

# Continuous Innovation



XPO's focus on being a technology leader is essential to our culture and sets us apart from our industry peers. We are innovative and fast-moving, qualities we've shown to be instrumental in managing complex contract logistics implementations. We're also extremely adept at e-fulfillment and reverse logistics, two of the fastest-growing areas of contract logistics in today's on-demand economy.

Our commitment to continuous innovation benefitted XPO in 2020 as the company responded rapidly to the disruptions in global supply chains and workforce practices. The COVID-19 pandemic only amplified pre-existing trends towards acceleration in the pace of innovation across the industry. Rapid gains in computing power, rising environmental concerns and consumer expectations for speedier deliveries are all pushing XPO, and our customers, to speed up how we do business.

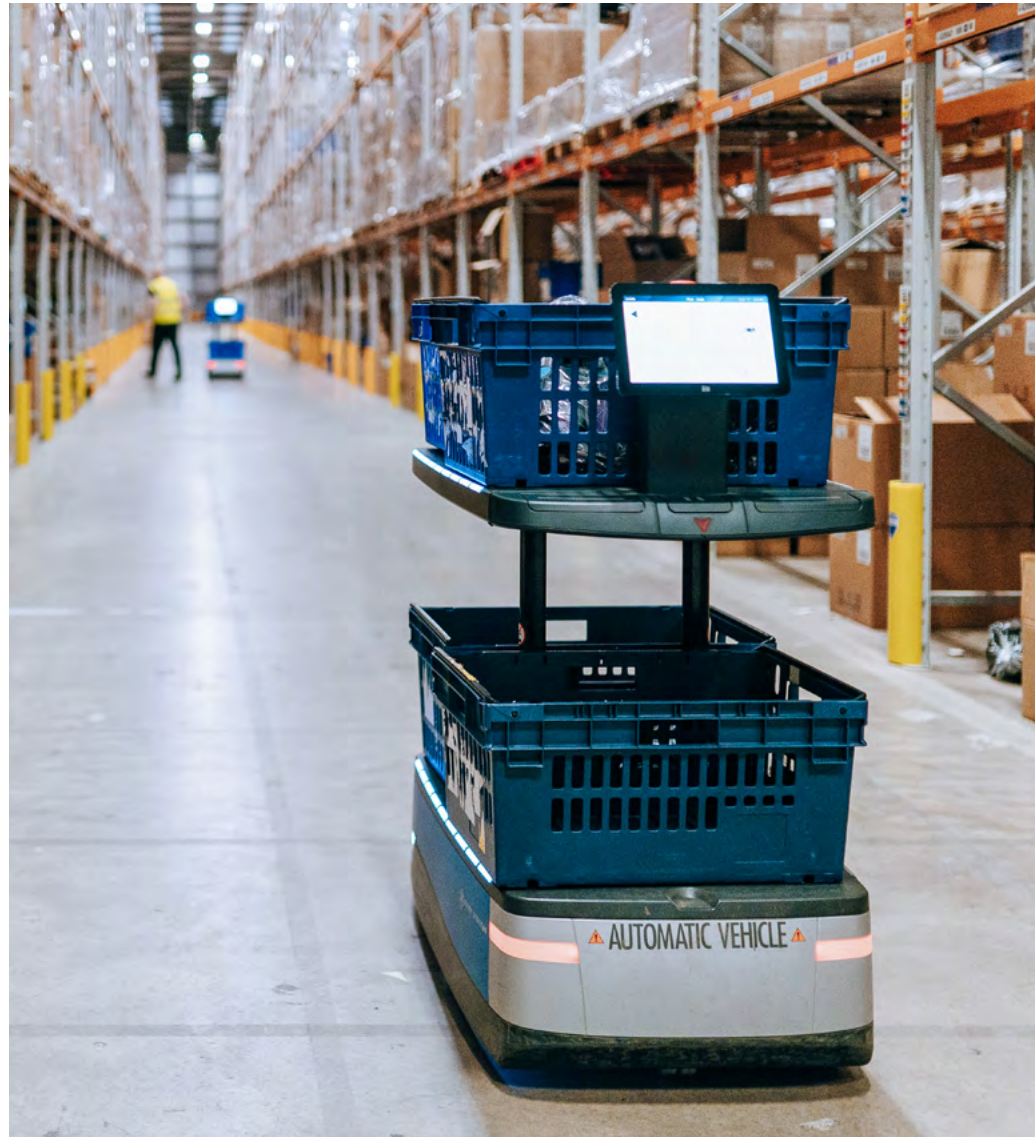
## Pioneering Emerging Technologies

Nowhere is the urgency of innovation more pressing than in the evolution of logistics automation and eco-friendly freight transportation. In the realm of automation, XPO is 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 distribution centers both safer and more efficient. Our rapid-fire development of logistics

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innovations speeds the movement of goods, while enhancing workplace quality for our employees and reducing waste within our facilities.

Transport technology is also experiencing a rapid transformation, driven by the rise of low-carbon regulations worldwide and the related advancement of clean vehicle technologies. At the same time, vehicles are becoming smarter — more like robots — as trucks, cars, carts and other vehicles grow more autonomous. Existing fuels are going green, such as renewable biogas and green electricity. And new drive trains are emerging that could, in time, displace internal combustion engines, from battery powered electric trucks to, further out, hydrogen fuel cell electric drive trains.



## ROBOTS ROLL TO MEET PANDEMIC SURGE

The COVID-19 pandemic dramatically accelerated the growth of e-commerce, creating a massive logistical challenge for distribution center operators. For XPO, and much of the wider logistics industry, the answer is more robots.

In XPO facilities, thousands of robots are already at work, complementing the work of our employees and helping them work more safely and efficiently. Cobots, or collaborative robots, work in distribution centers, moving shelving racks full of goods from which employees pick and pack.

In some job functions, adding robots has delivered productivity gains of up to four-fold. This big leap in output added some of the capacity XPO needs to handle booming pandemic related demand.

“What the pandemic has done is bring us to the e-commerce volumes of 2025 in 2020.”

– Ashfaque Chowdhury, President, Supply Chain, Americas and Asia Pacific