

To Our Stakeholders

Resiliency, tenacity, agility, pride — all of XPO's defining characteristics in 2020 were positive for our stakeholders. While focusing on protecting our team in the midst of COVID-19, we also kept supply chains moving through the economic trough. The pandemic tested XPO and the wider logistics industry like never before, highlighting the sometimes-hidden value of global supply chains, revealing the risks that arise when distribution links are disrupted and demonstrating how critical it is to keep inventories sustained. When our customers began to regain momentum mid-year, we were at their side, helping them respond to new opportunities. At the same time, we safeguarded our financial stability, while making growth investments in the business.

None of this would have been possible without our strong company culture and the commitment of our people, particularly the employees on the front lines in our logistics sites, transportation terminals and trucks. I'm proud of how our entire team pulled together to take care of each other and perform for our customers. And while safety was our priority, we were also determined to make progress on important sustainability initiatives that speak to our other core values: inclusive, innovative, entrepreneurial and respectful.

As a result, our 2020 Sustainability Report details measurable achievements that moved us forward as a purpose-driven company, including:

Diversity, Equity and Inclusion. In a year marked by global calls for social equality, we acted on our conviction by creating the new role of chief diversity officer and filling it through internal promotion. Our initiatives for diversity, equity and inclusion are led by a strong advocate and reinforced by open-door management, our internal

social media community, XPO University training curriculum and diverse recruitment practices. We still have much work to do, but we're moving decisively in the right direction.

Pioneering Technology. We're a leading innovator in how our customers' supply chains move goods to the people who need them. Thousands of robots are deployed in our distribution centers, helping our employees work safely and efficiently. Our commitment to intelligent automation is delivering large productivity gains, both as standalone solutions and as collaborative robots that team with employees to provide support. In 2020, this additional support gave our logistics network the ability to manage the rapid increase in e-commerce volumes triggered by the pandemic.

Environmental Sustainability. The protection of the planet is a major priority for our company and, increasingly, for our stakeholders. We're installing LED lighting in our facilities, reusing pallets, right-sizing packaging and employing numerous other eco-friendly processes in our operations. Our expertise in circular economy practices continues to pay dividends, as well. We're cutting waste by reducing and reusing materials and recycling a growing share of waste. We've also developed software that optimizes our truck routes, which lowers congestion and reduces emissions, and we own a large fleet of alternative-fuel trucks in Europe. Last year, we expanded this fleet to include 225 tractors that run on liquified or compressed natural gas.

Finally, as you read our 2020 Sustainability Report, you'll get a sense of how comprehensively we define corporate sustainability in terms of operational excellence, innovation and a progressive employment environment. In fact, last year, we introduced a new Environmental, Social and Governance scorecard, which is

linked to my annual compensation and that of other executives. The scorecard provides a progressive means of evaluating our management of ESG initiatives and incentivizing long-term, successive achievements. Our goal is to seek out new ways to deepen our impact — more long-tenured employees, lower emissions, groundbreaking innovations and countless other outcomes that make a difference, while also helping our customers achieve their ESG goals. We'll continue to track and report on our progress.

As part of our focus on continual improvement, we announced in early December that the optimal path to unlock XPO's overall equity value requires the division of XPO into two independent companies, one focused on transportation, the other on logistics. By uncoupling, we are pursuing an opportunity to create two high-performing, publicly traded companies each focused on serving the best interests of all our stakeholders in a sustainable way. We expect to complete the planned spin-off in the second half in 2021.

As we look ahead, our momentum is building as we manage the business responsibly toward our goals. Our customers, employees and shareholders know that we bring our best for them every day. I thank our team for standing behind that promise.



Brad Jacobs

*Chairman and Chief Executive Officer
XPO Logistics*