

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, XPO has the responsibility to take an industry-leading role in innovation and sustainability. We continue to focus on reducing our carbon footprint as well as to improving the overall efficiency of all resources we consume.

With operations spanning North America and Europe, XPO has the scale to experiment locally, and expand industry-leading improvements continuously. Ongoing initiatives include modernizing and upgrading our tractors, trailers and facilities, deploying cleaner fuels such as premium diesel, natural gas, biogas and electricity, where practical, and deepening our use of data and software analytics to improve the efficiency of routing, loading and handling.

Indeed, as climate concerns continue to deepen among our partners, consumers and our communities, we see the imperative of investing in cleaner, more efficient solutions. We recognize that diesel will not be the industry's long-term solution, so we are continuing to explore alternatives, such as lighter vehicles, smaller-format vehicles and emerging zero-carbon fuel options.

As a small, but fast-growing share of the global vehicle market, electric vehicles offer opportunities. Near term, we're prepared to support our clients supply chains, ready to ship growing volumes of batteries and related

components as carmakers ramp up production. We're also exploring the promise of electric vehicles in our own fleet, particularly as a zero-emission alternative to diesel for urban deliveries in areas where tailpipe exhaust rules are growing stricter. XPO's first electric truck is expected to enter service in 2021 in the US and represents a valuable pilot to advance our understanding of how and where to best use electric vehicles.

In the past year, XPO continued to roll out innovations guided by the understanding that decisions we take today will impact our business for years to come:

- **Europe.** In 2020, XPO's European fleet benefited from significant upgrades and investment, including the purchase of 85 natural gas trucks, bringing the total in the fleet to 225. 98% of our fleet is compliant with Euro V, EEV and Euro VI standards with an average truck age of about 3.5 years. These vehicles are more efficient and have significantly lower pollutant levels than older vehicles. We also work with our suppliers to improve the performance of our vehicles, for example by reducing aerodynamic drag on vehicles and rolling resistance on tires to lower fuel consumption and carbon emissions. As a result, we reduced fuel consumption in Europe by 10% between 2015 and 2020.
- **North America.** In 2021, XPO plans to invest over \$60 million to buy 596 new tractors for



SWITCHING TO PREMIUM DIESEL

In 2021, XPO is switching to 100% premium diesel. Higher in cetane — analogous to octane in gasoline — premium diesel can burn cleaner, lubricate better and run more smoothly.

On the road, this translates into fuel savings in the range of 1.8% to 2.5%, with commensurate reductions in carbon emissions. Given that XPO buys some 80,000 cubic meters of diesel annually, fleetwide savings can add up. Cleaner fuel can deliver lower shop costs, too, with less maintenance needed.

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SMARTER TIRES FOR BETTER SAFETY AND EFFICIENCY

Tires count as one the modest heroes of road freight. Day in and day out, they support tons of weight, while rolling thousands of miles at high speeds.

In 2020, XPO further advanced the capabilities of our tires. In Europe, XPO switched to an innovative offering from Goodyear that regularly monitors both tire pressure and tread depth as trucks enter an XPO site. Captured automatically, the data from this system can help us service tires more frequently, while freeing technicians from doing so manually. Smarter tires promise to lower costs, help the environment and improve safety.



our LTL network. The new models, with 15-liter engines and automatic transmission, should improve reliability and fuel economy, while lowering emissions and extending engine life. The new tractors also feature safety-enhancing systems like lane departure warning systems, adaptive cruise control and collision mitigation.

Our fleet's first electrically powered truck, a 19-ton rigid distribution vehicle, will deploy in 2021. XPO's diesel fleet will buy 100% premium fuel in 2021 to optimize fleet mileage and total cost of ownership. The fleet switched to Goodyear tires to take advantage of advances in automated tracking of tire pressure and tread depth, which can lower maintenance costs and improve both safety and mileage.

Longer Trucks for Lower Emissions

In the world of freight, significant savings can accrue by simply using fewer engines to pull more freight. In 2020, XPO's operations in Spain began to test the first duo-trailer. A duo-trailer is a combination of a single truck towing two standard trailers and is the largest road transport solution to be tested in Europe. It has the potential to reduce CO₂ emissions by an estimated 25% to 30% per trip compared with the same freight moved on traditional trucks. XPO's testing of the duo-trailer will be part of a collaborative research and development project between the company and other transport providers, industry manufacturers and the General State Administration of Spain. The test results will contribute to an

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assessment of the suitability of duo-trailer use in Spain and appropriate regulations.

XPO is also [tapping into these eco-advantages](#) with the purchase of 10 new mega-trucks and 280 semi-trailers in Spain. Since each 25-metre twin-trailer rig can move up to 65% more freight, carbon emissions per unit can be up to 20% lower versus traditional trucks.

XPO will use its fleet of 25 mega-trucks to cover routes in its LTL network, expanding service on runs serving Valencia-Malaga, Barcelona-Madrid and Seville-Granada.

Turning to Natural Gas for Cleaner Skies

When used to replace traditional diesel fuel, natural gas is emerging as a cleaner alternative. It releases less climate-damaging carbon and fewer air and noise pollutants — a particular plus in urban settings with poor air quality, which are increasingly banning or limiting access to diesel engines.

XPO is an industry leader in deploying natural gas-powered vehicles in its transportation offering in Europe. We now operate 225 natural gas vehicles across the region, which have travelled a total of 40 million km since 2015 and significantly reduced NOx emissions, particulate matter and noise pollution.

For now, networks capable of handling the liquified and compressed natural gas fuels we need remain limited, with far fewer stations



compared to conventional diesel. To advance our use of natural gas, XPO continues to cultivate

distribution partners who can provide natural gas fueling services near select LTL facilities

and at regular intervals along commonly traveled highway routes.