

XPO

2024 Sustainability Update



Our Approach to Sustainability

XPO's approach to sustainability reflects our efforts to improve our performance continually on matters that serve the interests of our stakeholders — our shareholders, customers, employees, and the communities in which we work and live. In 2023, our sustainability initiatives aligned with the execution of our business strategy, which included delivering superior customer service, the expansion and improvement of our network and increasing employee satisfaction. We exited the year with record levels for service, customer satisfaction and employee satisfaction.

Our commitment to excellence extends beyond our core operations and encompasses our corporate responsibility initiatives as well. In recognition of these efforts, we are proud to have been named one of America's Most Responsible Companies by Newsweek, and we are committed to performing to the highest standards of business conduct. We believe our 2023 sustainability initiatives and achievements, as further described below, helped drive our strong business performance.



Our Values

Overachieve for Customers

We strive to provide a superior customer experience, with an emphasis on attributes that our customers value most, such as on-time, damage-free service. We are committed to continuously improving network efficiency and labor productivity and optimizing freight flows at all levels of demand. In 2023, our organization of truck drivers, operations teams and sales professionals worked together to move approximately **18 billion pounds of freight** for our customers.

Be Safe

We constantly work to improve the safety and wellbeing of our people. That means investing in and implementing the latest protocols, staying up to date on the latest protocols, technologies and equipment so we can continue to do what we do best.

Be Accountable

We take pride in doing things the right way, which means speaking up when we see opportunities to improve and owning mistakes. By prioritizing accountability, integrity and a job well done, we make sure team members can count on each other, and our customers know they can count on us to do right by them.

Always Improve


We're forward-thinking and always investing in our people, technology and network to deliver better results every day. Innovation runs deep in our veins, as we find new ways to improve our performance for customers, employees and shareholders.

Respect Each Other

We work hard to ensure our people feel respected and empowered. We build a collaborative culture that emphasizes respect, honesty and making sure every teammate has a voice.

Be World-Class in Every Way

We are focused on being #1 in LTL. We're competitive and driven to win, which means we don't settle for anything less than the best for ourselves, our customers, our shareholders and the communities we serve.



**Our values define
our culture and
reflect how we care
for our customers
and each other.**



Highlights of Our Sustainability Strategy

Our sustainability strategy is built on the pillars of environmental commitment, social responsibility and ethical governance. Our sustainability initiatives are backed by a strong governance structure that encourages accountability and fosters ongoing progress on sustainability issues. Our Board of Directors, primarily via its Nominating, Corporate Governance and Sustainability Committee,

is responsible for overseeing our sustainability strategies. Our teams throughout the company actively work to implement our sustainability programs and initiatives, ensuring that our strong dedication to environmental, social and governance factors is evident in our business decisions and actions.

Environmental Commitments

For many of our customers, the transportation needs of their business account for a meaningful portion of their CO² footprint. Our technology can coordinate the movement of customer goods in ways that are greener, safer, more efficient and more cost-effective. Some of our key priorities in this regard include investing in modern, fuel-efficient fleet, optimizing our utilization of truck and trailer capacity, streamlining local and linehaul freight flows and training our drivers in eco-friendly techniques.

By strategically investing in technology and infrastructure, we have made strides in reducing our carbon emissions and advancing operational efficiency. We remain focused on maintaining a top-performing fleet, adhering to ever-changing environmental regulations and researching sustainable fuel alternatives to continue to reduce emissions.

Transportation Fleet

1 Our ongoing fleet initiatives companywide include: modernizing our tractors and trailers; deploying cleaner fuels where practical, such as natural gas, biodiesel, biogas and electricity; expanding our use of data and analytics to improve the efficiency of routing, loading and handling freight; and exploring the commercial viability of alternative vehicles that have a lower environmental impact.

2 We have demonstrated our commitment to fleet efficiency and sustainability by making strategic investments in new, more fuel-efficient vehicles, including tractors with 15-liter engines and automatic transmissions that improve reliability and fuel economy, while lowering emissions and extending engine life. In 2023, we bolstered our North American fleet with the addition of over **1,400 new tractors**, reducing our average tractor age to 5.0 years at year-end from 5.9 years at the end of 2022. In 2024, we intend to purchase well over **2,000 Less-than-Truckload (“LTL”) tractors** and expect a reduction in our average tractor age to under 4.5 years.

3 In Europe, our diesel road fleet is **over 97% compliant** with Euro 6 standards, and we have a natural gas-powered fleet of **more than 230 trucks** serving customers in France, the U.K., Spain and Portugal. Additionally, we have environmentally-sound fleet initiatives ranging from government-approved mega-trucks in Spain, which can transport more freight with fewer trips, to fully electric vehicles for certain “last mile” home deliveries. We are also testing the use of duo-trailer vehicles that have the potential to reduce CO² emissions, compared with using traditional trucks for the same freight.

4 Electric vehicles show promise in commercial transport applications as an alternative to diesel, particularly in urban areas. Our fleet experts are working with manufacturers of larger electric trucks, and we have completed two pilot programs to advance our understanding of the commercial viability of these vehicles. In the U.S., we have taken delivery of **six all-electric trucks to deploy in California which have begun picking up and delivering customer freight** and we announced an agreement to purchase **more than 100 all-electric trucks in France**, supported by the ongoing installation of more than **80 electric charging stations** at our facilities.



Facilities

Our expertise in the circular economy helps us to continually improve the eco-profile of our facilities. We have ongoing initiatives underway to install LED lighting in our buildings, reuse pallets, right-size packaging and incorporate other environmentally friendly practices in our operations. We also reduce waste by recycling or reusing materials where feasible.

Ongoing Initiatives to Reduce Our Environmental Impact



Investing in a modern, fuel-efficient fleet.

- We expect to reduce our average tractor age to under 4.5 years in 2024, from 5.9 years at the end of 2022, resulting in higher mpg per tractor and lower emissions from more efficient engines.

Calibrating our vehicles for improved fuel efficiency

- We equip our trucks with aero packages that reduce drag and improve mpg, resulting in lower fossil fuel consumption.
- We are nearly finished converting our fleet from manuals to more fuel-efficient automated manuals.
- We utilize SmartWay-approved tires that improve fuel efficiency.
- We set engine parameters to maximize fuel efficiency and performance.
- We equip our fleet with idle shutdown timers set at three minutes to reduce idle and emissions.
- We govern speeds at 60 mph to maximize fuel efficiency.
- We are adding side skirts to our trailers that lower drag and offer potential fuel efficiency benefits.

Deploying cleaner fuels and alternative vehicles where practical

- We are using biodiesel fuel in many areas, resulting in emissions reductions.
- We are exclusively using renewable diesel in the state of California.
- We have taken delivery of six all-electric trucks to deploy in California. These trucks have begun picking up and delivering customer freight.

Improving the efficiency of routing, loading and freight handling

- We leverage our in-house proprietary software to reduce fuel consumption by maximizing route density and minimizing miles run.
- Anticipated better load average in our future YoY horizons is expected to result in fewer driven miles to move the same tonnage, through the use of equipment like SafeStack and pup trailers.
- We have a diversified fleet of straight trucks as well as medium duty and heavy-duty day cabs to avoid using larger trucks than necessary for smaller loads.

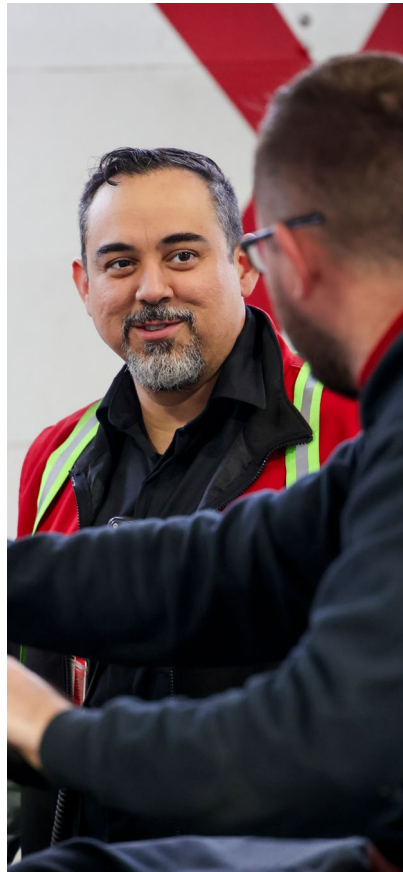
Reducing waste through recycling and reuse

- We tear down trailers that have reached their end of life at our in-house manufacturing facility in Arkansas and recycle 86% of the materials in these trailers.
- We recap tires three times to reduce waste and our non-recyclable footprint.
- We consistently recycle waste oil in our shops.



Social Responsibility

As a people-driven company with a strong customer service culture, our ability to be an employer of choice and a business partner of choice are intertwined. We are committed to fostering a workplace environment that prioritizes the health and safety of our employees and the communities in which we operate. We are also committed to ensuring that every individual feels valued and included. Our “Better Together” culture and programs include:



Employee Engagement

We maintain open lines of communication through a mix of channels, including quarterly employee surveys, roundtable discussions, employee engagement committees, a robust online community and town halls. In 2023, our annual engagement survey yielded a participation rate of **over 80%**, and employee satisfaction scores rose to their highest historical levels. Surveys of our workforce have also led to a variety of new benefits, including the creation of our tuition reimbursement program and other programs.

Leadership Training

We empower individuals from all backgrounds to lead with excellence, driving fresh insights. Our professional development initiatives include **Grow at XPO, RISE, XPO Accelerate, Field Management Training Program** and training new commercial driver candidates at our in-house LTL driver training schools nationwide.

Community Partnerships

We collaborate with organizations like **Susan G. Komen** and **Truckers Against Trafficking** to make a positive difference in the communities in which we operate and in the transportation industry at large.

Celebrating Our Differences

We take pride in having an inclusive workplace that encourages a diversity of skills and perspectives. From **heritage months** to open dialogues via our **Table Talk open meetings**, we honor each individual's unique contributions.

Veteran/Military Recruiting Initiative

Military personnel and veterans enrich our organization with experience, leadership and resilience. We actively recruit on military bases throughout our footprint and through our partnerships such as **U.S. Army Partnership for Your Success (PaYS)**.

Ethics and Compliance



Health and Safety

The physical and emotional safety of our employees is paramount, and we have numerous protocols in place to ensure a safe work environment. We developed our Road to Zero program to decrease occupational injuries and illnesses through education, mentoring, communication and on-the-job training that instills awareness and reduces risk. As part of Road to Zero, we track accident-free miles and recognize XPO drivers who have achieved million-mile safety milestones. As of December 31, 2023, **more than 2,475 of our LTL drivers** have achieved a safety designation of **at least one million accident-free miles**, with **194** of these drivers meeting this threshold in 2023.

We want our employees to feel welcome at work, and we provide multiple channels to report any incidents, which includes an open-door policy that encourages employees to speak with any supervisor, manager or member of the HR team, and our EthicsPoint hotline and website for reporting incidents anonymously.



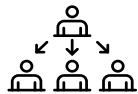
Governance and Ethics

We are committed to sound corporate governance, and to fostering and upholding ethical conduct. Our culture and values, policies, training programs and day-to-day practices are centered on promoting the honest and ethical conduct of directors and employees, deterring and detecting wrongdoing, promoting compliance with applicable governmental laws, rules and regulations, and providing clear channels for reporting concerns. Our ethical values have been key to driving our continuing success and earning the trust of our customers, employees, shareholders and other stakeholders.



Code of Business Ethics

Our Code of Business Ethics (COBE) provides a comprehensive framework for defining and upholding the expected standards of behavior within XPO. The COBE is designed to deter wrongdoing, promote the honest and ethical conduct of all employees, promote compliance with applicable governmental laws, rules and regulations and provide clear channels for reporting concerns. Our COBE serves as the foundation of our corporate values and was most recently updated in April 2024.



Corporate Governance

Our strong corporate governance structure, including a diverse Board of Directors with independent committees, serves to reinforce our commitment to operating with integrity. This impacts all aspects of our sustainability efforts, including our ability to build safe workplaces, serve our customers, foster the success of our employees, reduce environmental impacts and act as a good corporate citizen. It also allows our Board to strike the right balance between decisive leadership and rigorous independent oversight of management.

To encourage open discussion without management influence, our Corporate Governance Guidelines require non-management directors to meet regularly without the presence of management. These guidelines also provide for board members to have access to senior XPO officers and outside advisors.

Please find our Corporate Governance Guidelines [here](#).



Cybersecurity

We employ a robust system of information technology and information security controls, managed by a dedicated Chief Information Security Officer, including measures to assess, identify and manage risks from cybersecurity threats which we consider to be critically important to maintaining our business and ensuring our business continuity. In the event of a cybersecurity incident, our incident response team, composed of members of our information security team as well as other key personnel, identifies, evaluates and quantifies the relevant risks based on the available information and classifies the severity of the incident.



Political Activity Policy

Our Political Activity Policy provides that any proposed political contribution by the company must be approved by the Nominating, Corporate Governance and Sustainability Committee of the Board of Directors. The Policy also provides that the company will publicly disclose any political contributions made by the company on its website.

Please find our Political Activity Policy [here](#).

Ethics and Compliance

Continued



Further Information

Your feedback and engagement are vital to our continuous improvement in sustainability performance. We invite you to explore our reports, review our metrics, and join us in our journey.

Contact Us

Contact us with your feedback, questions, or suggestions [here](#).

Additional Resources

Additional Resources can be found on our sustainability webpage [here](#).



XPO

Your freight first