dolan. “It embodies the safety culture of our business.”

Thirty-four XPO drivers who won at the state level competed in the NTDC, including another XPO star, Ina Daly, the first female national champion and a two-time Arizona State Grand Champion. In 2019, she took home NTDC’s second place in the five-axle class. [Watch Video](#)

Safety Technologies

Technology provides unprecedented insights into workplace environments in real time, helping to improve safety for our employees and other stakeholders. In our transportation operations, we use sophisticated safety systems aboard our trucks and trailers. These systems feed data into our fleet analytics software and, on a unit-by-unit basis, give us an understanding of the strengths and weaknesses of individual drivers. This helps us coach our drivers more effectively.

All new trucks we purchase – and about half of our global fleet in total – have collision mitigation technology, lane departure

technology, on-board cameras and radar. Other onboard technologies include an electronic stability control feature that automatically corrects vehicle speed to prevent potential rollover incidents, anti-lock braking system, traction control, collision mitigation, adaptive cruise control and electronic on-board recorders.

In our logistics facilities, we use cobots to retrieve, lift and carry goods and automate pallet shrink-wrapping, customize goods-to-person systems and automate sortation, and deploy other technologies that make our warehouses safer for our employees and more efficient.



Our drayage transportation is provided by independent owner-operators under contract with XPO. These independent drivers and fleet owners use their own trucks to serve our customers. In 2019, 1,013 drayage contractors were recognized by XPO for safe driving. We vet our contractors carefully to help ensure that our customers receive safe and reliable service from these quality suppliers.

SAFETY-FIRST COLLABORATION

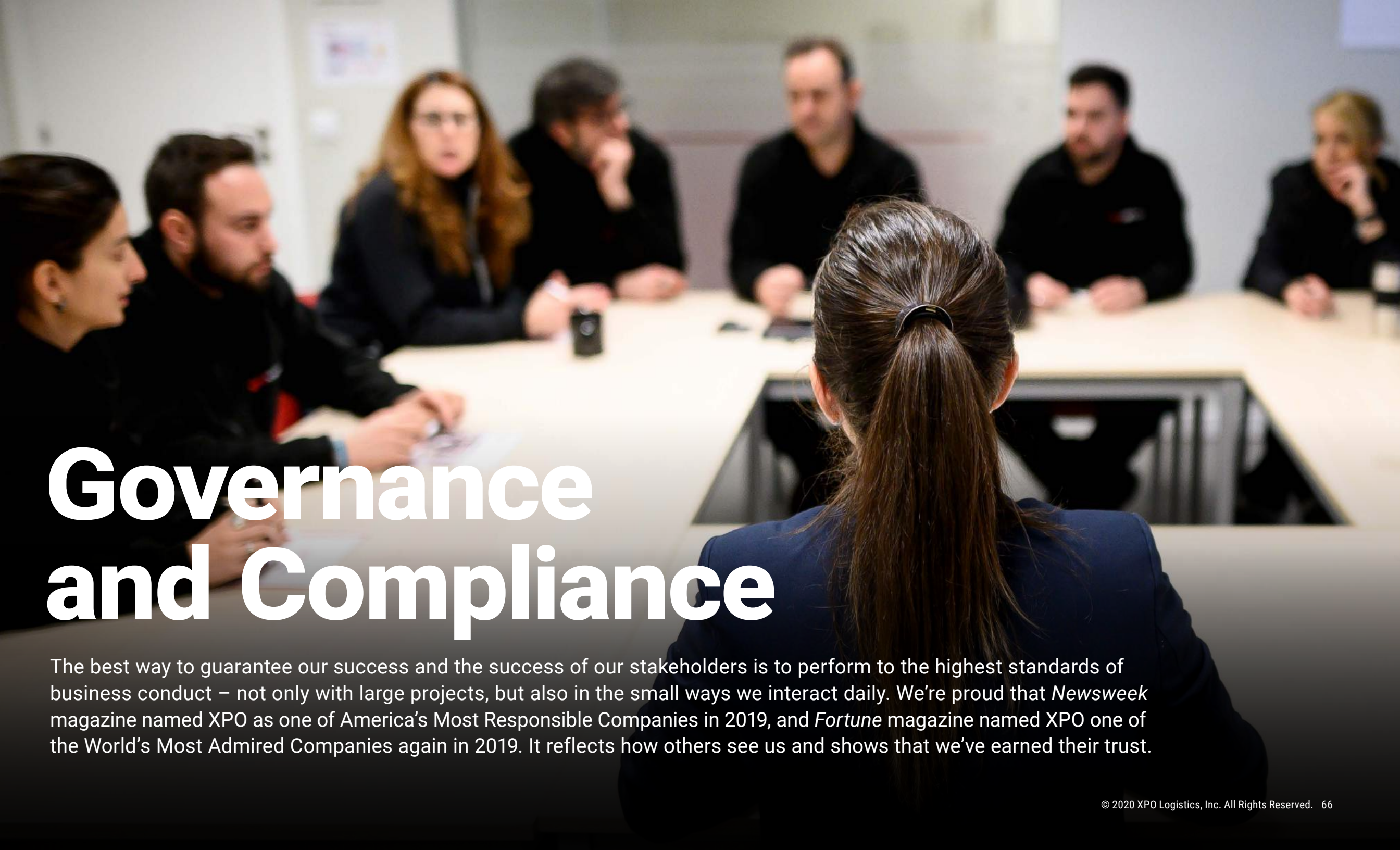
Hazardous Materials

XPO has deep expertise in handling hazardous materials according to regulatory compliance expectations. We have an environmental policy for each country in which we operate, underscored by common risk prevention measures. Our policies are embedded in our safety approach and designed to protect people, goods, buildings and the environment.

In our logistics operations, we strive to prevent emergency situations by taking a two-pronged approach: closely monitoring the compliance of our sites and training our employees to learn from and avoid repeating environmental incidents. We do this by creating a case study whenever an incident arises. This practice may lead to the adoption of new environmental procedures internally, which we test under real-life conditions as much as possible. Before putting a new procedure in place, we consider the physical facility, the nature of the goods, the specifics of the incident, and any impacts on other parties.

In our transportation operations, our domestic LTL 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 in accordance with applicable regulations. In North America, our brokerage network provides access to similar trucks and drivers supplied by independent carriers. In our LTL unit in North America, all our trucks are equipped for hazardous transport.





Governance and Compliance

The best way to guarantee our success and the success of our stakeholders is to perform to the highest standards of business conduct – not only with large projects, but also in the small ways we interact daily. We're proud that *Newsweek* magazine named XPO as one of America's Most Responsible Companies in 2019, and *Fortune* magazine named XPO one of the World's Most Admired Companies again in 2019. It reflects how others see us and shows that we've earned their trust.

Board of Directors

In our view, there's only one way to reach our goals: by doing business the ethical way. Our strong 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 company's ability to create safe workplaces, serve our customers extremely well, foster the success of our employees and act as a good corporate citizen in our communities.

Our company's robust corporate governance structure enables our board to strike the right balance between decisive leadership and rigorous independent oversight of management. Our highly-independent nine-member board is composed of six men and three women. Currently, seven out of XPO's eight directors are independent, four of whom have been added to the board since 2016. The XPO board of directors is led by Bradley Jacobs, who serves as chairman and chief executive officer.

To encourage open discussion without management's influence, XPO's Corporate Governance Guidelines require that non-management directors meet one or more times annually without the presence of management. To further facilitate independent oversight, the Corporate Governance Guidelines provide for board members' access to senior XPO officers and outside advisors.



Board of Directors

Our board aims to create a team of directors with diverse experiences and perspectives to provide our complex, global company with thoughtful and engaged board oversight. When selecting new directors, our board considers, among other things, the nominee’s:

- breadth of experience,
- financial expertise,
- integrity,
- ability to make independent analytical inquiries,
- understanding of our company’s business environment,
- experience in areas relevant to our company’s businesses, and
- willingness to devote adequate time to board duties.

Our board also aims to actively seek out highly qualified women and individuals from underrepresented groups to include in the pool of prospective directors. In support of this effort, since 2015, we’ve required an annual election of all directors by majority shareholder vote. By adopting a one-year term, we ensure that the board’s composition evolves to reflect the larger and more diverse company we’ve become.

Committee Roles

The board of directors has four standing committees:

- Audit Committee, which oversees the policies governing the company’s risk assessment and risk management processes, among other duties;
- Compensation Committee, which assists the board with compensation plans for executive officers, including oversight of plan administration, among other duties;
- Nominating and Corporate Governance Committee, which

identifies qualified individuals for directorships or committee appointments and oversees corporate governance matters, among other duties; and

- Acquisition Committee, which reviews acquisition, divestiture and related transactions proposed by management, among other duties.

Further details about XPO’s Corporate Governance Guidelines, and the responsibilities of each board committee, can be found on [xpo.com](#) under the [Investors tab](#).

To complement the roles of the committees and their chairs in providing effective independent oversight, the board established two leadership positions for independent directors – the lead independent director and the vice chairman. Michael Jesselson, an independent director of XPO who has substantial public company board experience, has served as the lead independent director since 2016. AnnaMaria DeSalva, an independent director of XPO since 2017, has served as vice chairman of the board since February 2019.



XPO was named a Winning “W” Company by 2020 Women on Boards (2020WOB), a global advocacy alliance. 2020WOB supports the goal of women holding at least 20% of all public company board seats by 2020. Our board composition is 38% women, compared with 2020WOB’s 2018 finding of 17.7% among US companies on the Russell 3000® Index. The designation earned XPO’s inclusion on the 2020WOB Gender Diversity Index.

Ethics and Compliance

As a global leader in our industry, we have a responsibility to hold ourselves to a high standard. Our XPO culture reinforces behavior that is fair, respectful, lawful and honest. We expect all individuals and companies affiliated with XPO to conduct business in the same manner.

In addition, we take extensive measures to ensure we comply with local laws and regulations. With the involvement of the Compliance department team, XPO conducts site assessments to confirm that policies and procedures are being followed at our facilities. We also review sites that we acquire to ensure they, too, are fully compliant with our policies and procedures.

To strengthen our culture, refresh our employees on our high standard of doing business and provide them with contacts in our Compliance department, we launched a monthly email newsletter, Compliance Matters. The newsletter covers the ins and outs of a range of compliance topics, from confidential information to economic sanctions and trade controls.

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. They’re required to acknowledge that they will abide by the Code.

In addition, XPO has Business Ethics Policies that govern conduct, and some of our locations have specific policies that expand on the requirements of the Business Ethics Policies.



XPO employees have multiple ways to report concerns without fear of reprisal. Our Ethics Point system accommodates telephone and online complaints, as well as anonymous complaints. Employees can also speak with a human resources representative or any manager or supervisor.

Ethics and Compliance Training

We conduct ongoing training, in-person and online, to instruct our employees about the XPO Code of Business Ethics, anti-bribery and anti-corruption practices, trade compliance, corporate governance and other aspects of employment at XPO. These training sessions ensure that our employees understand our values and know how to put them into practice. Certain training programs are refreshed throughout an employee’s tenure, and we expect to continue to expand the curriculum as our business evolves

In 2019, we deployed a series of online refresher programs for our Code of Business Ethics. This training is conducted through XPO University, our e-learning platform, in tandem with live training. For employees who don’t have access to digital devices at work, we arrange roundtable training and share the content in person at their workplace.

Reporting Misconduct

Employee engagement is key to maintaining consistently strong ethical standards. We foster a “speak-up” culture where employees can stand up for what’s right without fear of reprisal. Our employees know that they can voice concerns to a supervisor, human resources representative or compliance officer, and they have multiple places to turn if they prefer a different route:

- EthicsPoint is a toll-free telephone service operated by an independent third party 24/7/365. It offers an anonymous reporting option where allowed by local law;
- www.XPO.ethicspoint.com is an online site for communicating concerns to an independent third party, and it offers an anonymous reporting option where allowed by local law; and
- A dedicated email box is monitored by XPO’s Compliance Office.

Integrity Matters

> CODE OF BUSINESS ETHICS



In 2019, XPO hired more than 17,000 employees, all of whom received our [Code of Business Ethics](#) as part of their onboarding process.

GOVERNANCE AND COMPLIANCE

Risk Management

XPO takes a proactive stance in preparing for risk—not just in our ability to respond to disruptions, but to anticipate them, as well. This involves strategies for identifying potential risks and managing them in a disciplined manner through 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.

Cybersecurity

The protection of our computer systems and data is a strategic priority for our company, and we invest accordingly. Our diligence extends to protecting the data of XPO employees, customers, suppliers, independent contractors and other business affiliates. We have multilayered security measures in place to protect our systems, networks and data, and to actively combat threats. As part of our cyber vigilance, we educate our employees about the critical role they play in maintaining email integrity, confidentiality and the privacy of personal information.

European Risk Committee

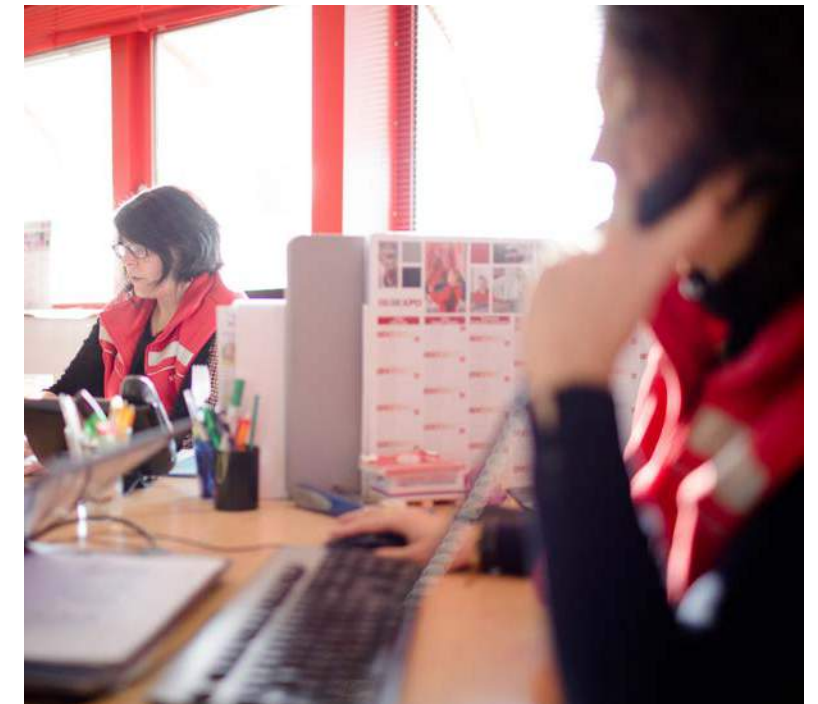
The European Risk Committee is a group of XPO senior leaders who meet quarterly to discuss and monitor potential risks in the European operating environment. The committee is chaired by the chief compliance officer and overseen by the chief executive officer in Europe. Members include business function leaders and corporate leaders.

The purpose of the European Risk Committee is to oversee all current risk exposures, including financial, legal, compliance, regulatory, security, safety, environmental, human rights and reputational risks. The Committee also explores topics

such as potential regulatory changes, trading changes and macroeconomic trends. Given the positive impact of the European Risk Committee, the company expects to implement a similar committee within its US operations.

Human Trafficking

XPO is committed to conducting business in a manner that respects the human rights and dignity of all people. We will not tolerate any conduct that contributes to, facilitates or encourages human trafficking, child labor, forced labor or compulsory 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.



A man with a beard and a yellow safety vest is smiling and pointing towards the camera. He is in a warehouse setting with blue shelving units in the background.

About the Report

This XPO Logistics 2019 Sustainability Report details the company's objectives and progress in the areas of environmental sustainability, social initiatives and governance performance. Information about financial performance is not included in the report but may be found on [xpo.com](https://www.xpo.com) under the Investors tab and in XPO's public filings with the US Securities and Exchange Commission (SEC).

The information contained in this document reflects the global activities and initiatives undertaken by XPO during calendar year 2019. The company intends to continue issuing updated Sustainability Reports annually.

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.



Performance Tables

Performance Tables

Global Operations (\$ millions)			
	2019	2018	2017
Total revenue	16,648	17,279	15,381
Cost of transportation and services	8,303	9,013	8,132
Direct operating expense	5,679	5,725	5,006
SG&A expense	1,845	1,837	1,661
Operating income	821	704	582
Gross margin	4.93%	4.07%	3.78%
Income tax expense (benefit)	129	122	(99)
Net income	440	444	360
Total assets	14,128	12,270	12,602
Total stockholders' equity	2,896	3,970	4,010

Performance Tables

2019 Workforce Data	Total	Female	Male	Undisclosed
Total Employment				
Permanent employees	98,800	26,104	72,548	148
Temporary employees	32,808	N/A	N/A	N/A
Employment Type ¹				
Full-time	44,901	12,258	32,502	141
Part-time	1,345	219	1,119	7
Workforce by Region				
Asia	1,766	579	1,187	0
Europe	50,081	12,733	37,348	0
North America	46,246	12,477	33,621	148
South & Central America, Other	707	315	392	0
Employee Category				
Board of Directors	9	3	6	0
Executive	76	9	67	0
Vice President	188	30	158	0
Director/Sr. Director	712	146	565	1
Manager	8,433	1,903	6,516	14
Individual Contributor/Non-Manager	89,391	24,016	65,242	133
¹ Data is for US/Canada only				

Percentage of Women in Workforce - Europe						
	Supply Chain Europe Segment		Transport Solutions Europe Segment		Corporate Offices	
	2019	2018	2019	2018	2019	2018
Drivers	0.9%	0.9%	1.6%	1.6%	-	-
Manual workers	30.6%	30.3%	18.5%	8.8%	-	-
Employees	58.5%	47.3%	65.6%	51.1%	57.1%	75.6%
Managers	22.5%	28.0%	27.7%	30.7%	42.5%	47.9%

Performance Tables

Headcount Breakdown by Age Range - Europe		
	2019	2018
56 years and over	13.3%	13.1%
46-55 years	26.2%	26.5%
36-45 years	26.5%	26.5%
26-35 years	25.6%	25.4%
25 years and under	8.4%	8.5%

Employee Training (Total Hours) - North America		
	2019	2018
Hourly employees ²	306,898	264,653
Salaried employees ²	181,644	123,510
Drivers	154,080	261,120
New Hires	1,150,160	1,644,320
Total	1,792,782	2,293,603

² Based on active users in XPO University in the United States and Canada

Employee Training (Average Hours) - Europe		
	2019	2018
Drivers	13.8	20.6
Warehouse workers	14.5	15.7
Office workers	30.1	20.6
Managers ³	123.5	56.8

³ The rise in training hours for managers between 2018 and 2019 can be explained by the introduction of XPO University in France in 2019.

Performance Tables

Safety Metrics (Direct Employees) ¹ - North America				
	Supply Chain		Less-Than-Truckload (LTL)	
	2019	2018	2019	2018
Total recordable injury rate	1.2	1.3	6.6	6.9
Fatality rate	0	0.01	0	0.01
Occupational disease rate	0	0	0	0
Lost day rate	0.3	8.8	101.1	107.6
Absentee rate (%)	12.8	0.2	8.8	0.9
Number of work related fatalities	0	2	0	3
Number of road accidents and incidents ²	84	17	4.4	4.8

¹ Where appropriate, we incorporated safety metrics for contract workers into the metrics for direct employees.

² XPO's LTL business unit reports road accidents and incidents as a rate.

Safety Metrics (Direct Employees) ¹ - North America								
	Transportation Segment							
	Last Mile		Expedite		Legacy Jacobson & Managed Transportation		Intermodal	
					2019	2018	2019	2018
Total recordable injury rate	2.7	2.6	0	0	3.2	0	2.7	0.7
Fatality rate	0	0	0	0	0	0	0	0
Occupational disease rate	0	0	0	0	0	0	0	0
Lost day rate ³	28.79	18.38	0	0	-	-	0.33	0.18
Absentee rate (%)	0	0	0	0	0.3	19	0	0
Number of work related fatalities	0	0	0	0	0	0	N/A	N/A
Number of road accidents and incidents	N/A	N/A	207	200	261	271	N/A	N/A

³ The lost day rate for XPO's Managed Transportation business unit is not available at the time of reporting

Safety Metrics - Europe		
	2019	2018
Frequency rate of work related accidents ³	3.2	3.5
Severity rate of work related accidents ⁴	133.4	115.0
Rate of absenteeism	4.2%	5%

³The frequency rate was calculated based on the number of lost-time industrial accidents, multiplied by 200,000, and then divided by the theoretical number of hours worked.

⁴ The severity rate was calculated based on the number of days lost due to industrial accidents, multiplied by 200,000, and then divided by the theoretical number of hours worked.

Performance Tables

Safety Measurement System BASIC Percentiles - North America ⁵						
	Supply Chain		Less-Than-Truckload (LTL)		XPO WorldWide	
	2019	2018	2019	2018	2019	2018
Unsafe driving	-	-	4%	5%	0%	0%
Crash indicator	59%	19%	36%	33%	57%	0%
Hours-of-service compliance	-	-	29%	26%	0%	0%
Vehicle maintenance	-	-	57%	47%	0%	0%
Controlled substances/alcohol	0%	0%	0%	0%	0%	0%
Hazardous materials compliance	-	-	86%	92%	0%	0%
Driver fitness	2%	0%	71%	47%	0%	0%

⁵ Blank cells denote that DOT did not provide a BASIC percentile because they did not conduct adequate sampling to make the percentage meaningful.

Safety Measurement System BASIC Percentiles - North America ⁵								
	Transportation Segment							
	Last Mile		Expedite		Legacy Jacobson		Managed Transportation	
	2019	2018	2019	2018	2019	2018	2019	2018
Unsafe driving	-	-	27%	64%	18%	19%	0%	0%
Crash indicator	-	-	15%	66%	20%	14%	0%	0%
Hours-of-service compliance	-	-	32%	24%	61%	59%	0%	0%
Vehicle maintenance	-	-	55%	56%	59%	60%	0%	0%
Controlled substances/alcohol	0%	0%	4%	0%	0%	0%	0%	0%
Hazardous materials compliance	-	-	0%	0%	0%	0%	0%	0%
Driver fitness	N/A	N/A	0%	0%	0%	60%	0%	0%

Safety Measurement System BASIC Percentiles - North America ⁵							
	Transportation Segment						
	Intermodal - Drayage		Intermodal - Cartage		Intermodal - Port Services		
	2019	2018	2019	2018	2019	2018	
Unsafe driving	36%	40%	0%	1%	0%		0%
Crash indicator	56%	65%	4%	11%	-		0%
Hours-of-service compliance	78%	63%	29%	33%	-		-
Vehicle maintenance	93%	91%	39%	29%	23%		44%
Controlled substances/alcohol	0%	0%	0%	0%	0%		0%
Hazardous materials compliance	90%	70%	-	-	-		-
Driver fitness	36%	28%	-	-	0%		0%

Performance Tables

Energy - North America ¹						
	Supply Chain Segment			Transportation Segment		
	2019	2018	2017	2019 ²	2018	2017
Energy Consumption within the Organization (mmBtu)						
Propane	250,195	146,132	25,618	625,876	666,462	634,973
Diesel	17,455	15,706	18,167	13,178,510	13,545,163	13,377,779
Biodiesel	-	-	-	-	26,669	36,014
Compressed natural gas	-	-	-	-	2,950	5,345
Natural gas	474,149	515,947	383,226	203,251	173,711	144,630
Gasoline ³	1,309	1,078	1,720	64,398	61,006	14,232
Electricity	629,058	710,530	658,916	317,432	410,318	387,893
Ethanol	6	-	-	216	-	-
Methanol	-	-	-	278	-	-

¹ Data represents US and Canada only

² Some data tracked by Smartway, our transportation partner, lags a year. Accordingly, some 2019 transportation metrics are unavailable at the time of reporting, and some 2018 metrics have been changed to reflect newly available data.

³ 2018 was the first year XPO's transportation segment began tracking gasoline consumption from company cars.

Energy - North America ¹						
	XPO Corporate			Transportation Segment		
	2019	2018	2017	2019 ²	2018	2017
Energy Consumption outside the Organization (mmBtu)						
Gasoline ⁴	36,251	20,371	21,816	-	100,577	129,286
Diesel	-	-	-	-	2,631,442	2,687,664
Biodiesel	-	-	-	-	4,706	-

⁴ Gasoline consumption for XPO Corporate is based on rental cars used for business travel.

Electricity Consumption - Europe						
	Supply Chain Europe Segment			Transport Solutions Europe Segment		
	2019	2018	2017	2019	2018	2017
Electricity consumption (kWh)	333,705,982	348,938,633	361,953,031	23,851,547	26,922,226	27,280,947

Performance Tables

Facilities Fuel Consumption - Europe			
	2019	2018	2017
Natural gas (m ³)	7,827,811	6,602,174	7,279,508
Butane, propane (m ³)	64,970	-	-
Heating oil (liters)	728,247	785,400	1,099,583
Diesel (liters)	1,817,288	919,975	723,484

Greenhouse Gas Emissions - North America ¹							
	Supply Chain Segment			Transportation Segment			
	2019	2018	2017	2019 ²	2018	2017	2017
Direct (Scope 1) GHG emissions (metric tons CO ₂ e)	45,445	37,912	23,466	1,109,507	1,064,010	1,047,311	-
Indirect (Scope 2) GHG emissions (metric tons CO ₂ e)	82,117	91,914	86,355	40,702	54,292	51,136	-
Indirect (Scope 3) GHG emissions (metric tons CO ₂ e) ⁵	9,027	8,308	8,076	14,475	230,219	254,026	6,780

⁵ Scope 3 emissions for XPO's Supply Chain Segment are emissions associated with waste. 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.

Greenhouse Gas Emissions - Europe						
	Supply Chain Europe Segment			Transport Solutions Europe Segment		
	2019	2018	2017	2019	2018	2017
Direct (Scope 1) GHG emissions (metric tons CO ₂ e)	221,586	152,976	233,848	432,165	532,581	556,916
Indirect (Scope 2) GHG emissions (metric tons CO ₂ e)	79,615	86,503	98,565	3,570	3,972	3,961
Indirect (Scope 3) GHG emissions (metric tons CO ₂ e) ⁷	-	31,901	1,200	754,442	708,173	1,068,561

⁷ 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.

Performance Tables

Pollutant Emissions - North America ¹						
	Supply Chain Segment			Transportation Segment		
	2019	2018	2017	2019 ²	2018	2017
NO_x (metric tons)						
Scope 1 emissions	-	-	-	-	1,980	2,094
Scope 2 emissions	48	65	61	27	40	38
Scope 3 emissions	-	-	-	-	15,904	13,969
SO₂ (metric tons)						
Scope 2 emissions	56	72	70	30	46	43
PM₁₀ (metric tons)						
Scope 1 emissions	-	-	-	-	45	48
Scope 3 emissions	-	-	-	-	500	452
PM_{2.5} (metric tons)						
Scope 1 emissions	-	-	-	-	42	44
Scope 3 emissions	-	-	-	-	495	447

Water Consumption - North America ¹						
	Supply Chain Segment			Transportation Segment		
	2019	2018	2017	2019	2018	2017
Total water use (gallons)	76,938,018	74,814,515	100,836,787	103,892,322	116,528,190	132,728,600

Performance Tables

Waste - North America ¹						
	Supply Chain Segment			Transportation Segment		
	2019	2018	2017	2019	2018	2017
Total waste generated (metric tons)	41,006	42,119	35,869	38,351	39,364	32,307
Total waste sent to landfill (metric tons)	23,274	21,713	21,105	32,744	31,166	25,712
Total materials recycled (metric tons)	17,670	20,344	14,720	5,259	7,823	6,330
Total hazardous waste (metric tons)	62	63	44	348	375	265

Waste - Europe		
	2019	2018
Total waste generated (metric tons)	94,719	97,788
Total waste sent to landfill (metric tons)	7,754	14,522
Total materials recycled (metric tons)	77,856	76,617
Total hazardous waste (metric tons)	9,109	6,650

Freight Transport Metrics - North America ¹				
	Transportation Segment			
	2019 ²	2018	2017	2016
Total freight transport - Own Operations (million metric ton-kilometers)	-	16,330.86	15,871.72	15,997.95
Total GHG footprint - Own Operations (metric ton CO ₂ e/million metric ton-kilometer)	-	60.89	63.23	61.23
Total freight transport - Contract Carriers (million metric ton-kilometers)	-	40,778.82	35,251.99	40,148.50
Total GHG footprint - Contract Carriers (metric ton CO ₂ e/million metric ton-kilometer)	-	67.81	67.75	85.61

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