



Proxy Alert

XPO Logistics

XPO (NYSE)

Meeting Date: May 10, 2017 (tentative)

XPO Logistics Shareholder Resolution

The Proposal

Shareholders request XPO Logistics, Inc. ("XPO"), issue an annual sustainability report describing the Company's short- and long-term responses to Environmental, Social and Governance ("ESG") related issues affecting the Company.

The report should be prepared at a reasonable cost, omit proprietary information, and be available to shareholders by December 2017.

It should address relevant policies, practices, and metrics on topics such as human capital management and greenhouse gas emissions and include objective quantitative indicators and goals relating to each issue, where feasible.

We recommend using the Global Reporting Initiative's Sustainability Reporting Guidelines to prepare the report. The Guidelines cover environmental impacts, human rights and labor practices and provide a flexible reporting system that allows omission of content irrelevant to company operations.

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Background

XPO provides transportation and logistical services to 63% of Fortune 100 companies, including Nestle, Marks & Spencer, Zara, L'Oréal, Unilever, Kellogg's and IKEA. It is ranked as the largest logistics company in North America. XPO is a constituent of the Russell 2000 index.

XPO's business model involves a complex set of processes and relationships within global supply chains. Through a growth strategy focused on mergers and acquisitions, XPO has expanded from an asset-light North American business with [216 employees in 2012](#) to one of the world's largest logistics companies with over [87,000 employees](#) and operations in over 34 countries.

XPO's business model and its recent rapid growth make the company particularly exposed to various environmental, social and governance (ESG) risks across its supply chain. Despite these risks, XPO does not currently provide sufficient disclosure to investors on how it is managing ESG issues across its business. Given the increasing recognition of the materiality of ESG issues by various stakeholders, including its shareholders, XPO should issue an annual sustainability report describing its responses to ESG issues affecting the company.

What are the issues?

XPO faces legal, financial, operational and reputational risks as a result of its **poor record on workplace practices and labour standards**. This record includes:

- **Worker misclassification:** There are at least 10 pending class action lawsuits against XPO over misclassification, which entails labeling drivers as independent contractors while treating them as employees. In addition to filing lawsuits, workers have gone on strike, staged pickets and – in one case – gone on hunger strike to oppose their alleged misclassification.
- **Poor working conditions:** An ASOS distribution centre operated by XPO in the UK has been the subject of a media firestorm due to alleged flexible working contracts, onerous output targets and extraordinary levels of surveillance and monitoring. A call was issued to the UK House of Commons business select committee to launch an inquiry into the company.

- **Anti-union activity:** Ten complaints of Unfair Labor Practices taken by XPO management to deny/violate workers' Freedom of Association Rights are pending before the National Labor Relations Board. XPO spent over \$600,000 on "union avoidance" consultants in 2015.
- **Environmental Practices:** The environmental practices of third-party logistics firms are central to the environmental footprint of global trade. As the demand for green product offerings grow, XPO must inform investors how it tracks and reports the carbon intensity of its offerings for current and future clients.

It is vital for XPO's shareholders to have improved disclosure from the company in order to understand how it is managing and addressing these issues. The CWC recommends a vote FOR this proposal.

Media

[Asos working conditions to be investigated by MPs](#)

[XPO Logistics Subsidiaries Sued for Misclassifying Drivers](#)

[XPO Logistics' Long Term Shareholder Value Could Be At Risk](#)

[XPO's Jacobs misremembers European labor relations](#)

[XPO Logistics Dilutes Shareholders, Loads Up On Debt In Profitless Acquisition Spree](#)

[Teamsters To Head Off Potential XPO CEO Pay Bonanza](#)

[A Class of Precarity: Why worker misclassification matters for investors](#)

Contact

Tamara Herman
Committee on Workers' Capital
therman@share.ca

Louis Malizia
The Teamsters
LMalizia@teamster.org

Michael Pryce-Jones
The Teamsters
MPryce-Jones@teamster.org

For information on the Committee on Workers Capital: www.workerscapital.ca