

Sustainability Through Data-Led Optimization

At XPO, we're committed to reducing the impact of operations on the environment, especially with respect to climate change and biodiversity, while helping our customers do the same.

Indeed, for many of XPO's customers, the transportation components of their supply chain account for a significant portion of their CO₂ footprint. To lower their emissions, we collaborate with customers to develop action plans through tactics such as route optimization and load consolidation. To ensure success, we regularly benchmark progress against goals.

Further, by securely sharing data between our clients, consumers and drivers, XPO delivers ongoing benefits, with deliveries that are greener, safer, more efficient and more cost-effective. Four broad priorities are driving this process:

- **Improved utilization.** "Empty miles" – when a truck travels with no freight – account for about a quarter of XPO's total mileage in Europe. With improved routing algorithms, we aim to keep our trucks fuller over more miles, thus moving goods more efficiently.
- **Enhancing driver performance.** Digitally tracking our drivers' habits can help us improve driving efficiency and safety.
- **Deepening status visibility.** Real-time visibility into where goods are and when they'll be delivered improves onward planning and increases satisfaction for end consumers.



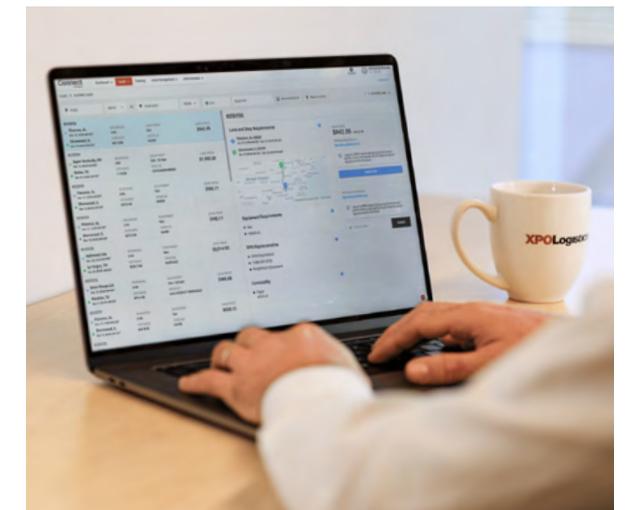
LOWERING FRANPRIX'S CARBON TOLL WITH TRAINS, BARGES AND TRUCKS

In 2012, Franprix, a French supermarket chain owned by Groupe Casino, commissioned XPO to implement a river-based delivery method in Paris. Today, XPO supplies some 200 Franprix grocery stores in central Paris via a mix of river barges and trucks, which helps reduce road congestion, accidents and traffic noise.

We're building on this progress by taking a leading role in ground-breaking urban logistics projects to deliver freight into Paris via rail. Eurorail operates shuttle trains to near the city's edge, and XPO handles last-mile deliveries into and around the city using clean-fuel vehicles. This award-winning rail program helps XPO to better serve customers reliably and efficiently, while advancing Paris' broad environmental goals.

- **Greening operations.** Big data can help to predict volumes and plan capacity. Algorithms that allocate the right resources to the right services likewise mean better vehicle-load matching and save fuel in the process.

Backed by an in-house team of 50-plus decision scientists – mathematicians, analysts and programmers – XPO's focus on data and digitalization continues to deepen in sophistication and impact. Now in its fourth generation, XPO's proprietary data analytics platform can optimize client solutions across multiple criteria including network routing, inventory levels and transportation modes. Together, these AI systems can help deliver high levels of service, with a reduced carbon footprint at a reduced cost.



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GREENER WIN, WITH MORE SUSTAINABLE LOGISTICS

Wine is one of Europe's oldest industries. Given wine's intimacy with the conditions of the soil, water, sun and sky, it's no wonder the industry leads efforts to address climate change. In 2020, XPO was recognized by Familia Torres, a leading vintner in Spain, as a partner in sustainability.

Familia Torres recognized XPO's efforts with its annual Torres & Earth Award, which honors suppliers that show a commitment to the environment and climate change.

"The decarbonization of the wine sector and the overall economy is only possible with the involvement of all companies, public administrations and individuals," said Miguel A. Torres, President of the Familia Torres winery. "The Torres & Earth Awards are an opportunity to create visibility and distinguish those who are working hard to stop global warming."

In Spain, XPO's facilities run on 100% green power, and we continue to advance new standards in greener transport, from cleaner diesel to biofuels and electric vehicles.

For example, we developed sophisticated LTL digital models to optimize routes for the millions of miles we drive every day on behalf of customers. These tools help our dispatchers improve route density and lower the total number of miles driven to pick up and deliver freight. These proprietary models also help boost our load factor, or the amount of weight carried by a truck.

XPO Connect, a digital freight platform that automatically matches supply and demand, gives our customers sophisticated analytics to better contract and manage freight, including a real-time visibility of freight movements, available carrier capacity and market conditions, such as weather and traffic. It provides virtual access to our multimodal range of transportation services, using machine learning to analyze data and market conditions in seconds to promote more efficient and effective operations. Technologies, like XPO Connect, present real opportunities for sustainability through truckload optimization and digital monitoring of our drivers' behaviors, so we can correct and improve driving activity and optimize training, as well as using big data to predict volumes and needed capacity, along with algorithms that allocate the right resources to the required services. In 2020, XPO added a COVID-19 dashboard to this system, providing a central source of vital information on ways the pandemic was impacting freight movements, from closures, to congestion to lockdowns.

When appropriate, we also seek to reduce greenhouse gas 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 shift non-urgent loads to reliable, lower-carbon options like rail. In 2020, XPO moved 210,000 rail shipments in the US, which reduced greenhouse gas emissions by over 525,000 metric tons.