

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023  
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to  
Commission file number 001-40470



GXO Logistics, Inc.

(Exact name of registrant as specified in its charter)

Delaware

86-2098312

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

Two American Lane  
Greenwich, Connecticut

06831

(Address of Principal Executive Offices)

(Zip Code)

(203) 489-1287

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	GXO	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant was \$ 7.3 billion as of June 30, 2023, based upon the closing price of the common stock on that date.

As of February 12, 2024, there were 119,262,270 shares of the registrant's common stock, par value \$0.01 per share, outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Specified portions of the registrant's proxy statement, which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A in connection with the registrant's 2024 Annual Meeting of Stockholders (the "Proxy Statement"), are incorporated by reference into Part III of this Annual Report on Form 10-K. Except with respect to information specifically incorporated by reference in this Annual Report, the Proxy Statement is not deemed to be filed as part hereof.

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**GXO Logistics, Inc.**  
**Form 10-K**  
**For the Fiscal Year Ended December 31, 2023**  
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#### **Cautionary Statement Regarding Forward-Looking Statements**

*This Annual Report on Form 10-K ("Annual Report"), other written reports and oral statements we make from time to time contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terms such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "should," "will," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target," "trajectory" or the negative of these terms or other comparable terms. However, the absence of these words does not mean that the statements are not forward-looking. These forward-looking statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that may cause actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause or contribute to a material difference include those discussed below and the risks discussed in the Company's other filings with the Securities and Exchange Commission (the "SEC"). All forward-looking statements set forth in this Annual Report are qualified by these cautionary statements, and there can be no assurance that the results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequence to or effects on the Company or its business or operations.*

*The following discussion should be read in conjunction with the Company's audited Consolidated Financial Statements and corresponding notes thereto included elsewhere in this Annual Report. Forward-looking statements set forth in this Annual Report speak only as of the date hereof, and we do not undertake any obligation to update forward-looking statements to reflect subsequent events or circumstances, changes in expectations or the occurrence of unanticipated events, except as required by law.*

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## Part I

### Item 1. Business.

#### Company Overview

GXO Logistics, Inc., together with its subsidiaries ("GXO," the "Company," "our" or "we"), is the largest pure-play contract logistics provider in the world and a foremost innovator in an industry propelled by strong secular tailwinds. We provide our customers with high-value-added warehousing and distribution, order fulfillment, e-commerce, reverse logistics and other supply chain services differentiated by our ability to deliver technology-enabled, customized solutions at scale. As of December 31, 2023, our 131,000 team members operated in 974 facilities worldwide totaling 199 million square feet of space, primarily on behalf of large corporations that have outsourced their warehousing, distribution and other related activities to us.

Our revenue is diversified among over one thousand customers, including many multinational corporations, across numerous verticals. Our customers rely on us to move their goods, with high efficiency, through their supply chains — from the moment goods arrive at our warehouses through fulfillment and distribution, and the management of returned products. Our customer base includes many blue-chip leaders in sectors that demonstrate high growth and/or durable demand, with significant growth potential through customer outsourcing of logistics services.

GXO became a standalone publicly traded company on August 2, 2021, when GXO completed its separation (the "Separation") from XPO, Inc. ("XPO") and began regular-way trading on the New York Stock Exchange under the ticker symbol "GXO." GXO was incorporated as a Delaware corporation in February 2021.

#### Our Strategy

We design and operate the most advanced warehouse solutions in the world. Our strategy is to help our customers manage their warehouse needs for optimal efficiency, using our network of people, technology and other physical assets. We deliver value to customers in the form of technological innovations, process efficiencies, cost efficiencies and reliable outcomes. Our services are highly responsive to customer goals, such as increasing visibility in the supply chain, decreasing fulfillment times and mitigating environmental impacts, while being proactive in identifying potential improvements.

GXO creates short- and long-term value for customers and shareholders through our unique combination of technology, scale and expertise. Our strategy addresses growth and optimization by focusing on core verticals that demonstrate enduring demand over time and where we already have a deep presence. We expect to attract new customers and expand the services we provide to existing customers through new projects, thus earning more of their logistics spend. We integrate best practices to drive productivity, with a focus on automation and other levers of profitable growth.

To aid in executing our strategy, we have instilled a culture that focuses on delivering mutually beneficial results for our customers and our company with the highest legal and ethical standards and clear policies and practices to support compliance throughout our organization.

#### Technology and Intellectual Property

Contract logistics is becoming more and more complex, as changing consumer expectations and preferences continue to drive a need for faster delivery times, higher levels of returned inventory and better visibility throughout the supply chain. Traditional warehousing solutions are no longer sufficient to fill these needs. The industry needs scaled technology players, like GXO, to deliver these complex solutions.

Technology is a core competitive advantage for GXO and fundamental to how we win and retain business. GXO was an early adopter of technology, and more than 30% of our warehouses are technology-enabled compared to the industry average of approximately 10%. Technology enables us to add value to our customers' end-to-end

operations in terms of cost, efficiency, accuracy and environmental impact. Investments in cutting-edge technology are a major growth driver for our business.

Our highly scalable warehouse management platform is built on the cloud to speed the deployment of new ways to increase efficiency and leverage our footprint. In a relatively short time, we can implement innovations across multiple geographies or take an innovation developed for one vertical and apply it to other verticals to enhance the value we offer our customers.

To date, the most significant impacts of our proprietary technology are in three areas: labor and inventory management productivity, intelligent warehouse automation and predictive analytics, all of which are integrated through our proprietary warehouse management platform.

#### *Labor and Inventory Management*

Our productivity is driven by our comprehensive suite of intelligent tools and analytics designed to optimize labor and inventory management. This technology incorporates dynamic data science, predictive analytics and machine learning to aid decision-making. Our site managers use these tools to improve productivity in site-specific ways in a safe, disciplined and cost-effective manner.

#### *Intelligent Warehouse Automation*

Our intelligent warehouse automation includes deployments of autonomous robots and collaborative robots ("cobots"), automated sortation systems, automated guided vehicles, goods-to-person systems and wearable devices — these are all effective ways to deliver critical improvements in speed, accuracy and productivity. Importantly, automation also enhances safety and the overall quality of employment. Our warehouse management system creates a synchronized environment across automation platforms to control these technologies holistically, providing an integrated solution.

We have found that autonomous goods-to-person systems and cobots, which assist workers with the inventory picking process, can improve labor productivity. Stationary robot arms can repeat demanding tasks with greater precision than is possible manually. Robots are particularly valuable in markets with labor shortages and where wage inflation can erode customer margins.

Other technologies that differentiate our logistics environments are our proprietary warehouse module for order management, which gives customers deep visibility into fulfillment flows, and our analytics dashboard, which gives customers valuable business intelligence to manage their supply chains. Our connection management software module facilitates integration with SAP, Oracle and other external systems, enabling our customers to get the maximum benefit from our technology.

#### *Predictive Analytics*

Our predictive analytics add significant value for customers, particularly in e-commerce and omnichannel retail, where seasonality drives high volumes through outbound and inbound logistics processes. For example, up to 30% of consumer goods bought online are returned, and this creates increased volumes at certain times of the year. We have developed analytics that predict surges in demand using a combination of historical data and customer forecasting.

As an industry leader that invests substantially in technology, we have access to an immense amount of data, as well as the analytical processing capabilities to capitalize on that data by incorporating our learnings into customer solutions. We believe our ability to process and act upon data is a key competitive advantage and differentiator.

## **Customers and Markets**

We provide our customers with high-value-added warehousing and distribution, order fulfillment, e-commerce, reverse logistics and other supply chain services. We provide services to customers globally, including *Fortune 100* companies in the U.S., *Fortune Global 500* companies in the world, European multinational market leaders and other renowned global brands. The customers we serve are primarily in North America and Europe and operate in every major industry. The diversification of our customer base reduces concentration risk. In 2023, our top five customers combined accounted for approximately 17% of our total revenue, and no customer represented more than 4%.

Our revenue is highly diversified due to our expertise across multiple verticals, reflecting our customers' principal industry sectors. In 2023, 42% of our revenue was from Omnichannel retail, 15% from Technology and consumer electronics, 14% from Food and beverage, 11% from Industrial and manufacturing, 11% from Consumer packaged goods, and 7% from other industries, with the vast majority of our revenue generated in the United Kingdom, the United States, the Netherlands, France, Spain and Italy.

## **Seasonality**

During the fourth quarter, our business benefits from strong positioning in the e-commerce sector, where demand is characterized by surges in activity associated with the holiday season. Our revenue and profitability are typically lower in the first quarter of the calendar year relative to other quarters. This is due in part to seasonality, namely the post-holiday reduction in demand experienced by many of our customers, which leads to less use of the logistics services we provide.

## **Competition**

We operate in a highly competitive global industry with a highly fragmented marketplace where thousands of companies compete domestically and internationally. We compete based on our ability to deliver quality service, reliability, scope and scale of operations, technological capabilities, expertise and pricing.

Our competitors include local, regional, national and international companies that offer services similar to those we provide. Our competitors include CEVA, DHL, DSV, GEODIS, ID Logistics, Kuehne + Nagel and Ryder. Due to the competitive nature of our marketplace, we strive daily to strengthen and expand existing business relationships and forge new relationships.

## **Government Regulations**

Our operations are regulated and licensed by various governmental agencies in the U.S. at the local, state, and federal levels and in other countries where we conduct business. These regulations impact us directly and indirectly when they regulate third parties with which we arrange or contract services. In addition, we are subject to a variety of other U.S. and foreign laws and regulations, including, but not limited to, the Foreign Corrupt Practices Act and other anti-bribery and anti-corruption statutes.

## **Environmental Sustainability**

Environmental sustainability is a key pillar of our Environmental, Social, and Governance ("ESG") strategy. We are partnering with customers around the globe to help them achieve their environmental goals while we innovate to reduce our impact. For many of our customers, the logistics component of their supply chain accounts for a sizeable portion of their greenhouse gas ("GHG") emissions and waste footprint. We collaborate with customers to create action plans that reduce emissions related to their supply chains through technology-enabled solutions.

Our environmental sustainability strategy is designed to be applicable globally while also compliant with local environmental regulations. Throughout our business, GXO has identified GHG emissions and waste associated with operations as our greatest opportunities to reduce our environmental impact. In 2021, we established environmental

targets to track and prioritize our reduction of Scopes 1 and 2 GHG emissions and increase waste diversion rates globally. Part of our environmental strategy focuses on improving the energy efficiency of our buildings. We have a global initiative to replace our warehouse lighting with LED and are developing our strategy to increase the amount of renewable electricity used in our buildings.

In 2023, we began an exercise to quantify our full carbon footprint, including our Scope 3 emissions. We anticipate the results of this exercise in the first half of 2024.

#### **Human Capital**

Our success relies in large part on our robust governance structure and Code of Business Ethics, our corporate citizenship and engaged employees who embrace our values. As a customer-centric company with a strong service culture, we constantly work to maintain and improve our position as an employer of choice. This requires an unwavering commitment to workplace inclusion and safety as well as competitive total compensation that meets the needs of our employees and their families.

##### *Employee Profile*

As of December 31, 2023, we operated in 27 countries with approximately 131,000 team members (comprising approximately 87,000 full-time and part-time employees and 44,000 temporary workers engaged through third-party agencies). Our workforce is located: 47% in the United Kingdom, 25% in Europe (excluding the United Kingdom), 25% in North America and 3% in Latin America and Asia combined. The majority of our employees in Europe and the United Kingdom were covered by collective bargaining agreements, while none of our employees in North America were covered by collective bargaining agreements. As of December 31, 2023, approximately 36% of our global workforce were women, and 66% of our workforce in the U.S. were ethnic minorities.

We have made and continue to make significant investments in the safety, well-being and satisfaction of our employees in numerous areas, including diversity, inclusion and belonging; health and safety; talent development and engagement; and expansive total rewards.

##### *Diversity, Inclusion and Belonging*

We take pride in having an inclusive workplace that encourages a diversity of backgrounds and perspectives and mandates fair treatment for all individuals. These attributes of our culture make us a stronger organization and a better partner to all GXO stakeholders. We welcome employees of every gender identity, sexual orientation, race, ethnicity, national origin, religion, life experience, veteran status and disability.

##### *Health and Safety*

Our employees' safety is always our foremost priority, and we have numerous protocols in place to ensure a safe workplace environment. We aim to maintain an Occupational Safety and Health Administration recordable incident rate that is less than half the published rate for the General Warehousing and Storage sector, based on the "Industry Injury and Illness Data" of the U.S. Bureau of Labor Statistics.

##### *Talent Development and Engagement*

Our employees are critically important to our ability to provide best-in-class service. We ask our employees for feedback through engagement surveys, roundtables and town halls. We use periodic engagement surveys to gauge our progress and assess satisfaction. In this way, our employees help drive the continuous improvement of our business. We seek to identify top talent in all aspects of the recruitment process and we emphasize training and development supported by our own online GXO University.

We tailor our recruitment efforts by geography and job function, using an array of channels to ensure a diverse candidate pool. Our talent development infrastructure provides resources to employees who aspire to grow

throughout their careers, such as tailored skills development, training and mentoring. In addition, we maintain a robust pipeline of future operations leaders by using structured sponsorships and additional learning techniques to develop internal candidates who demonstrate high potential to advance from supervisory roles into site leader positions. Our programs also retain top talent by defining personalized development paths and attract new talent by differentiating GXO as an employer of choice.

#### *Expansive Total Rewards*

We offer a competitive compensation package to help attract and retain outstanding talent. We offer competitive wages and a comprehensive suite of benefits to all employees to maintain our position as an employer of choice in the talent marketplace. A number of the benefits we offer were introduced in response to employee feedback — in the U.S., examples include our pregnancy care policy, family bonding policy, tuition reimbursement program for continuing education, and benefits such as diabetes management, supplemental insurance and short-term loans. In Europe, the benefits offered vary by country and are tailored to the needs of the local markets. Examples include comprehensive healthcare and risk insurance, employee assistance programs covering mental, physical and financial well-being, pension plans, profit sharing and local and global bonuses structured to offer competitive pay in each country.

#### **Information About Our Executive Officers**

The following information relates to our current executive officers:

Name	Age	Position
Malcolm Wilson	65	Chief Executive Officer
Baris Oran	50	Chief Financial Officer
Karlis Kirsis	44	Chief Legal Officer
Elizabeth Fogarty	54	Chief Communications Officer
Richard Cawston	50	Chief Revenue Officer

**Malcolm Wilson** has served as Chief Executive Officer since the Separation in August 2021, after serving as Chief Executive Officer of XPO Logistics Europe since September 2017. He joined XPO in 2015 through XPO's acquisition of Norbert Dentressangle, where he led the logistics division and served on the executive board.

**Baris Oran** has served as Chief Financial Officer since the Separation in August 2021. Mr. Oran joined XPO in May 2021 as Chief Financial Officer of XPO's Logistics segment after having previously served as Chief Financial Officer of the Sabanci Group, one of Turkey's largest publicly traded companies. Mr. Oran served as Chief Financial Officer of Sabanci from 2016 to 2021, prior to which he held other senior finance roles at the company.

**Karlis Kirsis** has served as Chief Legal Officer since the Separation in August 2021, after serving as Senior Vice President, European Chief Legal Officer, Corporate Secretary for XPO, a role he had held since February 2020. Mr. Kirsis previously served in various roles at XPO, including Senior Vice President, Corporate Counsel from July 2017 to February 2020 and Vice President, Corporate and Securities Counsel from September 2016 to July 2017.

**Elizabeth Fogarty** has served as Chief Communications Officer since September 2021. Prior to her time with GXO, Ms. Fogarty was employed by Citi as the Managing Director and Head of Global Consumer Banking Public Affairs from October 2013 to September 2021 and before that as the Director of Corporate Communications and Vice President of Global Public Affairs.

**Richard Cawston** has served as Chief Revenue Officer and President of Europe since December 2023, after serving as President of Europe for GXO since August 2021 and President of XPO Logistics Europe – Supply Chain since September 2017. He joined XPO in 2015 through XPO's acquisition of Norbert Dentressangle, where he was Managing Director of the logistics division in the United Kingdom and Ireland.

## **Available Information**

We are required to file annual, quarterly and current reports, proxy statements and other information with the SEC. Reports filed with the SEC can be viewed at <http://www.sec.gov> and on our corporate website at [www.gxo.com](http://www.gxo.com). Materials are available online as soon as reasonably practicable after we electronically submit them to the SEC. Further materials regarding our corporate governance policies and practices, including our Corporate Governance Guidelines, Code of Business Ethics and the charters relating to the committees of our Board of Directors, are also available on the investors section of our website.

### **Item 1A. Risk Factors.**

*The following are important factors that could affect our financial performance and could cause actual results for future periods to differ materially from our anticipated results or other expectations, including those expressed in any forward-looking statements made in this Annual Report or our other filings with the SEC or in oral presentations such as telephone conferences and webcasts open to the public. You should carefully consider the following factors in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 and our Consolidated Financial Statements and related Notes in Item 8.*

#### **Risks Related to Our Business**

##### **Risks Related to Our Strategy and Operations**

***We operate in a highly competitive industry, and failure to compete or respond to customer requirements could negatively affect our business and our results of operations.***

The logistics industry is intensely competitive and is expected to remain so for the foreseeable future. We compete against multinational firms, regional players and emerging technology companies. We also must contend with our customers' ability to in-source their logistics operations. The competitive factors that are most important to our customers are price and quality of service. Many larger customers utilize the services of multiple logistics providers. Customers regularly solicit bids from competitors to improve service and to secure favorable pricing and contractual terms such as longer payment terms, fixed-price arrangements, higher or unlimited liability and performance penalties. Increased competition and competitors' acceptance of more onerous contractual terms could result in reduced revenues, reduced margins, higher operating costs or loss of market share, any of which could have a material adverse effect on our results of operations, cash flows and financial condition.

***Increases in our labor costs to attract, develop and retain employees may have a material adverse effect on our business.***

Our workforce is comprised primarily of employees who work on an hourly basis. To grow our operations and meet the needs and expectations of our customers, we must attract, develop and retain a large number of hourly employees while controlling labor costs. Many of our long-term customer contracts are fixed-price arrangements that limit our ability to pass on to our customers increases in labor costs due to low unemployment, increases in government unemployment benefits, competitive pressures, union activity or changes in federal or state minimum wage or overtime laws and any such increases in labor costs could adversely affect our business, results of operations, cash flows and financial condition.

Additionally, our operations are subject to various employment-related laws and regulations, which govern matters such as minimum wages, union organizing rights, the classification of employees and independent contractors, family and medical leave, overtime pay, compensable time, recordkeeping and other working conditions and a variety of similar laws that govern these and other employment-related matters. Any changes to employment-related laws and regulations, including increased minimum wages or the expansion of union organization rights, could result in increased labor costs that could adversely affect our business, results of operations, cash flows and financial condition.

Labor represents a significant portion of our operating expenses, thus, compliance with these evolving laws and regulations could substantially increase our cost of doing business, while failure to do so could subject us to significant fines and lawsuits and could adversely affect our business, results of operations, cash flows and financial condition. We are currently subject to employment-related claims in connection with our operations. These claims, lawsuits and proceedings are in various stages of adjudication or investigation and involve a wide variety of claims and potential outcomes.

***We depend on our ability to attract and retain qualified employees and temporary workers.***

We depend on our ability to attract and retain qualified employees, including our executive officers and managers. If we are unable to attract and retain such individuals, we may be unable to maintain our current competitive position within the industry, meet our customers' expectations or successfully expand and grow our business.

Our ability to meet customer demands and expectations, especially during periods of peak volume, is substantially dependent on our ability to recruit and retain qualified temporary part-time and full-time workers. Increased demand for temporary workers, low unemployment or changes in federal or state minimum wage laws may increase the costs of temporary labor, and any such increases in labor costs could adversely affect our business, results of operations, cash flows and financial condition. In addition, the COVID-19 pandemic and resulting actions, as well as other macro-economic headwinds such as inflation and supply chain disruptions increased the potential for labor shortages and heightened levels of employee turnover. Therefore, our inability to recruit a qualified temporary workforce may result in our inability to meet our customers' performance targets.

***Our past acquisitions, as well as any acquisitions that we may complete in the future, may be unsuccessful or result in other risks or developments that adversely affect our financial condition and results.***

While we intend for our acquisitions to improve our competitiveness and profitability, we cannot be certain that our past or future acquisitions will be accretive to earnings or otherwise meet our operational or strategic expectations. Special risks, including accounting, regulatory, compliance, information technology or human resources issues may arise in connection with, or as a result of, the acquisition of an existing company, including the assumption of unanticipated liabilities and contingencies, difficulties in integrating acquired businesses, possible management distractions or the inability of the acquired business to achieve the levels of revenue, income, productivity or synergies we anticipate or otherwise perform as we expect on the timeline contemplated. We are unable to predict all the risks that could arise as a result of our acquisitions.

If the performance of an acquired business varies from our projections or assumptions or if estimates about the future profitability of an acquired business change, our revenues, earnings or other aspects of our financial condition could be adversely affected. We may also experience difficulties in connection with integrating any acquired companies into our existing businesses and operations, including our existing infrastructure and information technology systems. The infrastructure and information technology systems of acquired companies could present issues that we were unable to identify prior to the acquisition and could adversely affect our financial condition and results. We have experienced challenges of this nature relating to the infrastructure and systems of certain companies that we have acquired. Also, we may not realize all of the synergies we anticipate from past and potential future acquisitions. Among the synergies that we currently expect to realize are cross-selling opportunities to our existing customers, as well as network and operational efficiencies. Variances from these or other assumptions or expectations could adversely affect our financial condition and results of operations.

***We may not successfully manage our growth.***

We have grown rapidly and substantially over prior years, including by expanding our internal resources, making acquisitions and entering new markets and we intend to continue to focus on rapid growth, including organic growth and additional acquisitions. We may experience difficulties and higher than expected expenses in executing this strategy as a result of unfamiliarity with new markets, changes in revenue and business models, entry into new geographic areas or increased pressure on our existing infrastructure and information technology systems.

Our growth will place a significant strain on our management, operational, financial and information technology resources. We will need to continually improve existing procedures and controls, as well as implement new transaction processing, operational and financial systems and procedures and controls to expand, train and manage our employee base. Our working capital needs will continue to increase as our operations grow. Failure to manage our growth effectively or obtain necessary working capital could have a material adverse effect on our business, results of operations, cash flows and financial condition.

***Our overseas operations are subject to various operational and financial risks that could adversely affect our business.***

The services we provide outside the U.S. are subject to risks resulting from changes in tariffs, trade restrictions, trade agreements, tax rules and policies, difficulties in managing or overseeing foreign operations and agents, different liability standards, issues related to compliance with anti-corruption laws, such as the Foreign Corrupt Practices Act and the U.K. Bribery Act, data protection, trade compliance and intellectual property laws of countries that do not protect our rights relating to our intellectual property, including our proprietary information systems, to the same extent as U.S. laws. The occurrence or consequences of any of these factors may restrict our ability to operate in the affected region or decrease the profitability of our operations in that region. In addition, as we expand our business in foreign countries, we will be exposed to increased risk of loss from foreign currency fluctuations and exchange controls.

***We are exposed to currency exchange rate fluctuations because a significant proportion of our assets, liabilities and earnings are denominated in foreign currencies.***

We present our financial statements in U.S. dollars ("USD"), but we hold a significant proportion of our net assets and generate income in non-USD currencies, primarily the Euro and British pound sterling. Consequently, a depreciation of non-USD currencies relative to the USD could have an adverse impact on our financial results as further discussed in Item 7A, "Quantitative and Qualitative Disclosures about Market Risk."

National and regional differences in monetary policy may cause the value of the non-USD currencies to fluctuate against the USD. Currency volatility contributes to variations in our revenue and expenses in foreign currency jurisdictions. Accordingly, fluctuations in currency exchange rates could adversely affect our business and financial condition.

***Our inability to successfully manage the costs and operational difficulties of adding new customers and business may negatively affect our financial condition and operations.***

Establishing new customer relationships or adding operational sites for existing customers requires a significant amount of time, operational focus and capital. Although we typically partner with our new customers to ensure that onboarding is smooth, our inability to integrate new customers or operational sites into our technology systems or recruit additional employees to manage new customer relationships or the incurrence of higher than anticipated costs to onboard new customers may negatively affect our financial condition or operations.

In addition, our operations can require a significant commitment of capital in the form of shelving, racking and other warehousing systems that may be necessary to implement warehouse solutions for our customers. These costs are often billed to the customer over the expected length of the customer relationship. To the extent that a customer defaults on its obligations under its agreement with us, we could be forced to take a significant loss on the unrecovered portion of the upfront capital costs.

***The contractual terms between us and our customers could expose us to penalties and other costs in the event we do not meet the contractually prescribed performance levels.***

We maintain long-term contracts with the majority of our customers, many of which include performance-based minimum levels of service. Although we manage our business to exceed prescribed performance levels, our inability to meet these service levels, whether due to labor shortages, volume peaks, our inability to procure temporary labor,

technological malfunctions or other events that may or may not be within our control, may expose us to penalties or incremental costs or lead to the termination of customer contracts, any of which could negatively affect our business and financial condition.

***Our operations are subject to seasonal fluctuations, and our inability to manage these fluctuations could negatively affect our business and our results of operations.***

Many of our customers typically realize a significant portion of their sales during the holiday season in the fourth quarter of each calendar year. Although not all of our customers experience the same seasonal variation, and some customers may have seasonal peaks that occur in periods other than the fourth quarter, the seasonality of our customers' businesses places higher demands on our services during peak periods, requiring us to take measures, including temporarily expanding our workforce, to meet our customers' demands. Our failure to meet our customers' expectations during these seasonal peaks may negatively affect our customer relationships, could expose us to penalties under our contractual arrangements with customers and ultimately could negatively affect our business and our results of operations.

***Damage to our reputation through unfavorable publicity or the actions of our employees or temporary workers could adversely affect our financial condition.***

Our success depends on our ability to consistently deliver operational excellence and strong customer service. Our inability to deliver our services and solutions as promised on a consistent basis, or our customers having a negative experience or otherwise becoming dissatisfied, can negatively impact our relationships with new or existing customers and adversely affect our brand and reputation, which could, in turn, adversely affect revenue and earnings growth. Adverse publicity (whether or not justified) relating to activities by our employees, contractors, agents or others with whom we do business, such as customer service issues, could tarnish our reputation and reduce the value of our brand. With the increase in the use of social media outlets such as LinkedIn, X (formerly Twitter), Facebook, Instagram and YouTube, adverse publicity can be disseminated quickly and broadly, making it increasingly difficult for us to effectively respond. This unfavorable publicity could also require us to allocate significant resources to rebuild our reputation.

***We face risks associated with the handling of customer inventory.***

Under some of our agreements, we maintain the inventory of our customers, some of which may be significant in value. Our failure to properly handle and safeguard such inventory exposes us to potential claims and expenses as well as harm to our business and reputation.

***Risks Related to Our Use of Technology.***

***Our business will be seriously harmed if we fail to develop, implement, maintain, upgrade, enhance, protect and integrate our information technology systems, including the systems of any businesses that we acquire.***

We rely heavily on our information technology systems in managing our business; they are a key component of our customer-facing services and internal growth strategy. In general, we expect our customers to continue to demand more sophisticated, fully integrated technology. To keep pace with changing technologies and customer demands, we must correctly address market trends and enhance the features and functionality of our proprietary technology platform in response to these trends. This process of continuous enhancement may lead to significant ongoing software development costs, which will continue to increase if we pursue new acquisitions of companies and their current systems. In addition, we may fail to accurately determine the needs of our customers or trends in the logistics industry, or we may fail to respond appropriately by implementing functionality for our technology platform in a timely or cost-effective manner. Any such failures could result in decreased demand for our services and a corresponding decrease in our revenues.

If our information technology systems are unable to manage high volumes with reliability, accuracy and speed as we grow, or if such systems are not suited to manage the various services we offer, our service levels and operating

efficiency could decline. In addition, if we fail to hire and retain qualified personnel to implement, protect and maintain our information technology systems, or if we fail to enhance our systems to meet our customers' needs, our results of operations could be negatively impacted.

Our technology may not be successful or may not achieve the desired results, and we may require additional training or different personnel to successfully implement this technology. Our technology development process may be subject to cost overruns or delays in obtaining the expected results, which may result in disruptions to our operations. Technology and new market entrants may also disrupt the way we and our competitors operate.

If we fail to successfully implement critical technology, if our technology does not provide the anticipated benefits or it does not meet market demands, we may be placed at a competitive disadvantage and could lose customers, materially adversely impacting our financial condition and results of operations.

***A failure of our information technology infrastructure or a breach of our information systems, networks or processes may have a material adverse effect on our business.***

The efficient operation of our business depends on our information technology systems, including internet and cloud-based services, for many activities important to our business. We also rely on third parties and virtualized infrastructure to operate our information technology systems. Despite significant testing for risk management, external and internal risks, such as malware, insecure coding, "Acts of God," data leakage and human error pose a direct threat to the stability or effectiveness of our information technology systems and operations. The failure of our information technology systems to perform as we anticipate could adversely affect our business through transaction errors, billing and invoicing errors, internal recordkeeping and reporting errors, processing inefficiencies and loss of sales, receivables collection or customers. Any such failure could result in harm to our reputation and have an ongoing adverse impact on our business, results of operations and financial condition, including after the underlying failures have been remedied.

We may also be subject to cyberattacks and other intentional hacking. Any failure to identify and address such defects or errors or prevent a cyberattack could result in service interruptions, operational difficulties, loss of revenues or market share, liabilities to our customers or others, the diversion of corporate resources, injury to our reputation or increased service and maintenance costs. Addressing such issues could prove to be impossible or very costly and responding to the resulting claims or liability could similarly involve substantial cost. In addition, recently, regulatory and enforcement focus on data protection has heightened in the U.S. and abroad, particularly in the European Union ("EU"), and failure to comply with applicable U.S. or foreign data protection regulations or other data protection standards may expose us to litigation, fines, sanctions or other penalties, which could harm our business, its reputation, results of operations and financial condition.

***Issues related to the intellectual property rights on which our business depends, whether related to our failure to enforce our own rights or infringement claims brought by others, could have a material adverse effect on our business, financial condition and results of operations.***

We use both internally developed and purchased technologies in conducting our business. It is possible that users of these technologies, whether internally developed or purchased, could be claimed to infringe upon or violate the intellectual property rights of third parties. In the event that a claim is made against us by a third party for the infringement of intellectual property rights, a settlement or adverse judgment against us could result in increased costs to license the technology or a legal prohibition against continued use of the technology. Thus, our failure to obtain, maintain or enforce our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

We rely on a combination of intellectual property rights, including patents, copyrights, trademarks, domain names, trade secrets, intellectual property licenses and other contractual rights, to protect our intellectual property and technology. Any of our owned or licensed intellectual property rights could be challenged, invalidated, circumvented, infringed or misappropriated; our trade secrets and other confidential information could be disclosed in an unauthorized manner to third parties; or we may fail to secure the rights to intellectual property developed by

our employees, contractors and others. Efforts to enforce our intellectual property rights may be time-consuming and costly, distract management's attention, divert our resources in other ways and ultimately be unsuccessful. Moreover, should we fail to develop and properly manage future intellectual property, this could adversely affect our market positions and business opportunities.

#### **Risks Related to Our Credit and Liquidity**

##### ***Challenges in the commercial and credit environment may adversely affect our future access to capital on favorable terms.***

Volatility in the world financial markets could increase borrowing costs or affect our ability to access the capital markets. Our ability to issue debt or enter into other financing arrangements on acceptable terms could be adversely affected if there is a material decline in the demand for our services or in the solvency of our customers or suppliers or if there are other significantly unfavorable changes in economic conditions.

##### ***We have incurred debt obligations that could adversely affect our business and profitability and our ability to meet other obligations.***

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, could materially and adversely affect our financial position and results of operations. Further, failure to comply with the covenants under our indebtedness may have a material adverse impact on our operations. If we fail to comply with any of the covenants under our debt obligations and are unable to obtain a waiver or amendment, such failure may result in an event of default under our indebtedness. We may not have sufficient liquidity to repay or refinance our indebtedness if such indebtedness were accelerated upon an event of default. We may also incur additional indebtedness in the future.

#### **Risks Related to Third-Party Relationships**

##### ***Our business may be materially adversely affected by labor disputes or organizing efforts.***

Labor disputes involving our customers could affect our operations. If our customers experience plant slowdowns or closures because they are unable to negotiate labor contracts, our revenue and profitability could be negatively impacted. In particular, we derive a substantial portion of our revenue from the operation and management of facilities that are often located close to a customer's manufacturing plant and are integrated into the customer's production line process. If any of our customers are affected by labor disputes and consequently cease or significantly modify their operations at a plant served by us, we may experience significant revenue loss and shutdown costs, including costs related to early termination of leases.

In Europe, our business activities rely on a large amount of labor, including a number of workers who are affiliated with trade unions and other staff representative institutions. A deteriorating economic environment may result in tensions in industrial relations, which may lead to industrial action within our European operations which could have a direct impact on our business operations. Generally, any deterioration in industrial relations in our European operations, such as general strike activities or other material labor disputes, could have an adverse effect on our revenues, earnings and financial position.

Although our workforce in the U.S. is not unionized, labor unions have, from time to time, attempted to organize our employees. Successful unionization of our employees or organizing efforts could lead to business interruptions, work stoppages and the reduction of service levels due to work rules and could have an adverse effect on our customer relationships and our revenues, earnings and financial position.

***Any failure to properly manage our temporary workers could have a material adverse impact on our revenues, earnings and financial position.***

Our business uses a large number of temporary workers in our operations. We cannot guarantee that temporary workers are as well-trained as our other employees. Specifically, we may be exposed to the risk that temporary workers may not perform their assignments in a satisfactory manner or may not comply with our safety rules in an appropriate manner, whether as a result of their lack of experience or otherwise. If such risks materialize, they could have a material adverse effect on our business and financial condition.

**Risks Related to Litigation and Regulations**

***We may be involved in lawsuits and are subject to various claims that could result in significant expenditures and impact our operations.***

The nature of our business exposes us to the potential for various types of claims and litigation. We are subject to claims and litigation related to our customer contracts and relationships, labor and employment, personal injury, vehicular accidents, cargo and other property damage, business practices, environmental liability and other matters, including claims asserted under various other theories of agency or employer liability. Claims against us may exceed the amount of insurance coverage that we have or may not be covered by insurance at all. Businesses that we acquire also increase our exposure to litigation. Material increases in liability claims or workers' compensation claims, the unfavorable resolution of claims or our failure to recover, in full or in part, under indemnity provisions could materially and adversely affect our operating results. In addition, significant increases in insurance costs or the inability to purchase insurance as a result of these claims could affect our earnings.

***We are subject to risks associated with a defined benefit plan for our current and former employees, which could have a material adverse effect on our earnings and financial position.***

We maintain a defined benefit pension plan in the U.K. A decline in interest rates or lower returns on funded plan assets may cause increases in the expense and funding requirements for this plan. Despite past amendments that froze our defined benefit pension plan to new participants and curtailed benefits, this pension plan remains subject to volatility associated with interest rates, inflation, returns on plan assets, other actuarial assumptions and statutory funding requirements. Any of these factors could lead to a significant increase in the expense of this plan and a deterioration in the solvency of the plan, which could significantly increase our contribution requirements. As a result, we are unable to predict the effect on our financial statements associated with our defined benefit pension plan.

***Changes in tax laws and regulations for U.S. and multinational companies may increase our tax liability.***

The U.S. Congress, the Organisation for Economic Co-operation and Development ("OECD"), the EU and other government agencies in jurisdictions in which we and our affiliates do business have maintained a focus on the taxation of multinational companies. During 2023, the OECD issued administrative guidance for the Pillar Two Global Anti-Base Erosion rules ("Pillar Two"), which generally imposes a 15% global minimum tax on multinational companies. Many Pillar Two rules are effective for fiscal years beginning on January 1, 2024, with other aspects to be effective from 2025. The Company regularly monitors developments in its jurisdictions and considers the impact of the tax-related proposals as they arise.

***We are subject to regulations, which could negatively impact our business.***

Our operations are regulated and licensed by various governmental agencies at the local, state and federal levels in the U.S. and in the foreign countries where we operate. These regulatory agencies have authority and oversight of domestic and international activities. Our subsidiaries must also comply with applicable regulations and requirements of various agencies.

The regulatory landscape in which we operate is constantly evolving and subject to significant change, including as a result of evolving political and social pressures. Future laws, regulations and regulatory reforms may be more stringent and may require changes to our operating practices that influence the demand for our services or require us to incur significant additional costs. We are unable to predict the impact that recently enacted and future regulations may have on our business. If higher costs are incurred by us as a result of future changes in regulations, this could adversely affect our results of operations to the extent we are unable to obtain a corresponding increase in price from our customers.

***Proposed or pending legislative or regulatory changes, or future legislative or regulatory changes, at the federal, state or local level may decrease demand for our services, increase our costs, including our labor costs, and negatively affect our business and our results of operations.***

Our business is subject to possible regulatory and legislative changes that may impact our operations, including but not limited to changes that would encourage workers to unionize, make it easier for workers to collectively bargain, increase operational requirements on our business or mandate certain restrictions on the terms of employment for individual workers, including how often they can work or how long they can work in any individual shift. Any and all of these changes or other similar changes could have significant implications for our business model, including increasing our labor costs, reducing our operational flexibility and restricting our ability to meet our customers' expectations and demands, any of which could negatively affect our business and our results of operations. If such regulations are adopted, they could increase our cost of operations or hinder our ability to meet our customers' expectations and demands, either of which would negatively affect our business and our results of operations.

Additionally, significant regulatory changes at the federal, state or local level may negatively affect economic output, cause growth to slow, reduce consumer spending and sentiment and result in decreased demand for our services, negatively affecting our business and our results of operations.

***Economic recessions and other factors, such as heightened geopolitical tensions or conflict, that reduce consumer spending, both in North America and Europe, could have a material adverse impact on our business.***

Our performance is affected by recessionary economic cycles, downturns in customers' business cycles and changes in customers' business practices. Our customers experience cyclical fluctuations in demand for their products due to economic recessions, which reduces the demand for our services and could adversely affect our business, results of operations, cash flows and financial condition. The ramifications of any period of heightened geopolitical tensions or conflicts, including increased international trade sanctions, may negatively impact regional and global economic markets, including where we operate, may cause supply chain disruptions and may increase costs for labor, transportation and energy. Any period of heightened geopolitical tensions or conflict can increase financial market volatility and could negatively affect our ability to raise additional capital when required. While we do not conduct business in Russia, the conflict and its effects could adversely affect our business, results of operations, cash flows and financial condition.

#### **Risks Related to Environmental, Social and Governance**

***Compliance with environmental laws and regulations could result in significant costs that adversely affect our consolidated results of operations.***

Our operating locations are subject to environmental laws and regulations relating to the protection of the environment and health and safety matters, including those governing discharges of pollutants into the air and water, the management and disposal of hazardous substances and wastes and the clean-up of contaminated sites. The operation of our businesses entails risks under environmental laws and regulations. For example, certain jurisdictions including the State of California enacted legislation requiring certain companies to disclose GHG emissions and climate-related financial risk information. We could incur significant costs, including clean-up costs, fines and sanctions and claims by third parties for property damage and personal injury, as a result of violations of or liabilities under these laws and regulations. In addition, potentially significant expenditures could be required to

comply with environmental laws and regulations, including requirements that may be adopted or imposed in the future.

***Our ability to achieve our ESG goals is subject to risks, many of which are outside our control, and our reputation could be harmed if we fail to meet such goals.***

Our ability to achieve our ESG goals, including our goal to achieve 30% reduction in Greenhouse Gas ("GHG") emissions by 2030, and to accurately and transparently report our progress presents numerous operational, financial, legal and other risks and may be dependent on the actions of suppliers and other third parties, all of which are outside our control. If we are unable to meet our ESG goals or evolving stakeholder expectations and industry standards, our reputation could be negatively impacted. If, as a result of their assessment of our ESG practices, certain investors are unsatisfied with our actions or progress, they may reconsider their investment in our Company. If the nature, scope and complexity of ESG reporting, diligence and disclosure requirements expand, we may have to undertake additional costs to control, assess and report on ESG metrics. Any failure or perceived failure to satisfy various ESG reporting standards within the timelines we announce, or at all, could increase the risk of litigation.

**Risks Related to the Separation**

***If the Separation, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, we could be subject to significant tax liabilities and, in certain circumstances, we could be required to indemnify XPO for material amounts of taxes and other related amounts pursuant to indemnification obligations under the Tax Matters Agreement by and between XPO and GXO (the "TMA").***

In connection with the Separation, XPO received an opinion from outside counsel regarding the qualification of certain elements of the Separation under Section 355 of the Internal Revenue Code (the "Code"). The opinion of counsel was based upon and relies on, among other things, various facts and assumptions, as well as certain representations, statements and undertakings of XPO. Notwithstanding the receipt of the opinion of counsel, the U.S. Internal Revenue Service (the "IRS") could determine that the Separation and/or certain related transactions should be treated as taxable transactions for U.S. federal income tax purposes if it determines that any of the representations, assumptions or undertakings upon which the opinion of counsel was based are false or have been violated.

If the Separation, together with certain related transactions, were to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, XPO would recognize taxable gain as if it had sold the GXO common stock in a taxable sale for its fair market value, and XPO stockholders who receive such GXO shares in the distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares.

In addition, as part of and before the Separation, XPO and its subsidiaries completed an internal reorganization, and XPO, GXO and their respective subsidiaries incurred certain tax costs in connection with the internal reorganization, including non-U.S. tax costs resulting from transactions in non-U.S. jurisdictions, which may be material. With respect to certain transactions undertaken as part of the internal reorganization, XPO obtained opinions of external tax advisors regarding the tax treatment of such transactions. If any of these representations or statements is, or becomes, inaccurate or incomplete, or if XPO, GXO or their respective subsidiaries do not fulfill or otherwise comply with any such undertakings or covenants, such opinions may be invalid or the conclusions reached therein could be jeopardized. Further, notwithstanding receipt of any such tax opinions, there can be no assurance that the relevant taxing authorities will not assert that the tax treatment of the relevant transactions differs from the conclusions reached in the relevant tax opinions. In the event the relevant taxing authorities prevail with any challenge in respect of any relevant transaction, XPO, GXO and their subsidiaries could be subject to significant tax liabilities.

#### **Risks Related to Our Common Stock**

##### ***Any stockholder's percentage of ownership in GXO may be diluted in the future at any given time.***

In the future, existing holders of our common stock may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including any equity awards that we will grant to our directors, officers and employees. Our employees have stock-based awards that correspond to shares of our common stock after the Separation as a result of the conversion of their XPO stock-based awards. In addition, the compensation committee of our board of directors has granted and is likely to continue to grant additional stock-based awards to our employees under our employee benefits plans. Such awards will have a dilutive effect on the number of GXO shares outstanding and therefore on our earnings per share, which could adversely affect the market price of our common stock.

##### ***Certain provisions in GXO's amended and restated certificate of incorporation and amended and restated bylaws, and of Delaware law, may prevent or delay an acquisition of GXO, which could decrease the trading price of GXO's common stock.***

Our amended and restated certificate of incorporation and amended and restated bylaws contain, and Delaware law contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the bidder and to encourage prospective acquirers to negotiate with our board of directors rather than to attempt a hostile takeover. These provisions include:

- the ability of our remaining directors to fill vacancies on our board of directors;
- limitations on stockholders' ability to call a special stockholder meeting or act by written consent;
- rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings; and
- the right of our board of directors to issue preferred stock without stockholder approval.

In addition, we are subject to Section 203 of the Delaware General Corporate Law (the "DGCL"), which could have the effect of delaying or preventing a change of control. Section 203 provides that, subject to limited exceptions, persons that acquire, or are affiliated with persons that acquire, more than 15% of the outstanding voting stock of a Delaware corporation may not engage in a business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which that person or any of its affiliates become the holder of more than 15% of the corporation's outstanding voting stock.

We believe these provisions will protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our board of directors and by providing our board of directors with more time to assess any acquisition proposal. These provisions are not intended to make GXO immune from takeovers; however, these provisions will apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our board of directors determines is not in the best interests of GXO and our stockholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

In addition, in certain circumstances an acquisition or further issuance of our stock may trigger the application of Section 355(e) of the Code, causing the Separation to be taxable to XPO. Under the TMA, we are required to indemnify XPO for the resulting tax, and this indemnity obligation might discourage, delay or prevent a change of control that our stockholders may consider favorable.

##### ***GXO's amended and restated certificate of incorporation contains an exclusive forum provision that may discourage lawsuits against GXO and GXO's directors and officers.***

Our amended and restated certificate of incorporation provides that unless the board of directors otherwise determines, the state courts within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware) will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of GXO, any action asserting a claim for or based on a breach of a

fiduciary duty owed by any current or former director or officer of GXO to GXO or to GXO stockholders, including a claim alleging the aiding and abetting of such a breach of fiduciary duty, any action asserting a claim against GXO or any current or former director or officer of GXO arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or amended and restated bylaws, any action asserting a claim relating to or involving GXO governed by the internal affairs doctrine or any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL.

To the fullest extent permitted by law, this exclusive forum provision will apply to state and federal law claims, including claims under the federal securities laws, including the Securities Act and the Exchange Act, although GXO stockholders will not be deemed to have waived GXO's compliance with the federal securities laws and the rules and regulations thereunder.

This exclusive forum provision may limit the ability of our stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with GXO or our directors or officers, which may discourage such lawsuits against GXO or our directors or officers. Alternatively, if a court were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described above, we may incur additional costs associated with resolving such matters in other jurisdictions, which could negatively affect our business, results of operations and financial condition.

**Item 1B. Unresolved Staff Comments.**

None.

**Item 1C. Cybersecurity.**

We believe that cybersecurity is fundamental to how we operate and as such we focus on defining and managing our cybersecurity risk. With the ever-changing cybersecurity landscape and continual emergence of new threats, our Board of Directors, Audit Committee and senior management team ensure that significant resources are devoted to cybersecurity risk management and the technologies, processes and people that support it. We have an Enterprise Risk Management Committee, comprising senior leaders from key functions, and a Cybersecurity Risk Committee which utilize the National Institute of Standards and Technology ("NIST") framework to ensure that these risks are clearly and effectively categorized and treated.

We utilize comprehensive and widespread information sources and services (including third-party threat intelligence) to understand the threat landscape faced by the Company and design our protective controls accordingly using a defense-in-depth approach. The layers of these defenses are aligned to the NIST framework; Identify, Protect, Detect, Respond and Recover. The Enterprise Risk Management Committee and Cybersecurity Risk Management Committee meet regularly to consider any change to risk levels and ensure that the Company's cybersecurity controls remain commensurate to those risk levels.

The Company's Chief Information Security Officer ("CISO") is responsible for developing and implementing our cybersecurity program and reporting on related matters to our Board of Directors. The CISO has over a decade of experience leading cybersecurity functions and over two decades in cybersecurity. The CISO leads a global team of highly trained experts covering all major cybersecurity functions including Technical Engineering and Architecture, Governance Risk and Compliance, Security Operations and Incident Response, Threat and Vulnerability Management and Security Awareness. The technologies, policies and processes associated with these functions are tested by third parties at least annually to ensure continued effectiveness and identify any opportunities for improvement. These tests and assessments are useful tools for maintaining a robust cybersecurity program to protect our investors, customers, employees, vendors and intellectual property.

A full suite of cybersecurity policies exists and is applicable to all employees globally. These policies are reviewed annually and approved by relevant senior leaders. All Company employees are required to complete cybersecurity training annually, with quarterly "refreshers" throughout the year.

We invest in our cybersecurity defenses and have implemented multiple layers of protection against all known critical threats. We have high levels of compliance to protective controls on our technical estate, robust perimeter defenses, industry-leading filtering and analysis of web and email traffic, widespread multi-factor authentication, continuous training of our employees through educational material or simulation (e.g., phishing) and 24/7 monitoring of the IT estate. We have our own "red team" that is always searching our own environment for signs of vulnerability and have a well-defined Cyber Incident Response Plan ("CIRP") that is performed as a table-top exercise at least annually. A range of dashboards has been designed for use by the cybersecurity management team to monitor the day-to-day performance of the cybersecurity defenses and immediately remediate any sign of concern.

All third-party vendors utilized by GXO undergo a cybersecurity assessment at the time of engagement. This assessment scrutinizes the third party's cybersecurity maturity to ascertain the level of risk the third party may present to the systems and data of GXO and its customers.

Our Audit Committee and our Board of Directors actively participate in discussions with management and among themselves regarding cybersecurity risks. In addition, our Board receives regular cybersecurity reports, which include a review of key performance and risk indicators, test results and related remediation and recent threats and how the Company is managing those threats.

Despite the continuous risk faced by the Company, we have suffered no incidents that have materially affected or are reasonably likely to materially affect the Company, including our business strategy, results of operations, or financial condition, nor have we had any widespread intrusion or incident. Notwithstanding the exhaustive approach we take to cybersecurity, we may not be successful in preventing or mitigating a cybersecurity incident that could have a material adverse effect on our business, results of operations and financial condition. While GXO maintains cybersecurity insurance, the costs related to cybersecurity threats or disruptions may not be fully insured. See Item 1A. "Risk Factors" for a discussion of cybersecurity risks.

#### Item 2. Properties.

As of December 31, 2023, we operated in 974 facilities, including corporate offices, of which 359 facilities are owned or leased by our customers. We lease our global headquarters in Greenwich, Connecticut and our executive office in London, England. We believe that our facilities are sufficient for our current needs. In the aggregate, we occupied 199 million square feet in our locations.

Locations	Facilities				Square Footage			
	Customer Facilities		(1)	Total	Customer Facilities		(1)	Total
	Leased Facilities	Owned Facilities			Leased Facilities	Owned Facilities		
United States	199	—	112	311	48	—	30	78
United Kingdom	172	2	129	303	18	1	23	42
Europe <sup>(2)</sup>	192	—	100	292	42	—	31	73
Other <sup>(3)</sup>	50	—	18	68	5	—	1	6
Total	613	2	359	974	113	1	85	199

(1) Locations owned or leased by our customers.

(2) Excludes the United Kingdom.

(3) Locations are primarily in Asia and Latin America.

#### Item 3. Legal Proceedings.

See Item 8 of Part II, "Financial Statements and Supplementary Data — Note 17. "Commitments and Contingencies" to the Consolidated Financial Statements.

**Item 4. Mine Safety Disclosures.**

Not applicable.

## Part II

### Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

#### Market Information and Dividends

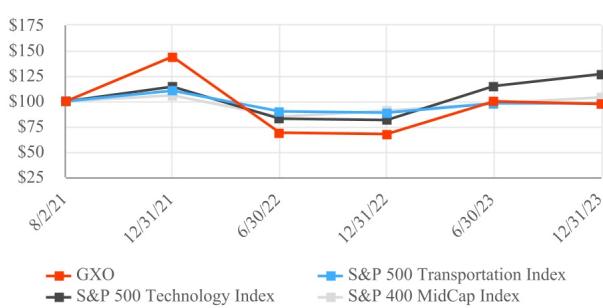
Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "GXO." On February 12, 2024, there were approximately 83 record holders of our common stock.

We have never declared or paid cash dividends on our common stock. Any determination to pay dividends on our common stock will be at the discretion of our board of directors, subject to applicable laws, and will depend on our financial condition, results of operations, capital requirements, general business conditions and other factors that our board of directors considers relevant.

#### Stock Performance Graph

GXO became a standalone publicly traded company on August 2, 2021, and our common stock began regular-way trading. The following graph sets forth the cumulative total stockholder return to GXO's stockholders for the period beginning August 2, 2021, through December 31, 2023, as well as the corresponding returns on the S&P 400 MidCap Index, the S&P 500 Technology Index and the S&P 500 Transportation Index.

The stock performance assumes \$100 was invested on August 2, 2021, in our common stock, the S&P 400 MidCap Index, the S&P 500 Technology Index and the S&P 500 Transportation Index, including reinvestment of dividends through December 31, 2023.



	8/2/21	12/31/21	6/30/22	12/31/22	6/30/23	12/31/23
GXO	\$ 100.00	\$ 144.01	\$ 68.61	\$ 67.69	\$ 99.60	\$ 96.97
S&P 400 MidCap Index	100.00	105.57	84.28	90.28	97.41	103.33
S&P 500 Technology Index	100.00	113.85	82.83	80.94	114.99	126.59
S&P 500 Transportation Index	100.00	110.27	89.94	88.61	97.43	97.57

**Item 6. [Reserved]**

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our Consolidated Financial Statements and related notes included elsewhere in this Annual Report. This Form 10-K contains certain forward-looking statements that are intended to be covered by the safe harbors created by The Private Securities Litigation Reform Act of 1995. Please see "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors" for a discussion of the uncertainties, risks and assumptions associated with these statements.*

*Also, the following discussion and analysis of our financial condition and results of operations generally discusses 2023 and 2022 items and year-to-year comparisons between 2023 and 2022. Discussions of 2021 financial condition and year-to-year comparisons between 2022 and 2021 are not included in this Annual Report and can be found in Part II, Item 7, "[Management's Discussion and Analysis of Financial Condition and Results of Operations](#) " in our Annual Report on Form 10-K for the year ended December 31, 2022.*

**Business Overview**

GXO Logistics, Inc., together with its subsidiaries ("GXO," the "Company," "our" or "we"), is the largest pure-play contract logistics provider in the world and a foremost innovator in the industry. We provide our customers with high-value-added warehousing and distribution, order fulfillment, e-commerce, reverse logistics and other supply chain services differentiated by our ability to deliver technology-enabled, customized solutions at scale. Our customers rely on us to move their goods with high efficiency through their supply chains — from the moment goods arrive at our warehouses through fulfillment and distribution, and the management of returned products. Our customer base includes many blue-chip leaders in sectors that demonstrate high growth and/or durable demand, with significant growth potential through customer outsourcing of logistics services.

We strive to provide all customers with consistent quality service and cutting-edge automation. We also collaborate with our largest customers on planning and forecasting and assist with network optimization, working with these customers to design or redesign their supply chains to meet specific goals, such as environmental, social and governance. Our multidisciplinary, consultative approach has led to many of our key customer relationships extending for years and expanding in scope.

The most dramatic growth in demand in recent years has been in e-commerce and related sectors, including omnichannel retail and other direct-to-consumer channels. We expect to attract new customers and expand the services we provide to existing customers through new projects, thus earning more of their logistics spending. We use technology to manage advanced automation, labor productivity, sustainability, safety and the complex flow of goods within sophisticated warehouse environments.

Our business model is asset-light and historically resilient in cycles, with high returns, strong free cash flow and visibility into revenue and earnings. The vast majority of our contracts with customers are long-term in nature, and our warehouse lease arrangements generally align with contract length. The Company has both fixed-price contracts (closed book or hybrid contracts) and cost-plus contracts (open book contracts). Most of our customer contracts contain both fixed and variable components. The fixed component is typically designed to cover warehouse, technology and equipment costs, while the variable component is determined based on expected volumes and associated labor costs. Under fixed-price contracts, the Company agrees to perform the specified work for a pre-determined price. To the extent the Company's actual costs vary from the estimates upon which the price was negotiated, the Company will generate more or less profit. Cost-plus contracts provide for the payment of allowable costs incurred during the performance of the contract plus a specified margin.

#### Basis of Presentation

On August 2, 2021, the Company became a standalone publicly traded company and its financial statements post the separation from XPO, Inc. (the "Separation") are now prepared on a consolidated basis. Before the Separation, GXO's historical financial statements were prepared on a standalone combined basis and were derived from the Consolidated Financial Statements and accounting records of XPO. The combined Consolidated Financial Statements for all periods presented before the Separation are now referred to as "Consolidated Financial Statements" and have been prepared under the U.S. generally accepted accounting principles ("GAAP"). GXO has one reportable segment.

On October 23, 2023, the Company completed the acquisition of PFSweb, Inc. ("PFS"), an e-commerce order fulfillment company based in Irving, Texas (the "PFS Acquisition"). On May 24, 2022, the Company completed the acquisition of Clipper Logistics plc ("Clipper"), an omnichannel retail logistics specialist based in Leeds, England (the "Clipper Acquisition"). Due to the acquisitions of Clipper and PFS, comparisons in our results of operations between 2023 and 2022 are less meaningful.

#### Results of Operations

(In millions)	Year Ended December 31,		
	2023	2022	\$ Change
<b>Revenue</b>	\$ 9,778	\$ 8,993	\$ 785
Direct operating expense	8,035	7,443	592
Selling, general and administrative expense	998	886	112
Depreciation and amortization expense	361	329	32
Transaction and integration costs	34	61	(27)
Restructuring costs and other	32	32	—
<b>Operating income</b>	318	242	76
Other income, net	1	51	(50)
Interest expense, net	(53)	(29)	(24)
<b>Income before income taxes</b>	266	264	2
Income tax expense	(33)	(64)	31
<b>Net income</b>	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> \$ 233	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> \$ 200	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> \$ 33
	17 %		

Revenue for 2023 increased by 9%, or \$785 million, to \$9.8 billion compared with \$9.0 billion for 2022. The increase primarily reflects \$378 million from the Clipper Acquisition (for the periods that were not comparable), \$82 million from the PFS Acquisition, and growth in Continental Europe. Foreign currency movements increased revenue by \$140 million in 2023.

Direct operating expenses comprise both fixed and variable expenses and consist of operating costs related to our warehouse operations, including personnel costs, rent expenses, utility costs, equipment maintenance and repair costs, transportation costs, costs of materials and supplies and information technology expenses. Direct operating expense for 2023 increased by 8%, or \$592 million, to \$8.0 billion compared with \$7.4 billion for 2022. As a percentage of revenue, direct operating expense was 82.2% and 82.8% in 2023 and 2022, respectively. The increase primarily reflects \$286 million from the Clipper Acquisition (for the periods that were not comparable), \$67 million from the PFS Acquisition, and higher personnel and rent expenses.

Selling, general and administrative expense ("SG&A") primarily consists of salary and benefit costs for executive and certain administration functions, professional fees, bad debt expense and legal costs. SG&A for 2023 increased by 13%, or \$112 million, to \$998 million, compared with \$886 million in 2022. SG&A primarily increased due to the Clipper Acquisition, higher personnel costs for certain administrative functions and bad debt expense.

Depreciation and amortization expense for 2023 increased by \$32 million to \$361 million compared with \$329 million for 2022. Depreciation and amortization expense included amortization of intangible assets of \$71 million and \$68 million in 2023 and 2022, respectively. Depreciation and amortization expense increased primarily due to the Clipper Acquisition.

Transaction and integration costs were \$34 million in 2023, compared with \$61 million for 2022. Transaction and integration costs in 2023 included \$20 million related to the integration of Clipper and \$12 million related to the PFS Acquisition, reflecting costs associated with advisory fees and severance costs. Transaction and integration costs in 2022 primarily related to \$46 million related to the Clipper Acquisition, reflecting costs associated with financing arrangements, advisory fees and integration costs, and \$15 million from the Separation, primarily reflecting rebranding costs.

We engage in restructuring actions as part of our ongoing efforts to best use our resources and infrastructure. These costs are primarily related to severance, including projects to optimize human resources, finance and information technology activities, and are not associated with customer attrition. Restructuring costs and other were \$32 million for 2023 and 2022. Restructuring costs and other for 2023 included \$16 million related to a restructuring plan initiated in the fourth quarter of 2022 designed to centralize certain processes and standardize operating structures. Restructuring costs and other in 2023 also included impairment charges of \$11 million, primarily related to closing certain corporate and administrative offices, and \$5 million associated with the exit of a non-core businesses in Asia. Restructuring costs and other for 2022 included \$24 million related to severance costs, primarily from the exit of non-core businesses and central efficiency projects, and \$8 million related to the deconsolidation of a joint venture.

Other income, net decreased due to lower pension income and foreign currency movements. Other income, net was as follows:

(In millions)	Year Ended December 31,		
	2023	2022	\$ Change
Net periodic pension income	\$ 8	\$ 33	\$ (25)
Foreign currency gain (loss):			
Realized foreign currency option and forward contracts gain (loss)	(13)	29	(42)
Unrealized foreign currency option and forward contracts gain (loss)	4	(11)	15
Foreign currency transaction and remeasurement loss	—	(3)	3
Total foreign currency gain (loss)	(9)	15	(24)
Other	2	3	(1)
<b>Other income, net</b>	<b>\$ 1</b>	<b>\$ 51</b>	<b>\$ (50)</b>

n/m - not meaningful

Interest expense, net increased due to the debt from the Clipper Acquisition being outstanding for the full year in 2023 compared with seven months of the prior year and higher variable interest rates on our debt, partially offset by the accretion on cross-currency swaps and interest income in the current period. Interest expense, net was as follows:

(In millions)	Year Ended December 31,		
	2023	2022	\$ Change
Debt and capital leases	\$ 96	\$ 59	\$ 37
Cross-currency swaps	(33)	(25)	(8)
Interest income	(10)	(5)	(5)
<b>Interest expense, net</b>	<b>\$ 53</b>	<b>\$ 29</b>	<b>\$ 24</b>

Income before income taxes for 2023 increased by \$2 million, to \$266 million, compared with \$264 million for 2022. The increase was primarily due to growth in our business and lower transaction and integration costs, offset by

higher interest expense and lower other income. Income from continuing operations before income taxes for our domestic operations was \$97 million for 2023, compared with \$105 million in 2022. The decrease was driven by a higher interest expense associated with our debt, partially offset by lower transaction and integration costs. Income from continuing operations before income taxes for our foreign operations was \$169 million for 2023 compared with \$159 million in 2022. The increase was primarily driven by growth in the business and lower transaction and integration costs, partially offset by lower pension income.

Income tax expense was \$33 million in 2023, compared with \$64 million in 2022. Our effective tax rate was 12.4% in 2023 and 24.2% in 2022. The decrease in our effective income tax rate in 2023 was driven by tax benefits from intangible assets and the release of valuation allowances.

#### **Liquidity and Capital Resources**

##### **Overview**

Our ability to fund our operations and anticipated capital needs is reliant upon the generation of cash from operations, supplemented as necessary by periodic utilization of our revolving credit facility and factoring programs. Our principal uses of cash in the future will be primarily to fund our operations, working capital needs, capital expenditures, repayment of borrowings and strategic business development transactions. The timing and magnitude of our new contract start-ups can vary and may positively or negatively impact our cash flows. We continually evaluate our liquidity requirements and capital structure in light of our operating needs, growth initiatives and capital resources.

As of December 31, 2023, we held cash and cash equivalents of \$468 million and we had \$799 million of borrowing capacity available, net of letters of credit under our revolving credit facility. We believe that our cash and cash equivalents on hand, cash flows from operations, the revolving credit facility and the use of our factoring programs will provide sufficient liquidity to operate our business and fund our current and assumed obligations for at least the next 12 months.

For additional information regarding our cash requirement from contractual obligations, indebtedness and lease obligations, see Note 17. "Commitments and Contingencies", Note 9. "Debt and Financing Arrangements" and Note 8. "Leases" in Part II, Item 8 of this Annual Report on Form 10-K.

##### **Capital Expenditures**

Our future capital spending includes fulfillment costs and investments in technology and automation to improve the speed and accuracy of order fulfillment and the resiliency of our supply chains. The level and the timing of the Company's capital expenditures within these categories can vary as a result of a variety of factors outside our control, such as the timing of new contracts, availability of labor and materials and foreign currency fluctuations. We believe that we have significant discretion over the amount and timing of our capital expenditures as we are not subject to any agreement that would require significant capital expenditures on a designated schedule or upon the occurrence of designated events.

##### **Financial Condition**

The following table summarizes our asset and liability balances as of December 31, 2023 and 2022:

<i>(In millions)</i>	December 31,		
	2023	2022	\$ Change
Total current assets	\$ 2,568	\$ 2,428	\$ 140
Total long-term assets	6,939	6,791	148
Total current liabilities	2,626	2,532	94
Total long-term liabilities	3,935	4,009	(74)
			(2) %

Total assets increased by \$288 million from December 31, 2022 to December 31, 2023, primarily reflecting increases from the PFS Acquisition.

Total liabilities increased by \$20 million from December 31, 2022 to December 31, 2023, reflecting the early repayment of debt, partially offset by increases from the PFS Acquisition.

#### **Cash Flow Activity**

Our cash flows from operating, investing and financing activities, as reflected on our Consolidated Statements of Cash Flows, were summarized as follows:

<i>(In millions)</i>	<b>Year Ended December 31,</b>		<b>\$ Change</b>	<b>% Change</b>
	<b>2023</b>	<b>2022</b>		
Net cash provided by operating activities	\$ 558	\$ 542	\$ 16	3 %
Net cash used in investing activities	(410)	(1,149)	739	(64) %
Net cash (used in) provided by financing activities	(186)	787	(973)	n/m
Effect of exchange rates	13	(18)	31	n/m
<b>Net (decrease) increase in cash, restricted cash and cash equivalents</b>	<b>\$ (25)</b>	<b>\$ 162</b>	<b>\$ (187)</b>	<b>n/m</b>

n/m - not meaningful

#### *Operating Activities*

Cash flows provided by operating activities for 2023 increased by \$16 million compared with 2022. The increase was due to \$33 million higher net income and \$40 million non-cash adjustments, offset by \$57 million of working capital used in 2023.

#### *Investing Activities*

Investing activities used \$410 million of cash in 2023 compared with \$1.1 billion in 2022. During 2023, we used \$274 million of cash for capital expenditures, \$149 million in connection with the PFS Acquisition and \$3 million in settlement of cross-currency swap agreements, excluding accrued interest, partially offset by \$18 million of proceeds from the sales of property and equipment. During 2022, we used \$876 million of cash in connection with the Clipper Acquisition, \$342 million for capital expenditures, partially offset by \$40 million of proceeds from the sales of property and equipment and \$21 million in settlement of cross-currency swap agreements, excluding accrued interest.

#### *Financing Activities*

Financing activities used \$186 million of cash in 2023 and generated \$787 million in 2022. The primary use of cash from financing activities in 2023 was \$169 million in repayment of debt and finance leases and \$12 million in payments for employee taxes on net settlement of equity awards. The primary source of cash from financing activities in 2022 was \$917 million in proceeds from long-term debt, net, partially offset by \$115 million in repayment of debt and finance leases and \$16 million in payments for employee taxes on net settlement of equity awards.

#### **Off-Balance Sheet Arrangements**

We do not engage in any off-balance sheet financial arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

#### **Contractual Obligations**

We lease certain facilities and equipment under operating and finance lease arrangements. As of December 31, 2023, our outstanding obligations under operating and finance leases were \$2.4 billion and \$116 million, respectively. See Note 8. "Leases" to the Consolidated Financial Statements for additional information.

As of December 31, 2023, we had \$800 million of unsecured notes outstanding with interest payable in arrears on January 15 and July 15 of each year and \$735 million of variable-rate term loans outstanding with interest payable in arrears at our option monthly, quarterly or semiannually. See Note 9. "Debt and Financing Arrangements" to the Consolidated Financial Statements for additional information.

In addition, we have obligations for agreements to purchase goods or services entered into in the ordinary course of business that are enforceable and legally binding and gross unrecognized tax benefits.

#### **Critical Accounting Policies**

We prepare our Consolidated Financial Statements in accordance with GAAP. We make assumptions, estimates and judgments that affect our reported amounts of assets, liabilities, revenues, expenses, gains and losses. Material changes in these assumptions, estimates and/or judgments have the potential to materially alter our results of operations. We have identified the following accounting policies to be the most critical as they are important to our financial condition and results of operations and require significant judgment and estimates on the part of management in their application.

#### ***Business Combinations***

We record tangible and intangible assets acquired and liabilities assumed in business combinations under the purchase method of accounting. We allocate the fair value of purchase consideration to tangible and intangible assets acquired and liabilities assumed based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is allocated to goodwill.

Accounting for business combinations requires us to make significant estimates and assumptions, especially at the acquisition date with respect to tangible and intangible assets acquired and liabilities assumed. We use our best estimates and assumptions to accurately assign fair value to the tangible and intangible assets acquired and liabilities assumed at the acquisition date as well as the useful lives of those acquired intangible assets. Significant assumptions utilized in the allocation of the purchase price related to intangible assets include future expected cash flows from acquired intangibles and discount rates.

Our estimates of fair value are based upon reasonable assumptions but are inherently uncertain and unpredictable, and as a result, actual results may differ from these estimates. During the measurement period, which is up to one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period, any subsequent adjustments are recorded to earnings. See Note 4. "Acquisitions" to the Consolidated Financial Statements for additional information.

#### ***Evaluation of Goodwill***

We allocate goodwill to reporting units based on the reporting unit expected to benefit from the business combination. Goodwill is tested at the reporting unit level, which is an operating segment or one level below, on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. We have three reporting units: i) Americas and Asia-Pacific, ii) United Kingdom and Ireland and iii) Continental Europe.

For each reporting unit, we first assess qualitative factors that are specific to the reporting unit as well as industry and macroeconomic factors to determine whether it is necessary to perform a quantitative goodwill impairment test.

The qualitative factors could include a significant change in the business climate, legal factors, operating performance indicators, competition or the sale or disposition of a significant portion of a reporting unit. If the qualitative assessment indicates that it is more likely than not that an impairment exists, then a quantitative assessment is performed.

A quantitative goodwill impairment test, when performed, includes estimating the fair value of a reporting unit using the income and/or market approach. The income approach of determining fair value is based on the present value of estimated future cash flows, which requires us to make various assumptions, including assumptions about the timing and amount of future cash flows, growth rates and discount rates. The discount rates reflect management's judgment and are based on a risk-adjusted weighted-average cost of capital utilizing industry market data of businesses similar to the reporting units. Inherent in our preparation of cash flow projections are assumptions and estimates derived from a review of our operating results, business plans, expected growth rates, cost of capital and tax rates. Our forecasts also reflect expectations concerning future economic conditions, interest rates and other market data. The market approach of determining fair value is based on comparable market multiples for companies engaged in similar businesses, as well as recent transactions within our industry. We believe using these valuation techniques yields the most appropriate evidence of the reporting unit's fair value.

Many of the factors used in assessing fair value are outside the control of management, and these assumptions and estimates may change in future periods. Changes in assumptions or estimates could materially affect the estimate of the fair value of a reporting unit and therefore could affect the likelihood and amount of any potential impairment.

#### ***Employee Benefit Plans***

We sponsor various retirement plans, the most significant of which is in the U.K. (the "U.K. Retirement Plan"). Assumptions used in the accounting for these employee benefit plans include the discount rate and expected return on plan assets. Assumptions are determined based on company data and appropriate market indicators and are evaluated each year at December 31. A change in any of these assumptions would have an effect on the net periodic pension cost reported in the Consolidated Financial Statements.

The discount rate is determined based on the yield on a portfolio of high-quality bonds, constructed to provide cash flows necessary to meet our pension plans' expected future benefit payments, as determined for the accumulated benefit obligation. A 50-basis-point decrease in the discount rate of the U.K. Retirement Plan would result in an estimated increase in the accumulated benefit obligation of approximately \$44 million. The expected return on plan assets assumption is derived using the current and expected asset allocation of the pension plan assets and considering historical as well as expected returns on various classes of plan assets. An increase or decrease of 50 basis points in the expected long-term rate of return of the U.K. Retirement Plan would have decreased or increased 2023 net periodic pension cost by approximately \$4 million. See Note 14, "Employee Benefit Plans" to the Consolidated Financial Statements for additional information.

#### ***New Accounting Standards***

Information related to new accounting standards is included in Note 2, "Basis of Presentation and Significant Accounting Policies" to the Consolidated Financial Statements.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

*Our market risk disclosures involve forward-looking statements. Actual results could differ materially from those projected in such forward-looking statements. We are exposed to market risk related to changes in interest rates and foreign currency exchange rates.*

**Interest Rate Risk**

Our long-term debt portfolio, excluding finance leases and other debt, consists of \$800 million fixed-rate notes and \$735 million variable-rate loans, complemented by a variable-rate revolving credit facility. We use cross-currency swap agreements to convert \$250 million of variable-rate debt from Secured Overnight Financing Rate ("SOFR") to Euro Interbank Offered Rate ("Euribor"). We also entered into interest rate swap agreements to convert \$250 million of variable-rate U.S. dollar ("USD")-denominated debt into USD-denominated fixed-rate debt. As of December 31, 2023, a hypothetical 1% increase in Euribor would have increased our interest expense by approximately \$3 million.

**Foreign Currency Exchange Rate Risk**

A significant proportion of our net assets and income is in non-USD currencies, primarily the Euro ("EUR") and British pound sterling ("GBP"). We are exposed to currency risk from potential changes in functional currency values of our foreign currency denominated assets, liabilities and cash flows. Consequently, depreciation of the EUR or the GBP relative to the USD could have an adverse impact on our financial results.

We entered into cross-currency swap agreements to manage our foreign currency exchange risk by effectively converting a portion of the fixed-rate USD-denominated debt, including the interest payments, to fixed-rate EUR-denominated debt and a portion of the floating-rate USD-denominated loans, including the interest payments, to floating-rate EUR-denominated debt. We use foreign currency option contracts to mitigate the risk of a reduction in the value of earnings from our operations that use the EUR or GBP as their functional currency.

As of December 31, 2023, a uniform 10% strengthening in the value of the USD relative to the EUR would have increased our net assets by approximately \$67 million, net of hedging. As of December 31, 2023, a uniform 10% strengthening in the value of the USD relative to the GBP would have decreased our net assets by approximately \$143 million, net of hedging. These theoretical calculations assume that an instantaneous, parallel shift in exchange rates occurs, which is not consistent with the history of foreign currency markets. Fluctuations in exchange rates also affect the volume of sales or the foreign currency sales price as competitors' services become more or less attractive. The sensitivity analysis of the impact of changes in foreign currency exchange rates does not factor in a potential change in sales levels or local currency prices.

See Note 10. "Fair Value Measurements and Financial Instruments" to the Consolidated Financial Statements for additional information.

**Item 8. Financial Statements and Supplementary Data.**

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## Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors  
GXO Logistics, Inc.:

### *Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting*

We have audited the accompanying consolidated balance sheets of GXO Logistics, Inc. and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

The Company acquired PFSweb, Inc. during 2023, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2023, PFSweb, Inc.'s internal control over financial reporting associated with approximately 1.8% of total assets, excluding associated goodwill and intangible assets, and approximately 0.8% of total revenues included in the consolidated financial statements of the Company as of and for the year ended December 31, 2023. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over the financial reporting of PFSweb, Inc.

### *Basis for Opinions*

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our

audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

*Definition and Limitations of Internal Control Over Financial Reporting*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

*Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

*Sufficiency of audit evidence over revenue from contracts with customers*

As discussed in Notes 2 and 3 to the consolidated financial statements, revenue is recognized over the period in which services are provided under the terms of the Company's contractual relationship with its customers. For the year ended December 31, 2023, the Company reported \$9.8 billion of revenue.

We identified the evaluation of the sufficiency of audit evidence over revenue from contracts with customers (revenue) as a critical audit matter. Subjective auditor judgment and IT professionals with specialized skills and knowledge were required to evaluate the sufficiency of audit evidence obtained over revenue due to the number and dispersion of warehouse management and other IT systems used in the processing and recording of revenue.

The following are the primary procedures we performed to address this critical audit matter. We applied auditor judgment to determine the nature and extent of procedures to be performed over the processing and recording of revenue. We evaluated the design and tested the operating effectiveness of certain internal controls related to the processing and recording of revenue, including manual controls related to the examination of revenue contracts and detection of revenues recorded outside of expectations. We involved IT professionals with specialized skills and knowledge to test certain manual and automated controls, including general IT controls, over multiple relevant IT systems and information used in internal control. We compared certain revenue activity recorded during the year to cash received, adjusted for reconciling items. We evaluated the relevance and reliability of certain reconciling items to underlying documentation, including the changes in accounts receivable and deferred revenue. We examined a selection of revenue contracts and transactions to assess that revenue was recorded in accordance with the Company's accounting policy. Additionally, for a sample of accrued revenue at year-end, we confirmed with the Company's customers the amount of revenue billed subsequent to year-end and compared the result to the Company's accounting records. We evaluated the sufficiency of audit evidence

obtained by assessing the results of procedures performed, including the appropriateness of the nature and extent of such evidence.

/s/ KPMG LLP

We have served as the Company's auditor since 2021.

Stamford, Connecticut  
February 15, 2024

**GXO Logistics, Inc.**  
**Consolidated Statements of Operations**

(Dollars in millions, shares in thousands, except per share amounts)	Year Ended December 31,		
	2023	2022	2021
<b>Revenue</b>	\$ 9,778	\$ 8,993	\$ 7,940
Direct operating expense	8,035	7,443	6,637
Selling, general and administrative expense	998	886	714
Depreciation and amortization expense	361	329	335
Transaction and integration costs	34	61	99
Restructuring costs and other	32	32	4
<b>Operating income</b>	318	242	151
Other income, net	1	51	23
Interest expense, net	(53)	(29)	(21)
<b>Income before income taxes</b>	266	264	153
Income tax (expense) benefit	(33)	(64)	8
<b>Net income</b>	233	200	161
Net income attributable to Noncontrolling Interests ("NCI")	(4)	(3)	(8)
<b>Net income attributable to GXO</b>	\$ 229	\$ 197	\$ 153
<b>Earnings per share</b>			
Basic	\$ 1.93	\$ 1.68	\$ 1.33
Diluted	\$ 1.92	\$ 1.67	\$ 1.32
<b>Weighted-average common shares outstanding</b>			
Basic	118,908	117,050	114,632
Diluted	119,490	117,616	115,597

See accompanying Notes to the Consolidated Financial Statements.

**GXO Logistics, Inc.**  
**Consolidated Statements of Comprehensive Income**

<i>(In millions)</i>	Year Ended December 31,		
	2023	2022	2021
<b>Net income</b>	\$ 233	\$ 200	\$ 161
<b>Other comprehensive income (loss), net of tax</b>			
Foreign currency translation adjustments	19	( 98 )	( 46 )
Cash flow hedges	( 2 )	7	—
Pension plans	( 1 )	( 36 )	7
<b>Other comprehensive income (loss), net of tax</b>	<b>16</b>	<b>( 127 )</b>	<b>( 39 )</b>
<b>Comprehensive income, net of tax</b>	<b>249</b>	<b>73</b>	<b>122</b>
Less: Comprehensive income attributable to NCI	5	2	7
<b>Comprehensive income attributable to GXO</b>	<b>\$ 244</b>	<b>\$ 71</b>	<b>\$ 115</b>

See accompanying Notes to the Consolidated Financial Statements.

**GXO Logistics, Inc.**  
**Consolidated Balance Sheets**

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
<i>(Dollars in millions, shares in thousands, except per share amounts)</i>		
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 468	\$ 495
Accounts receivable, net of allowance of \$ 11 and \$ 12	1,753	1,647
Other current assets	347	286
<b>Total current assets</b>	<b>2,568</b>	<b>2,428</b>
<b>Long-term assets</b>		
Property and equipment, net of accumulated depreciation of \$ 1,545 and \$ 1,297	953	960
Operating lease assets	2,201	2,227
Goodwill	2,891	2,728
Intangible assets, net of accumulated amortization of \$ 528 and \$ 456	567	570
Other long-term assets	327	306
<b>Total long-term assets</b>	<b>6,939</b>	<b>6,791</b>
<b>Total assets</b>	<b>\$ 9,507</b>	<b>\$ 9,219</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 709	\$ 717
Accrued expenses	966	995
Current debt	27	67
Current operating lease liabilities	597	560
Other current liabilities	327	193
<b>Total current liabilities</b>	<b>2,626</b>	<b>2,532</b>
<b>Long-term liabilities</b>		
Long-term debt	1,620	1,739
Long-term operating lease liabilities	1,842	1,853
Other long-term liabilities	473	417
<b>Total long-term liabilities</b>	<b>3,935</b>	<b>4,009</b>
<b>Commitments and Contingencies (Note 17)</b>		
<b>Stockholders' Equity</b>		
Common Stock, \$ 0.01 par value per share; 300,000 shares authorized, 119,057 and 118,728 shares issued and outstanding	1	1
Preferred Stock, \$ 0.01 par value per share; 10,000 shares authorized, none issued and outstanding	—	—
Additional Paid-In Capital ("APIC")	2,598	2,575
Retained earnings	552	323
Accumulated Other Comprehensive Income (Loss) ("AOCIL")	(239)	(254)
<b>Total stockholders' equity before NCI</b>	<b>2,912</b>	<b>2,645</b>
NCI	34	33
<b>Total equity</b>	<b>2,946</b>	<b>2,678</b>
<b>Total liabilities and equity</b>	<b>\$ 9,507</b>	<b>\$ 9,219</b>

See accompanying Notes to the Consolidated Financial Statements.

**GXO Logistics, Inc.**  
**Consolidated Statements of Cash Flows**

(In millions)	Year Ended December 31,		
	2023	2022	2021
<b>Cash flows from operating activities:</b>			
Net income	\$ 233	\$ 200	\$ 161
<b>Adjustments to reconcile net income to net cash provided by operating activities</b>			
Depreciation and amortization expense	361	329	335
Stock-based compensation expense	35	33	28
Deferred tax benefit	(41)	(7)	(48)
Other	23	(17)	(24)
<b>Changes in operating assets and liabilities</b>			
Accounts receivable	(17)	(71)	(243)
Other assets	28	24	(57)
Accounts payable	(3)	45	114
Accrued expenses and other liabilities	(61)	6	189
<b>Net cash provided by operating activities</b>	558	542	455
<b>Cash flows from investing activities:</b>			
Capital expenditures	(274)	(342)	(250)
Proceeds from sale of property and equipment	18	40	11
Acquisition of business, net of cash acquired	(149)	(876)	32
Cross-currency swap agreements settlement	(3)	21	—
Other	(2)	8	—
<b>Net cash used in investing activities</b>	(410)	(1,149)	(207)
<b>Cash flows from financing activities:</b>			
Proceeds from debt, net	—	917	794
Repayments of debt, net	(140)	(82)	(47)
Repayment of finance lease obligations	(29)	(33)	(25)
Taxes paid related to net share settlement of equity awards	(12)	(16)	(1)
Repayments related to trade securitization program	—	—	(26)
Purchase of NCI	—	—	(128)
Net transfers to XPO	—	—	(774)
Other	(5)	1	(34)
<b>Net cash (used in) provided by financing activities</b>	(186)	787	(241)
Effect of exchange rates on cash and cash equivalents	13	(18)	(2)
<b>Net (decrease) increase in cash, restricted cash and cash equivalents</b>	(25)	162	5
<b>Cash, restricted cash and cash equivalents, beginning of year</b>	495	333	328
<b>Cash, restricted cash and cash equivalents, end of year</b>	\$ 470	\$ 495	\$ 333
<b>Reconciliation of cash, restricted cash and cash equivalents</b>			
Cash and cash equivalents	\$ 468	\$ 495	\$ 333
Restricted cash (included in Other long-term assets)	2	—	—
<b>Total cash, restricted cash and cash equivalents</b>	\$ 470	\$ 495	\$ 333

See accompanying Notes to the Consolidated Financial Statements.

**GXO Logistics, Inc.**  
**Consolidated Statements of Cash Flows**

(In millions)	Year Ended December 31,		
	2023	2022	2021
<b>Supplemental cash flow information:</b>			
Cash paid for interest, net	\$ 57	\$ 34	\$ 22
Cash paid for income taxes, net	84	111	75
<b>Noncash investing and financing activities:</b>			
Common stock issued for acquisition	\$ —	\$ 204	\$ —
Settlement of related party debt due to the Separation	—	—	437

See accompanying Notes to the Consolidated Financial Statements.

**GXO Logistics, Inc.**  
**Consolidated Statements of Changes in Equity**

(Shares in thousands, dollars in millions)	Common Stock		XPO, Inc.					Equity Before NCI	NCI	Total Equity
	Shares	Amount	Invest ment	APIC	Retained Earnings	AOCIL				
<b>December 31, 2020</b>	—	\$ —	\$ 2,765	\$ —	\$ —	\$ 58	\$ 2,823	\$ 125	\$ 2,948	
Net income	—	—	27	—	126	—	153	8	161	
Other comprehensive loss	—	—	—	—	—	(38)	(38)	(1)	(39)	
Stock-based compensation	—	—	—	11	—	—	11	—	11	
Vesting of stock compensation awards	33	—	—	—	—	—	—	—	—	
Tax withholding related to vesting of stock compensation awards	—	—	—	(1)	—	—	(1)	—	(1)	
Purchase of NCI	—	—	—	—	—	—	—	(128)	(128)	
Net transfers from (to) XPO, including separation adjustments	—	—	(447)	—	—	(150)	(597)	40	(557)	
Issuance of common stock and reclassification of XPO investment	114,626	1	(2,345)	2,344	—	—	—	—	—	
Other	—	—	—	—	—	—	—	(5)	(5)	
<b>December 31, 2021</b>	<b>114,659</b>	<b>\$ 1</b>	<b>\$ —</b>	<b>\$ 2,354</b>	<b>\$ 126</b>	<b>\$ (130)</b>	<b>\$ 2,351</b>	<b>\$ 39</b>	<b>\$ 2,390</b>	
Net income	—	—	—	—	197	—	197	3	200	
Other comprehensive loss	—	—	—	—	—	(126)	(126)	(1)	(127)	
Stock-based compensation	—	—	—	33	—	—	33	—	33	
Vesting of stock compensation awards	557	—	—	—	—	—	—	—	—	
Tax withholding on vesting of stock compensation awards	(246)	—	—	(16)	—	—	(16)	—	(16)	
Common stock issued for acquisition	3,758	—	—	204	—	—	204	—	204	
Other	—	—	—	—	—	2	2	(8)	(6)	
<b>December 31, 2022</b>	<b>118,728</b>	<b>\$ 1</b>	<b>\$ —</b>	<b>\$ 2,575</b>	<b>\$ 323</b>	<b>\$ (254)</b>	<b>\$ 2,645</b>	<b>\$ 33</b>	<b>\$ 2,678</b>	
Net income	—	—	—	—	229	—	229	4	233	
Other comprehensive income	—	—	—	—	—	15	15	1	16	
Stock-based compensation	—	—	—	35	—	—	35	—	35	
Vesting of stock compensation awards	555	—	—	—	—	—	—	—	—	
Tax withholding on vesting of stock compensation awards	(226)	—	—	(12)	—	—	(12)	—	(12)	
Other	—	—	—	—	—	—	—	(4)	(4)	
<b>December 31, 2023</b>	<b>119,057</b>	<b>\$ 1</b>	<b>\$ —</b>	<b>\$ 2,598</b>	<b>\$ 552</b>	<b>\$ (239)</b>	<b>\$ 2,912</b>	<b>\$ 34</b>	<b>\$ 2,946</b>	

See accompanying Notes to the Consolidated Financial Statements.

**GXO Logistics, Inc.**  
**Notes to Consolidated Financial Statements**

**1. Organization**

***Nature of Operations***

GXO Logistics, Inc., together with its subsidiaries ("GXO" or the "Company"), is the largest pure-play contract logistics provider in the world. The Company provides its customers with high-value-added warehousing and distribution, order fulfillment, e-commerce, reverse logistics and other supply chain services differentiated by its ability to deliver technology-enabled, customized solutions at scale. The Company serves a broad range of customers across a range of industries, such as e-commerce, omnichannel retail, technology and consumer electronics, food and beverage, industrial and manufacturing, and consumer packaged goods, among others. The Company presents its operations in the Consolidated Financial Statements as one reportable segment.

On August 2, 2021, the Company completed the separation (the "Separation") from XPO, Inc. ("XPO"). The Separation was accomplished by the distribution of 100 % of the outstanding common stock of GXO to XPO stockholders as of the close of business on July 23, 2021, the record date for the distribution. XPO stockholders received one share of GXO common stock for every share of XPO common stock held at the close of business on the record date. On August 2, 2021, GXO became a standalone publicly-traded company and regular-way trading of GXO's common stock commenced on the New York Stock Exchange under the ticker symbol "GXO." GXO was incorporated as a Delaware corporation in February 2021.

**2. Basis of Presentation and Significant Accounting Policies**

***Basis of Presentation***

Before the Separation, the Company's financial statements were prepared on a standalone combined basis and were derived from the Consolidated Financial Statements and accounting records of XPO (the "historical financial statements"). On August 2, 2021, the Company became a standalone publicly traded company, and its financial statements post-Separation are prepared on a consolidated basis. The combined Consolidated Financial Statements for all periods presented before the Separation are now also referred to as "Consolidated Financial Statements" and have been prepared under the U.S. generally accepted accounting principles ("GAAP").

Before the Separation, the Company's historical assets and liabilities presented were wholly owned by XPO and were reflected on a historical cost basis. In connection with the Separation, the Company's assets and liabilities were transferred to the Company on a carry-over basis.

Before the Separation, the historical results of operations included allocations of XPO costs and expenses including XPO's corporate function, which incurred a variety of expenses, including, but not limited to, information technology, human resources, accounting, sales and sales operations, procurement, executive services, legal, corporate finance and communications. An allocation of these expenses is included to burden all business units comprising XPO's historical results of operations, including GXO. The charges reflected have been either specifically identified or allocated using drivers including adjusted earnings before interest, taxes, depreciation and amortization, which includes adjustments for transaction and integration costs, as well as restructuring costs and other adjustments, or headcount. The majority of these allocated costs are recorded within Selling, general and administrative expense; Depreciation and amortization expense; and Transaction and integration costs in the Consolidated Statements of Operations.

The Company's Consolidated Financial Statements include the accounts of GXO Logistics, Inc. and its majority-owned subsidiaries and variable interest entities where the Company is the primary beneficiary. The Company has eliminated intercompany accounts and transactions.

#### **Use of Estimates**

The preparation of Consolidated Financial Statements in conformity with GAAP requires the use of estimates, judgments and assumptions that affect the reported amounts in the Consolidated Financial Statements and accompanying notes. The Company bases its estimates and judgments on historical information and on various other assumptions that it believes are reasonable under the circumstances. GAAP requires the Company to make estimates and judgments in several areas, including, but not limited to, those related to revenue recognition, income taxes, loss contingencies, defined benefit plans, valuation of long-lived assets including goodwill and intangible assets and their associated estimated useful lives, collectability of accounts receivable and the fair value of financial instruments. Actual results may vary from those estimates.

#### **Significant Accounting Policies**

##### **Cash, Restricted Cash and Cash Equivalents**

The Company considers all highly liquid investments with an original maturity of three months or less on the date of purchase to be cash equivalents. Bank overdraft positions occur when total outstanding issued checks exceed available cash balances at a single financial institution. Restricted cash is included within Other long-term assets on the Consolidated Balance sheets and consists primarily of cash that collateralizes certain operating obligations.

##### **Accounts Receivable and Allowance for Credit Losses**

Accounts receivable represents the Company's unconditional right to receive consideration from its customers. The Company records accounts receivable at the contractual amount and records an allowance for doubtful accounts for the amount it estimates it may not collect. In determining the allowance for doubtful accounts, the Company considers historical collection experience, the age of the accounts receivable balances, the credit quality and risk of its customers, any specific customer collection issues, current economic conditions and other factors that may impact its customers' ability to pay. The Company writes off accounts receivable balances once the receivables are no longer deemed collectible.

The roll forward of the allowance for doubtful accounts was as follows:

(In millions)	Year Ended December 31,		
	2023	2022	2021
<b>Beginning balance</b>	\$ 12	\$ 13	\$ 18
Provisions charged to expense	10	5	4
Write-offs, less recoveries, and other adjustments	( 11 )	( 6 )	( 9 )
<b>Ending balance</b>	<b>\$ 11</b>	<b>\$ 12</b>	<b>\$ 13</b>

##### **Property and Equipment**

Property and equipment, which includes assets recorded under finance leases, are stated at cost less accumulated depreciation or, in the case of property and equipment acquired in a business combination, at fair value at the date of acquisition. Maintenance and repair expenditures are charged to expenses as incurred.

For internally developed computer software, all costs incurred during the planning and evaluation stages are expensed as incurred. Software development costs are capitalized once the preliminary project stage is complete and it is probable that the project will be completed and the software will be used to perform the function intended.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets or the remaining lease term, whichever is shorter. Land and assets held within construction in progress are not depreciated.

The estimated useful lives of property and equipment are described below:

	<b>Estimated Useful Life</b>
Buildings	40 years
Leasehold improvements	Shorter of useful life or term of lease
Technology and automated systems	3 to 15 years
Warehouse equipment and other	3 to 15 years
Computer, software and equipment	1 to 5 years

#### ***Lease Obligations***

The Company has operating leases primarily for real estate, warehouse equipment, material handling equipment, trucks, trailers and containers and finance leases for equipment. The Company determines if an arrangement is a lease at inception. For leases with terms greater than 12 months, the Company recognizes lease assets and liabilities at the lease commencement date based on the present value of the lease payments over the lease term.

For most of the Company's leases, the implicit rate cannot be readily determined and, as a result, the Company uses the incremental borrowing rates at the commencement date to determine the present value of future lease payments. For leases that include fixed rental payments for both the use of the asset ("lease costs") as well as for other occupancy or service costs relating to the asset ("non-lease costs"), the Company generally includes both the lease costs and non-lease costs as a single lease component in the measurement of the lease asset and liability. Certain lease agreements include rental payments based on changes in the consumer price index ("CPI"). Lease liabilities are not remeasured as a result of changes in the CPI; instead, changes in the CPI are treated as variable lease payments and are excluded from the measurement of the right-of-use asset and lease liability. These payments are recognized in the period in which the related obligation is incurred.

Lease agreements may contain rent escalation clauses, renewal or termination options, rent holidays or certain landlord incentives, including tenant improvement allowances. Lease expense is recognized on a straight-line basis over the non-cancelable lease term and renewal periods that are considered reasonably certain. Amounts received from a landlord are included as a reduction to the lease asset and are included within operating activities on the Consolidated Statement of Cash Flows.

#### ***Long-lived assets geographic information***

The Company's long-lived assets for this disclosure is defined as Property and equipment, net of accumulated depreciation, and operating lease assets. The Company's long-lived assets by geographic region were as follows:

(In millions)	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
United States	\$ 1,545	\$ 1,532
United Kingdom	772	834
Other	837	821
<b>Total</b>	<b>\$ 3,154</b>	<b>\$ 3,187</b>

#### ***Goodwill and Intangible Assets***

The Company records goodwill as the excess of the consideration transferred over the fair value of net assets acquired in business combinations. Goodwill is tested for impairment at the reporting unit level, which is an operating segment, or one level below. The Company has three reporting units: i) Americas and Asia-Pacific, ii) United Kingdom and Ireland and iii) Continental Europe. The Company measures goodwill impairment, if any, as the amount by which the carrying amount of the reporting unit exceeds its fair value, not to exceed the carrying amount of goodwill.

The Company performed its annual goodwill impairment test on November 1. The review of goodwill impairment consists of either using a qualitative approach to determine whether it is more likely than not that the fair value of the assets is less than their respective carrying values or a one-step quantitative impairment test. In performing the qualitative assessment, the Company considers many factors in evaluating whether the carrying value of goodwill may not be recoverable, including declines in the Company's stock price, market capitalization of the Company and macroeconomic conditions. If, based on the results of the qualitative assessment, it is concluded that it is not more likely than not that the fair value of a reporting unit exceeds its carrying value, additional quantitative impairment testing is performed. The quantitative test requires that the carrying value of each reporting unit be compared with its estimated fair value. If the carrying value of a reporting unit is greater than its fair value, a goodwill impairment charge will be recorded for the difference (up to the carrying value of goodwill). The Company uses the income approach and/or a market-based approach to determine the reporting units' fair values. The determination of discounted cash flows used in the income approach requires significant estimates and assumptions. Due to the inherent uncertainty involved in making these estimates, actual results could differ from those estimates.

The Company's intangible assets consist of customer relationships, trade names, trademarks, and developed technology which are amortized on a straight-line basis or over the period the economic benefits are expected to be realized. The Company reviews its intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

#### ***Impairment of Long-lived Assets***

The Company reviews long-lived assets to be held-and-used for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If an impairment indicator is present, the Company evaluates recoverability by comparing the carrying amount of the asset group to the sum of the undiscounted expected future cash flows over the remaining useful life of a long-lived asset group. If the assets are impaired, an impairment loss is measured as the amount by which the carrying amount of the asset group exceeds the fair value of the asset. The Company estimates fair value using the expected future cash flows discounted at a rate consistent with the risks associated with the recovery of the asset.

#### ***Segment Reporting***

The Company is comprised of three operating segments based on the operating results regularly reviewed by the chief operating decision-maker ("CODM"), who is the Chief Executive Officer ("CEO"), to make decisions about resource allocation and the performance of the business. These three operating segments have been aggregated into a single reporting segment.

#### ***Revenue Recognition***

The Company generates revenue by providing logistics services for its customers, including warehousing and distribution, order fulfillment, reverse logistics, packaging and labeling, factory and aftermarket support and inventory management ranging from a few months to a few years. Generally, the Company's contracts provide the customer an integrated service that includes two or more services, including but not limited to facility and equipment costs, construction, repair and maintenance services and labor. For these contracts, the Company does not consider the services to be distinct within the context of the contract when the separate scopes of work combine into a single commercial objective or capability for the customer. Accordingly, the Company generally identifies one performance obligation in its contracts, which is a series of distinct services that remain substantially the same over time and possess the same pattern of transfer.

Revenue is recognized using the series guidance over the period in which services are provided under the terms of the Company's contractual relationships with its customers. The transaction price is based on the amount specified in the contract with the customer and contains fixed and variable consideration. In general, the fixed consideration in a contract represents reimbursement for warehouse, technology and equipment costs incurred to satisfy the performance obligation and is recognized on a straight-line basis over the term of the contract. The variable consideration is comprised of cost reimbursement based on the costs incurred, per-unit pricing is determined based

on units provided and time and materials pricing is based on the hours of services provided. The variable consideration component is recognized over time based on the level of activity. Generally, pricing can be adjusted based on contractual provisions related to achieving agreed-upon performance metrics, changes in volumes, services and market conditions. Revenue relating to these pricing adjustments is estimated and included in the consideration if it is probable that a significant revenue reversal will not occur in the future. The estimate of variable consideration is determined by the expected value or most likely amount method and factors in current, past and forecasted experience with the customer. Customers are billed based on terms specified in the revenue contract and they pay us according to approved payment terms.

#### **Contract Assets and Liabilities**

Contract assets consist of two components: customer acquisition costs and costs to fulfill a contract. The Company capitalizes direct and incremental costs incurred to obtain and to fulfill a contract in advance of revenue recognition, such as certain labor, third-party service and related product costs. These costs are recognized as an asset if the Company expects to recover them. Contract assets are recognized consistent with the transfer of the underlying performance obligations to the customer based on the specific contracts to which they relate. Contract assets are primarily amortized to Direct operating expense in the Consolidated Statements of Operations over the contract term.

Contract liabilities represent the Company's obligation to transfer services to a customer for which the Company has received consideration or the amount that is due from the customer.

#### **Derivative Instruments**

The Company records all its derivative financial instruments on the Consolidated Balance Sheets as assets or liabilities measured at fair value. For derivatives designated as a hedge, and effective as part of a hedge transaction, the effective portion of the gain or loss on the hedging derivative instrument is reported as a component of other comprehensive income or as a basis adjustment to the underlying hedged item and reclassified to earnings in the year in which the hedged item affects earnings. The effective portion of the gain or loss on hedges of foreign net investments is generally not reclassified to earnings unless the net investment is disposed. To the extent derivatives do not qualify or are not designated as hedges, or are ineffective, their changes in fair value are recorded in earnings immediately, which may subject us to increased earnings volatility.

#### **Stock-Based Compensation**

The Company accounts for stock-based compensation based on the equity instrument's grant date fair value. Stock compensation expense is recognized using the straight-line method, based on the grant date fair value, over the requisite service period of the award, which is generally the vesting term. For grants of restricted stock units ("RSU") subject to service-based or performance-based vesting conditions only, the Company establishes the fair value based on the market price on the date of the grant. For grants of awards subject to market-based vesting conditions ("PSU"), the Company determines the fair value based on a Monte Carlo simulation model. The Company accounts for forfeitures as they occur.

#### **Earnings per Share**

Basic earnings per share ("EPS") is based upon net earnings available to common stockholders divided by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by giving effect to all potentially dilutive stock awards that were outstanding. The computation of diluted earnings per share excludes the effect of the potential exercise of stock-based awards when the effect of the potential exercise would be anti-dilutive. For the years ended December 31, 2023, 2022 and 2021, the number of common shares excluded from diluted shares outstanding was 1.5 million, 2.0 million and 0.1 million, respectively, because the effect of including those common shares in the calculation would have been anti-dilutive.

On August 2, 2021, the date of the Separation, 114.6 million shares of the Company's common stock were distributed to XPO stockholders. These 114.6 million shares have been utilized for the calculation of basic and diluted earnings per share for all periods prior to the date of the Separation as no shares of common stock or equity-based awards of the Company were outstanding before that date.

#### **Defined Benefit Plans**

The Company calculates its employer-sponsored retirement plan obligations using various actuarial assumptions and methodologies. Assumptions include discount rates, expected long-term rate of return on plan assets, mortality rates and other factors. The assumptions used in recording the projected benefit obligation and fair value of plan assets represent the Company's best estimates based on available information regarding historical experience and factors that may cause future expectations to differ. The Company's obligation and future expense amounts could be materially impacted by differences in experience or changes in assumptions.

The Company determines the net periodic benefit cost of the plans using assumptions regarding the projected benefit obligation and the fair value of the plan assets as of the beginning of the year. Net periodic benefit cost is recorded within Other income, net in the Consolidated Statement of Operations. The Company calculates the funded status of the defined benefit plan as the difference between the projected benefit obligation and the fair value of the plan assets.

The impact of plan amendments, actuarial gains and losses and prior-service costs are recorded in AOCIL and are generally amortized as a component of net periodic benefit cost over the remaining service period of the active employees covered by the defined benefit pension plans. Cumulative gains and losses over 10% of the greater of the beginning of year benefit obligation or fair value of the plan assets are amortized over the expected average life expectancy.

#### **Income Taxes**

The Company accounts for income taxes using the asset and liability method on a legal entity and jurisdictional basis, under which the Company recognizes the amount of taxes payable or refundable for the current year and deferred tax assets and liabilities for the future tax consequences of events that have been recognized in the Consolidated Financial Statements or tax returns. The calculation of the annual effective tax rate relies on several factors including pre-tax earnings, various jurisdiction statutory tax rates, tax credits, uncertain tax positions, valuation allowances and differences between tax laws and accounting laws. The effective tax rate in any financial statement period may be materially impacted by changes in the blend and/or level of earnings by individual taxing jurisdictions.

If the Company considers that a tax position is more likely than not to be sustained upon audit, based solely on the technical merits of the position, presuming an examination by a taxing authority with full knowledge of all relevant information, the Company recognizes all or a portion of the benefit. Valuation allowances are established when it is more likely than not that the Company's deferred tax assets will not be realized based on all available evidence.

The Company uses judgments and estimates in evaluating its tax positions. The Company's tax returns are subject to examination by U.S. Federal, state and local and foreign taxing jurisdictions. The Company regularly assesses the potential outcomes of these examinations and any future examinations for the current or prior years. The Company recognizes tax benefits from uncertain tax positions only if based on the technical merits of the position it is more likely than not that the tax positions will be sustained upon audit. The Company adjusts these tax liabilities, including related interest and penalties, based on the current facts and circumstances. The Company reports tax-related interest and penalties as a component of income tax expense.

#### **Foreign Currency Translation and Transactions**

The assets and liabilities of the Company's foreign subsidiaries that use their local currency as their functional currency are translated to U.S. dollars ("USD") using the exchange rate prevailing at each balance sheet date, with balance sheet currency translation adjustments recorded in AOCIL in the Consolidated Balance Sheets. The Company converts foreign currency transactions recognized in the Consolidated Statements of Operations to USD by applying the exchange rate prevailing on the date of the transaction. Gains and losses arising from foreign currency transactions and the effects of remeasuring monetary assets and liabilities are recorded in Other income, net in the Consolidated Statements of Operations.

#### **Adoption of New Accounting Standards**

In 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The ASU provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The ASU applies only to contracts and hedging relationships that reference London Interbank Offered Rate ("LIBOR") or another reference rate expected to be discontinued due to reference rate reform. In 2021, the FASB expanded the scope of the guidance to include derivatives. On March 9, 2023, the Company entered into Amendment No. 1 to its revolving credit facility replacing LIBOR-based benchmark rates with SOFR-based benchmark rates and other conforming changes (the "Revolving Credit Facility"). The Company has transitioned its existing contracts to a replacement index. ASU 2020-04 and its amendments did not have a material impact on the Company's Condensed Consolidated Financial Statements.

#### **Accounting Pronouncements Issued But Not Yet Adopted**

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires disclosure of incremental segment information on an annual and interim basis. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and requires retrospective application to all prior periods presented in the financial statements. Early adoption is permitted. The Company is currently evaluating the impact of this ASU on its Consolidated Financial Statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which provides for expanded disclosures primarily related to income taxes paid and the rate reconciliation. The amendments are effective prospectively for annual periods beginning after December 15, 2024, and early adoption and retrospective application are permitted. The Company is currently evaluating the impact of this ASU on its Consolidated Financial Statements.

### 3. Revenue Recognition

Revenue disaggregated by geographical area was as follows:

(In millions)	Year Ended December 31,		
	2023	2022	2021
United Kingdom	\$ 3,664	\$ 3,293	\$ 2,634
United States	2,909	2,861	2,469
Netherlands	831	699	651
France	830	729	734
Spain	529	488	479
Italy	382	331	339
Other	633	592	634
<b>Total</b>	<b>\$ 9,778</b>	<b>\$ 8,993</b>	<b>\$ 7,940</b>

The Company's revenue can also be disaggregated by various verticals, reflecting the customers' principal industry. Revenue disaggregated by industry was as follows:

(In millions)	Year Ended December 31,		
	2023	2022	2021
Omnichannel retail	\$ 4,100	\$ 3,649	\$ 3,116
Technology and consumer electronics	1,467	1,337	1,075
Food and beverage	1,331	1,327	1,328
Industrial and manufacturing	1,078	1,076	994
Consumer packaged goods	1,027	915	832
Other	775	689	595
<b>Total</b>	<b>\$ 9,778</b>	<b>\$ 8,993</b>	<b>\$ 7,940</b>

### Contract Balances

(In millions)	Year Ended December 31,	
	2023	2022
Contract assets included in:		
Other current assets	\$ 21	\$ 25
Other long-term assets	160	165
<b>Total contract assets</b>	<b>\$ 181</b>	<b>\$ 190</b>
Contract liabilities included in:		
Other current liabilities	\$ 210	\$ 154
Other long-term liabilities	115	134
<b>Total contract liabilities</b>	<b>\$ 325</b>	<b>\$ 288</b>

Revenue recognized included the following:

(In millions)	Year Ended December 31,	
	2023	2022
Amounts included in the beginning of year contract liability balance	\$ 122	\$ 93

#### ***Remaining Performance Obligations***

The remaining performance obligations relate to firm customer contracts for which services have not been performed and future revenue recognition is expected. As permitted in determining the remaining performance obligation, the Company omits obligations that have original expected durations of one year or less or contain variable consideration.

As of December 31, 2023, the fixed consideration component of the Company's remaining performance obligations was approximately \$ 3.3 billion, and the Company expects to recognize approximately 74 % of that amount over the next three years and the remainder thereafter. The Company estimates remaining performance obligations at a point in time and actual amounts may differ from these estimates due to changes in foreign currency exchange rates and contract revisions or terminations.

#### **4. Acquisitions**

##### ***PFSweb Acquisition***

On September 13, 2023, the Company entered into an Agreement and Plan of Merger to acquire PFSweb, Inc., a Delaware corporation headquartered in Irving, Texas ("PFS"), and on October 23, 2023, the Company completed its acquisition of PFS (the "PFS Acquisition"). The Company acquired the shares of PFS at a price per share of \$ 7.50 in cash, totaling approximately \$ 149 million, net of cash acquired. PFS is a global provider of omnichannel commerce solutions, including a broad range of technology, infrastructure and professional services, in the United States, Canada and Europe. PFS's service offerings include order fulfillment, fulfillment-as-a-service, order management and customer care.

The Company recorded the preliminary fair value of assets acquired and liabilities assumed on the date of acquisition, including intangible assets comprising customer relationships, trademarks, trade names and developed technology of \$ 56 million with a weighted-average amortization period of 13 years. Goodwill acquired in connection with the acquisition was \$ 76 million, recorded in the Americas and Asia-Pacific reporting unit, and was attributed to anticipated synergies. The Company expects to finalize the purchase price allocation within the measurement period, which will not exceed one year from the acquisition date. The Company does not expect the goodwill recognized in connection with the PFS Acquisition to be deductible for income tax purposes.

For the year ended December 31, 2023, PFS generated revenues of \$ 82 million and income before income taxes was not material. Pro forma results of operations for this acquisition have not been presented as they are not material to the Consolidated Financial Statements.

##### ***Clipper Acquisition***

On May 24, 2022, the Company completed the acquisition of Clipper Logistics plc ("Clipper"), an omnichannel retail logistics specialist based in Leeds, England (the "Clipper Acquisition"). The Company acquired Clipper for \$ 1,106 million, consisting of \$ 902 million in cash and the issuance of 3,757,657 shares of GXO common stock having a value of \$ 204 million.

The Company accounted for the Clipper Acquisition as a business combination using the acquisition method of accounting. The fair value of assets acquired and liabilities assumed was based on management's estimate of the fair values of the assets acquired and liabilities assumed using valuation techniques including income, cost and market approaches.

The following table summarizes the fair values of assets acquired and liabilities assumed at the acquisition date:

(In millions)

<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$	26
Accounts receivable		143
Other current assets		67
<b>Total current assets</b>		<b>236</b>
<b>Long-term assets</b>		
Property and equipment		80
Operating lease assets		219
Intangible assets <sup>(1)</sup>		392
Other long-term assets		29
<b>Total long-term assets</b>		<b>720</b>
<b>Total assets</b>	<b>\$</b>	<b>956</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	\$	81
Accrued expenses		96
Current debt		55
Current operating lease liabilities		43
Other current liabilities		56
<b>Total current liabilities</b>		<b>331</b>
<b>Long-term liabilities</b>		
Long-term debt		10
Long-term operating lease liabilities		176
Other long-term liabilities		173
<b>Total long-term liabilities</b>		<b>359</b>
<b>Total liabilities</b>	<b>\$</b>	<b>690</b>
<b>Net assets purchased</b>	<b>\$</b>	<b>266</b>
Cash paid	\$	902
Common stock issued <sup>(2)</sup>		204
<b>Purchase price paid</b>	<b>\$</b>	<b>1,106</b>
<b>Goodwill recorded <sup>(3)</sup></b>	<b>\$</b>	<b>840</b>

(1) The Company acquired \$ 392 million of intangible assets comprising customer relationships and trade names, with weighted-average useful lives of 15 years.

(2) Represents the fair value of the Company's common stock issued.

(3) Goodwill represents the excess of the purchase price over the fair value of identifiable assets acquired and liabilities assumed at the acquisition date. Goodwill acquired was recorded in the United Kingdom and Ireland reporting unit and was primarily attributed to anticipated synergies. The Company does not expect the goodwill recognized in connection with the Clipper Acquisition to be deductible for income tax purposes.

## 5. Goodwill

The following tables present the changes in goodwill for the years ended December 31, 2023 and 2022.

(In millions)

<b>Balance as of December 31, 2021</b>		\$ 2,017
Acquisition		796
Impact of foreign exchange translation <sup>(1)</sup>		(85)
<b>Balance as of December 31, 2022</b>		2,728
Acquisitions <sup>(2)</sup>		120
Impact of foreign exchange translation <sup>(1)</sup>		43
<b>Balance as of December 31, 2023</b>		<u><u>\$ 2,891</u></u>

(1) Changes to goodwill amounts resulting from foreign currency translation after the acquisition date are presented as the impact of foreign exchange translation.

(2) Includes \$ 44 million adjustment from the finalization of the purchase price allocation for the Clipper Acquisition.

As of December 31, 2023 and 2022, there were no accumulated goodwill impairment losses.

## 6. Intangible Assets

The following table summarizes identifiable intangible assets:

(In millions)	December 31, 2023			December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Value	Gross Carrying Amount	Accumulated Amortization	Net Value
Customer relationships	\$ 1,046	\$ (524)	\$ 522	\$ 978	\$ (451)	\$ 527
Trade names and trademarks	42	(4)	38	48	(5)	43
Developed technology	7	—	7	—	—	—
<b>Total</b>	<b>\$ 1,095</b>	<b>\$ (528)</b>	<b>\$ 567</b>	<b>\$ 1,026</b>	<b>\$ (456)</b>	<b>\$ 570</b>

Intangible asset amortization expense was \$ 71 million, \$ 68 million and \$ 61 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Estimated amortization expense for each of the five succeeding fiscal years and thereafter is as follows:

(In millions)	2024	2025	2026	2027	2028	Thereafter
Estimated amortization expense	\$ 74	\$ 68	\$ 65	\$ 62	\$ 44	\$ 254

## 7. Property and Equipment

The following table summarizes property and equipment:

(In millions)	December 31,	
	2023	2022
Land, buildings and leasehold improvements	\$ 440	\$ 364
Warehouse equipment and other	1,025	958
Computer, software and equipment <sup>(1)</sup>	660	588
Technology and automated systems	373	347
<b>Total property and equipment, gross</b>	<b>2,498</b>	<b>2,257</b>
Less: accumulated depreciation and amortization	( 1,545 )	( 1,297 )
<b>Total property and equipment, net</b>	<b>\$ 953</b>	<b>\$ 960</b>

(1) Includes internally developed software of \$ 237 million and \$ 223 million as of December 31, 2023 and 2022, respectively.

Depreciation of property and equipment was \$ 290 million, \$ 261 million and \$ 274 million for the years ended December 31, 2023, 2022 and 2021, respectively.

## 8. Leases

The following amounts were recorded in the Consolidated Balance Sheets related to leases:

(In millions)	December 31,	
	2023	2022
<b>Operating leases:</b>		
<b>Operating lease assets</b>	<b>\$ 2,201</b>	<b>\$ 2,227</b>
Current operating lease liabilities	\$ 597	\$ 560
Long-term operating lease liabilities	1,842	1,853
<b>Total operating lease liabilities</b>	<b>\$ 2,439</b>	<b>\$ 2,413</b>
<b>Finance leases:</b>		
<b>Property and equipment, net</b>	<b>\$ 107</b>	<b>\$ 123</b>
Current debt	\$ 26	\$ 35
Long-term debt	90	97
<b>Total finance lease liabilities</b>	<b>\$ 116</b>	<b>\$ 132</b>

Supplemental weighted-average information for leases was as follows:

	December 31,	
	2023	2022
Weighted-average remaining lease term		
Operating leases	5.6 years	5.9 years
Finance leases	11.7 years	10.4 years
Weighted-average discount rate		
Operating leases	4.6 %	4.0 %
Finance leases	4.4 %	3.4 %

The components of lease expense were as follows:

(In millions)	Year Ended December 31,		
	2023	2022	2021
<b>Operating leases:</b>			
Operating lease cost	\$ 751	\$ 697	\$ 657
Short-term lease cost	225	118	80
Variable lease cost	129	106	75
<b>Total operating lease cost <sup>(1)</sup></b>	<b>\$ 1,105</b>	<b>\$ 921</b>	<b>\$ 812</b>
<b>Finance leases:</b>			
Amortization of leased assets	\$ 30	\$ 30	\$ 32
Interest expense on lease liabilities	5	5	6
<b>Total finance lease cost</b>	<b>\$ 35</b>	<b>\$ 35</b>	<b>\$ 38</b>
<b>Total operating and finance lease cost</b>	<b>\$ 1,140</b>	<b>\$ 956</b>	<b>\$ 850</b>

(1) Operating lease cost is primarily included in Direct operating expense in the Consolidated Statements of Operations.

Supplemental cash flow information related to leases was as follows:

(In millions)	Year Ended December 31,		
	2023	2022	2021
<b>Cash paid for amounts included in the measurement of lease liabilities:</b>			
Operating cash flows for operating leases	\$ 696	\$ 576	\$ 578
Operating cash flows for finance leases	5	5	6
Financing cash flows for finance leases	29	33	25
<b>Leased assets obtained in exchange for new lease obligations:</b>			
Operating leases, including \$ 52 , \$ 233 , and \$ 281 from an acquisition in 2023, 2022 and 2021 respectively	\$ 568	\$ 1,154	\$ 932
Finance leases, including \$ 1 , \$ 16 , and \$ 23 from an acquisition in 2023, 2022 and 2021 respectively	10	20	39

Maturities of lease liabilities as of December 31, 2023 were as follows:

(In millions)	Finance Leases	Operating Leases
2024	\$ 30	\$ 692
2025	24	577
2026	15	451
2027	12	339
2028	10	226
Thereafter	64	506
<b>Total lease payments</b>	<b>155</b>	<b>2,791</b>
Less: Interest	(39)	(352)
<b>Present value of lease liabilities</b>	<b>\$ 116</b>	<b>\$ 2,439</b>

As of December 31, 2023, the Company does not have any material leases that have been signed but have yet to commence.

#### 9. Debt and Financing Arrangements

The following table summarizes the carrying value of the Company's debt:

(In millions)	Rate <sup>(1)</sup>	December 31,	
		2023	2022
Unsecured notes due 2026 <sup>(2)</sup>	1.65 %	\$ 398	\$ 397
Unsecured notes due 2031 <sup>(3)</sup>	2.65 %	397	397
Two-Year Term Loan due 2024	— %	—	115
Three-Year Term Loan due 2025 <sup>(4)</sup>	6.58 %	235	234
Five-Year Term Loan due 2027 <sup>(5)</sup>	6.71 %	499	499
Finance leases and other debt	Various	118	164
<b>Total debt</b>		<b>\$ 1,647</b>	<b>\$ 1,806</b>
Less: Current debt		27	67
<b>Total Long-term debt</b>		<b>\$ 1,620</b>	<b>\$ 1,739</b>

(1) Interest rates as of December 31, 2023.

(2) Net of unamortized debt issuance costs of \$ 2 million and \$ 3 million, as of December 31, 2023 and 2022, respectively.

(3) Net of unamortized debt issuance costs of \$ 3 million as of December 31, 2023 and 2022.

(4) Net of unamortized debt issuance costs of \$ 1 million as of December 31, 2022.

(5) Net of unamortized debt issuance costs of \$ 1 million as of December 31, 2023 and 2022.

#### Five-Year Term Loan

In 2022, the Company entered into a \$ 500 million five-year unsecured term loan (the "Five-Year Term Loan") that will mature on May 26, 2027. The loan bears interest at a fluctuating rate per annum equal to, at the Company's option, the alternate base rate or the adjusted Secured Overnight Financing Rate (SOFR), plus an applicable margin based on the Company's credit ratings.

#### Delayed Draw Term Loan

In 2022, the Company borrowed a \$ 165 million two-year term loan tranche (the "Two-Year Term Loan") and a \$ 235 million three-year term loan tranche (the "Three-Year Term Loan"). In 2022, \$ 50 million of the Two-Year Term Loan was repaid, with the remaining \$ 115 million repaid in the second quarter of 2023. The Three-Year Term Loan will mature on May 26, 2025. The Delayed Draw Term Loan bears interest at a fluctuating rate per annum equal to, at the Company's option, the alternate base rate or the adjusted SOFR, plus an applicable margin based on the Company's credit ratings.

#### ***Unsecured Notes***

In 2021, before the Separation, the Company completed an offering of \$ 800 million aggregate principal amount of notes, consisting of \$ 400 million of notes due 2026 (the "2026 Notes") and \$ 400 million of notes due 2031 (the "2031 Notes"). The 2026 Notes bear interest at a rate of 1.65 % per annum payable semiannually in arrears on January 15 and July 15 of each year, beginning January 15, 2022, and maturing on July 15, 2026. The 2031 Notes bear interest at a rate of 2.65 % per annum payable semiannually in arrears on January 15 and July 15 of each year, beginning January 15, 2022, and maturing on July 15, 2031.

#### ***Revolving Credit Facilities***

In 2021, before the Separation, the Company entered into a five-year unsecured multi-currency Revolving Credit Facility (the "Revolving Credit Facility"). The Revolving Credit Facility provides commitments of up to \$ 800 million, of which \$ 60 million is available for the issuance of letters of credit. Loans under the Revolving Credit Facility bear interest at a fluctuating rate equal to (i) with respect to borrowings in dollars, at the Company's option, the alternate base rate or the adjusted SOFR, (ii) with respect to borrowings in Canadian dollars, the reserve-adjusted Canadian Dollar Offered Rate and (iii) with respect to borrowings in Euros, the reserve-adjusted Euro Interbank Offered Rate, in each case, plus an applicable margin calculated based on the Company's credit ratings. In addition, the Company is paying a commitment fee of 0.15 % per annum on the unused portion of the commitments under the Revolving Credit Facility. No amounts were outstanding under the Revolving Credit Facility as of December 31, 2023, or December 31, 2022.

In 2022, in connection with the Clipper Acquisition, the Company assumed a revolving credit facility agreement under which it may borrow up to approximately £ 45 million (\$ 54 million as of December 31, 2022) in aggregate at any time, which expired in November 2023. As of December 31, 2022, the Company had \$ 18 million of borrowings outstanding under this agreement.

Amounts drawn and repaid in 90 days or less under the revolving credit facilities are presented net in the Consolidated Statement of Cash Flows.

#### ***Factoring Programs***

The Company sells certain of its trade receivables on a non-recourse basis to third-party financial institutions under various factoring programs. The Company also sold certain European trade accounts receivables under a securitization program terminated in the first quarter of 2022. The Company accounts for these transactions as sales of receivables and presents cash proceeds as cash provided by operating activities in the Consolidated Statements of Cash Flows.

The Company accounts for these transactions as sales because the Company sells full title and ownership in the underlying receivables and control of the receivables is considered transferred. For these transfers, the receivables are removed from the Consolidated Balance Sheets at the date of transfer.

Information related to trade receivables sold was as follows:

(In millions)	Year Ended December 31,		
	2023	2022	2021
<b>Factoring program</b>			
Receivables sold in period	\$ 1,110	\$ 992	\$ 450
Cash consideration	1,103	988	449
<b>Securitization program</b>			
Receivables sold in period	\$ —	\$ —	\$ 1,850
Cash consideration	—	—	1,850
<b>Net cash provided by (used in) operating cash flows</b>	<b>21</b>	<b>35</b>	<b>(5)</b>

**Covenants and Compliance**

The covenants in the Five-Year Term Loan, the Delayed Draw Term Loan, the Unsecured Notes and the Revolving Credit Facilities, which are customary for financings of this type, limit the Company's ability to incur indebtedness and grant liens, among other restrictions. In addition, the facilities require the Company to maintain a consolidated leverage ratio below a specified maximum.

As of December 31, 2023, the Company complied with the covenants contained in its debt and financing arrangements.

**10. Fair Value Measurements and Financial Instruments**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The levels of inputs used to measure fair value are:

- Level 1—Quoted prices for identical instruments in active markets;
- Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets; and
- Level 3—Valuations based on inputs that are unobservable, generally utilizing pricing models or other valuation techniques that reflect management's judgment and estimates.

**Assets and liabilities**

The Company bases its fair value estimates on market assumptions and available information. The carrying values of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and current maturities of long-term debt approximated their fair values as of December 31, 2023 and 2022, due to their short-term nature.

## Debt

The fair value of debt was as follows:

(In millions)	Level	December 31, 2023		December 31, 2022	
		Fair Value	Carrying Value	Fair Value	Carrying Value
Unsecured notes due 2026	2	\$ 362	\$ 398	\$ 342	\$ 397
Unsecured notes due 2031	2	326	397	294	397
Two-Year Term Loan due 2024	2	—	—	115	115
Three-Year Term Loan due 2025	2	231	235	234	234
Five-Year Term Loan due 2027	2	493	499	499	499

## Financial Instruments

The Company directly manages its exposure to risks arising from business operations and economic factors, including fluctuations in interest rates and foreign currencies. The Company uses derivative instruments to manage the volatility related to these exposures. The objective of these derivative instruments is to reduce fluctuations in earnings and cash flows associated with changes in foreign currency exchange rates and interest rates. These financial instruments are not used for trading or other speculative purposes. The Company does not expect to incur any losses as a result of counterparty default.

### Net Investment Hedges

The Company uses fixed-to-fixed or variable-to-variable cross-currency swap agreements to hedge its net investments in foreign operations against future volatility in the exchange rates between the U.S. dollar and the associated foreign currencies. The Company designated these cross-currency swap agreements as qualifying hedging instruments and accounts for them as net investment hedges. In October 2023, the Company terminated a hedge with a notional amount of \$ 115 million and amended a \$ 235 million hedge to extend its maturity from 2024 to 2025. Also, the Company entered into various hedges for an aggregate notional amount of \$ 313 million that will mature from 2025 to 2028.

### Interest Rate Swap Agreements

The Company uses interest rate swap agreements to hedge the variability of cash flows resulting from floating interest rate borrowings. The Company designated these interest rate swap agreements as qualifying hedging instruments and accounts for them as cash flow hedges. When an interest rate swap agreement qualifies for hedge accounting as a cash flow hedge, the changes in the fair value are recorded in equity as a component of AOCIL and are reclassified into Interest expense, net over the life of the underlying debt, as interest on the Company's floating rate debt is accrued. In January 2024, the Company entered into an interest rate swap schedule to mature in 2025, with a notional amount of \$ 125 million.

### Foreign Currency Exchange Rate Risk

The Company is exposed to certain risks relating to its ongoing business operations, including foreign currency exchange rate risk. The Company uses foreign currency option contracts to mitigate the risk of a reduction in the value of earnings from its operations that use the Euro or British pound sterling as their functional currency. Additionally, the Company uses foreign currency forward contracts to mitigate exposure from variability of cash flows related to the forecasted interest and principal payments on intercompany loans. The foreign currency forward contracts generally expire within 12 months. While these derivatives are hedging the fluctuations in foreign currencies, they do not meet the requirements to be accounted for as hedging instruments.

## Derivatives

The notional amount and fair value of derivative instruments were as follows:

(In millions)	December 31,					
	2023		2022		Balance Sheet Location	
	Notional Amount	Fair Value	Notional Amount	Fair Value		
<b>Derivatives designated as hedges</b>						
<b>Assets:</b>						
Interest rate swaps	\$ 125	\$ 2	—	\$ —	—	Other current assets
Interest rate swaps	125	3	250	9	—	Other long-term assets
Cross-currency swap agreements	487	3	1,222	22	—	Other long-term assets
<b>Liabilities:</b>						
Cross-currency swap agreements	\$ 165	\$ 7	115	\$ 13	—	Other current liabilities
Cross-currency swap agreements	883	49	—	—	—	Other long-term liabilities
<b>Derivatives not designated as hedges</b>						
<b>Assets:</b>						
Foreign currency option contracts	\$ 397	\$ 8	—	\$ —	—	Other current assets
Foreign currency forward contracts	1	—	—	—	—	Other current assets
<b>Liabilities:</b>						
Foreign currency option contracts	\$ —	\$ —	354	\$ 5	—	Other current liabilities
Foreign currency forward contracts	—	—	3	—	—	Other current liabilities

As of December 31, 2023 and 2022, the derivatives were classified as Level 2 within the fair value hierarchy. The derivatives are valued using inputs other than quoted prices such as foreign exchange rates and yield curves.

The effect of hedges on AOCIL and in the Consolidated Statements of Operations was as follows:

(In millions)	Year Ended December 31, 2023			Year Ended December 31, 2022		
	Amount of Gain (Loss) Recognized in Other Comprehensive Income on Derivatives	Gain (Loss) Reclassified from AOCIL into Net Income <sup>(1)</sup>	Gain (Loss) Recognized in Net Income on Derivatives (Excluded from effectiveness testing) <sup>(2)</sup>	Amount of Gain (Loss) Recognized in Other Comprehensive Income on Derivatives	Gain (Loss) Reclassified from AOCIL into Net Income <sup>(1)</sup>	Gain (Loss) Recognized in Net Income on Derivatives (Excluded from effectiveness testing) <sup>(2)</sup>
	\$ (66)	\$ —	\$ 3	\$ 36	\$ 4	\$ 3
<b>Derivatives designated as net investment hedges</b>						
Cross-currency swap agreements	\$ (66)	\$ —	\$ 3	\$ 36	\$ 4	\$ 3
<b>Derivatives designated as cash flow hedges</b>						
Interest rate swaps	\$ (3)	\$ —	\$ —	\$ 9	\$ —	\$ —

(1) Amounts reclassified to Net income are reported within Interest expense, net in the Consolidated Statements of Operations.

**Derivatives not designated as hedges**

Gains and losses recognized in Other income, net in the Consolidated Statements of Operations for foreign currency options and forward contracts were as follows:

(In millions)	Year Ended December 31,	
	2023	2022
Realized gain (loss)	\$ (13)	\$ 29
Unrealized gain (loss)	4	(11)
<b>Foreign currency gain (loss)</b>	<b>\$ (9)</b>	<b>\$ 18</b>

**11. Accrued Expenses**

The components of accrued expenses were as follows:

(In millions)	December 31,	
	2023	2022
Salaries and wages	\$ 362	\$ 350
Facility and transportation charges	346	360
Value-added tax and other taxes	136	135
Other	122	150
<b>Total accrued expenses</b>	<b>\$ 966</b>	<b>\$ 995</b>

## 12. Stockholders' Equity

The following table summarizes the changes in AOCIL by component:

(In millions)	Foreign Currency Adjustment						AOCIL attributable to Gxo
	Foreign Currency Translation Adjustments	Net Investment Hedges	Cash Flow Hedges	Defined Benefit Plans	Less: AOCIL attributable to NCI		
<b>As of December 31, 2020</b>	\$ 61	\$ —	\$ —	\$ (1)	\$ (2)	\$ 58	
Other comprehensive income (loss) before reclassifications	(59)	19	—	9	1	(30)	
Amounts reclassified to net income	—	(3)	—	—	—	(3)	
Tax amounts	—	(3)	—	(2)	—	(5)	
Other comprehensive income (loss), net of tax	(59)	13	—	7	1	(38)	
Transfers from XPO, net of tax	(40)	(28)	—	(82)	—	(150)	
<b>As of December 31, 2021</b>	\$ (38)	\$ (15)	\$ —	\$ (76)	\$ (1)	\$ (130)	
Other comprehensive income (loss) before reclassifications	(119)	36	9	(49)	1	(122)	
Amounts reclassified to net income	—	(7)	—	—	—	(7)	
Tax amounts	(1)	(7)	(2)	13	—	3	
Other comprehensive income (loss), net of tax	(120)	22	7	(36)	1	(126)	
Other	2	—	—	—	—	2	
<b>As of December 31, 2022</b>	\$ (156)	\$ 7	\$ 7	\$ (112)	\$ —	\$ (254)	
Other comprehensive income (loss) before reclassifications	72	(66)	(3)	(3)	(1)	(1)	
Amounts reclassified to net income	—	(3)	—	2	—	(1)	
Tax amounts	1	15	1	—	—	17	
Other comprehensive income (loss), net of tax	73	(54)	(2)	(1)	(1)	15	
<b>As of December 31, 2023</b>	\$ (83)	\$ (47)	\$ 5	\$ (113)	\$ (1)	\$ (239)	

## 13. Stock-Based Compensation

In 2021, the Company established the 2021 Omnibus Incentive Plan (the "2021 Incentive Plan"). The 2021 Incentive Plan authorizes the issuance of up to 11.6 million shares of common stock as awards. Under the 2021 Incentive Plan, directors, officers and employees may be granted various types of stock-based compensation awards. These awards include stock options, restricted stock awards, RSUs, PSUs and cash incentive awards. As of December 31, 2023, 7.5 million shares of common stock were available for the grant under the 2021 Incentive Plan.

Before the Separation, the stock-based compensation expense recorded by the Company included the expense associated with the employees historically attributable to the Company's operations, as well as the expense associated with the allocation of equity-based compensation expense for corporate employees. The amounts do not necessarily reflect the costs that the Company would have incurred as an independent company in 2021.

The following table summarizes stock-based compensation expense recorded in Selling, general and administrative expense in the Consolidated Statements of Income:

(In millions)	Year Ended December 31,		
	2023	2022	2021
Restricted stock units	\$ 22	\$ 21	\$ 20
Performance-based units	8	7	5
Stock options	5	5	3
<b>Total stock-based compensation expense</b>	<b>\$ 35</b>	<b>\$ 33</b>	<b>\$ 28</b>
<b>Tax expense (benefit) on stock-based compensation</b>	<b>\$ 1</b>	<b>\$ (1)</b>	<b>\$ 1</b>

#### Stock Options

The Company's stock options vest over five years after the grant date and have a ten-year contractual term with an exercise price equal to the stock price on the grant date. The Black-Scholes option-pricing model was used to estimate the fair value of these awards. The Black-Scholes option-pricing model incorporates various subjective assumptions, including expected terms and expected volatility. Assumptions used in the Black-Scholes option-pricing model for the estimated fair value of options granted in 2021 were as follows: weighted-average risk-free rate of interest of 1.2 %, expected volatility of 30 %, weighted-average expected award life of 7 years and weighted-average fair value of \$ 22.66 .

A summary of stock option award activity for the year ended December 31, 2023, is presented in the following table:

(In thousands, except per share)	Stock Options		
	Number of Stock Options	Weighted-Average Exercise Price	Weighted-Average Remaining Term
<b>Outstanding as of December 31, 2022</b>	<b>1,170</b>	<b>\$ 64.72</b>	<b>8 years</b>
Forfeited	( 99 )	64.91	
<b>Outstanding as of December 31, 2023</b>	<b>1,071</b>	<b>\$ 64.71</b>	<b>7 years</b>
<b>Exercisable as of December 31, 2023</b>	<b>272</b>	<b>\$ 63.79</b>	<b>7 years</b>

There was no intrinsic value for options outstanding and exercisable at December 31, 2023.

As of December 31, 2023, unrecognized compensation cost related to options of \$ 12 million is anticipated to be recognized over a weighted-average period of approximately 2 years.

#### Restricted Stock Units and Performance-Based Units

The Company grants RSUs and PSUs to its key employees, officers and directors with various vesting requirements. The holders of the RSUs and PSUs do not have the rights of a stockholder and do not have voting rights until the shares are issued and delivered in settlement of the awards. RSUs generally vest over the service period, typically four years , and PSUs generally vest based on achieving certain predefined performance objectives along with service conditions. For PSUs the number of shares may be increased to the maximum or reduced to the minimum threshold based on the results of these performance metrics in accordance with the terms established at the time of the award.

The Company granted a portion of PSUs subject to market-based vesting conditions. The Company determines the fair value of PSUs subject to market-based vesting conditions using a Monte Carlo simulation model that incorporates the probability of the performance conditions being met as of the grant date. Assumptions used in the Monte Carlo simulation model for the estimated fair value were as follows:

	Year Ended December 31,		
	2023	2022	2021 <sup>(1)</sup>
Weighted-average risk-free interest rate	4.7 %	2.5 %	— %
Expected volatility	32 %	37 %	— %

(1) There were no PSUs issued by the Company in 2021.

A summary of RSU and PSU award activity for the year ended December 31, 2023, is presented in the following table:

(In thousands, except per share)	RSUs		PSUs	
	Number of RSUs	Weighted-Average Grant Date Fair Value	Number of PSUs	Weighted-Average Grant Date Fair Value
<b>Outstanding as of December 31, 2022</b>	1,197	\$ 53.46	235	\$ 67.96
Granted	777	49.28	188	59.16
Vested <sup>(1)</sup>	( 440 )	46.01	( 115 )	54.72
Forfeited and canceled	( 197 )	68.18	( 13 )	70.76
<b>Outstanding as of December 31, 2023</b>	<b>1,337</b>	<b>\$ 51.31</b>	<b>295</b>	<b>\$ 67.46</b>

(1) The number of RSUs and PSUs vested includes common stock shares that the Company withheld on behalf of its employees to satisfy the minimum tax withholding.

The total fair value of RSUs that vested during 2023 and 2022 was \$ 22 million and \$ 30 million, respectively. The total fair value of PSUs that vested during 2023 and 2022 was \$ 7 million and \$ 5 million, respectively. As of December 31, 2023, unrecognized compensation cost related to RSUs and PSUs of \$ 60 million is anticipated to be recognized over a weighted-average period of approximately 3 years.

#### 14. Employee Benefit Plans

##### Pension Plans

Certain eligible employees of the Company participated in various retirement plans in Europe. In connection with the Separation, the Company also became the sponsor of a retirement plan in the U.K. (the "U.K. Retirement Plan"). The U.K. Retirement Plan did not allow for new participants or additional benefit accruals.

Other than the U.K. Retirement Plan, the Company deems other retirement plans to be immaterial to its Consolidated Financial Statements and are excluded from the disclosure below.

##### U.K. Retirement Plan

A reconciliation of the projected benefit obligation, fair value of the plan and the funded status, the amount recognized in financial statements, the assumptions used, the plan assets and funding requirements are shown below.

The change in the projected benefit obligation was as follows:

(In millions)	December 31,	
	2023	2022
<b>Projected benefit obligation at beginning of year</b>	\$ 788	\$ 1,400
Interest cost	40	21
Actuarial (gain) loss <sup>(1)</sup>	9	(442)
Benefits paid	(48)	(52)
Foreign currency exchange rate changes	41	(139)
<b>Projected benefit obligation at end of year</b>	<b>\$ 830</b>	<b>\$ 788</b>

(1) Actuarial gains or losses are due to changes in the discount and mortality rates.

The change in the fair value of the plan assets and funded status was as follows:

(In millions)	December 31,	
	2023	2022
<b>Fair value of plan assets at beginning of year</b>	\$ 826	\$ 1,460
Actual return on plan assets	60	(438)
Employer contributions	1	1
Benefits paid	(48)	(52)
Foreign currency exchange rate changes	44	(145)
Fair value of plan assets at end of year	\$ 883	\$ 826
<b>Funded status of the plan assets at end of year <sup>(1)</sup></b>	<b>\$ 53</b>	<b>\$ 38</b>

(1) Funded status is recorded within Other long-term assets.

The amounts included in AOCIL that have not yet been recognized in net periodic benefit were as follows:

(In millions)	December 31,	
	2023	2022
Net actuarial loss	\$ (156)	\$ (151)
Prior-service credit	14	14
<b>Net loss recognized in AOCIL</b>	<b>\$ (142)</b>	<b>\$ (137)</b>

The components of net benefit cost recognized were as follows:

(In millions)	Year Ended December 31,	
	2023	2022
Interest cost component	\$ (40)	\$ (21)
Expected return on plan assets for the period	50	54
Amortization of prior-service credit	1	—
Amortization of net loss	(3)	—
<b>Net benefit credit recognized <sup>(1)</sup></b>	<b>\$ 8</b>	<b>\$ 33</b>

(1) Net benefit credit is recorded within Other income, net.

The amount recognized in other comprehensive income was as follows:

(In millions)	Year Ended December 31,	
	2023	2022
Net gain (loss)	\$ 1	\$ (51)
Amortization prior-service credit and net loss	2	—
<b>Other comprehensive income (loss)</b>	<b>\$ 3</b>	<b>\$ (51)</b>

The weighted-average assumptions used to determine the projected benefit obligation and the net periodic costs were as follows:

	Year Ended December 31,	
	2023	2022
<b>Weighted average assumptions used to determine benefit obligation at December 31:</b>		
Discount rate	4.77 %	5.03 %
Rate of compensation increase <sup>(1)</sup>	— %	— %
<b>Weighted average assumptions used to determine net periodic costs for the year ended December 31:</b>		
Discount rate	5.03 %	1.82 %
Rate of compensation increase <sup>(1)</sup>	— %	— %
Expected long-term rate of return on plan assets	6.10 %	4.13 %

(1) No rate of compensation increase was assumed as the plans are frozen to additional participant benefit accruals.

The Company's U.K. Retirement Plan's assets are invested by a trustee, which include representatives of the Company, to meet the U.K. Retirement Plan's projected future pension liabilities. During 2023, the Company changed the plan's investment manager and appointed a fiduciary manager. The day-to-day management of the assets of the U.K. Retirement Plan has been delegated by the plan trustee to a fiduciary manager who decides the composition of the asset portfolio in line with the objectives of the plan's trustee. The trustee's investment objectives are to meet the performance target set by the trustee in a risk-controlled framework. The target strategic asset allocation for the U.K. Retirement Plan consists of approximately 65 % liability-driven investments, intended to minimize market and interest rate risks, and approximately 35 % growth and income assets. The actual asset allocations of the U.K. Retirement Plan are in line with the target asset allocations.

The fair values of investments held in the pension plans by major asset category were as follows:

(In millions)	Level	December 31,	
		2023	2022
Cash and cash equivalents	Level 1	\$ 11	\$ 59
Fixed income securities	Level 1	21	—
Money Market	Level 2	18	—
Equities	Level 2	134	—
Fixed income securities	Level 2	890	572
Derivatives	Level 2	—	(137)
Other <sup>(1)</sup>	Level 2	(266)	—
Total assets in fair value hierarchy		<u>\$ 808</u>	<u>\$ 494</u>
Private Markets <sup>(2)</sup>		75	—
Commingled funds <sup>(2)</sup>		—	332
<b>Investments, at fair value</b>		<u>\$ 883</u>	<u>\$ 826</u>

(1) Represents repurchase agreements in the UK. Represent the plans' short-term borrowing to hedge against interest rate and inflation risks. The plans have an obligation to return the cash after the term of the agreements. Due to the short-term nature of the agreements, the outstanding balance of the obligation approximates fair value.

(2) Investments that are measured using the net asset value per share (or its equivalent) practical expedient are not classified in the fair value hierarchy. The amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented for the total defined benefit pension plan assets.

The expected benefit payments for the defined benefit pension plan are summarized below. These estimates are based on assumptions about future events. Actual benefit payments may vary from these estimates.

(In millions)	2024	2025	2026	2027	2028	2029-2034
Expected payments	\$ 49	\$ 49	\$ 53	\$ 55	\$ 55	\$ 279

The Company's funding practice is to evaluate the tax and cash position, and the funded status of the plan, in determining the planned contributions. The Company estimates that it will contribute approximately \$ 1 million to the U.K. Retirement Plan in 2024.

#### Defined Contribution Plans

The Company has defined contribution retirement plans for its U.S. employees and employees of certain foreign subsidiaries. The Company's contributions for the years ended December 31, 2023, 2022 and 2021, were \$ 66 million, \$ 54 million and \$ 45 million, respectively. Defined contribution costs were primarily recorded in Direct operating expense in the Consolidated Statements of Operations.

#### 15. Restructuring Charges and Other

Restructuring costs and other primarily related to severance, including projects to optimize the Company's finance, human resources and information technology functions, and closing certain corporate and administrative offices, which were not associated with customer attrition.

For the year ended December 31, 2023, Restructuring costs and other totaled \$ 32 million, including \$ 21 million related to severance and \$ 11 million primarily related to closing certain corporate and administrative offices.

The following table summarizes changes in the restructuring liability, which is included within Other current liabilities in the Consolidated Balance Sheets.

(In millions)	Severance	Other	Total
<b>Balance as of December 31, 2022</b>	\$ 13	\$ —	\$ 13
Charges incurred <sup>(1)</sup>	21	11	32
Payments	( 27 )	—	( 27 )
Non-cash reductions	—	( 11 )	( 11 )
<b>Balance as of December 31, 2023</b>	<b>\$ 7</b>	<b>\$ —</b>	<b>\$ 7</b>

The remaining severance liability at December 31, 2023, is expected to be substantially paid within 12 months.

#### 16. Income Taxes

For the periods ended before the Separation, the Company was a member of XPO, and its U.S. taxable income was included in XPO's consolidated U.S. federal income tax return as well as certain state and local taxing jurisdictions tax returns. For the periods ended after the Separation, the Company has filed a consolidated U.S. federal income tax return as well as state and local income tax returns. The Company's foreign income tax returns are filed on a full-year basis.

Income (loss) before taxes related to the Company's domestic and foreign operations was as follows:

(In millions)	Year Ended December 31,		
	2023	2022	2021
U.S.	\$ 97	\$ 105	\$ ( 25 )
Foreign	169	159	178
<b>Income before income taxes</b>	<b>\$ 266</b>	<b>\$ 264</b>	<b>\$ 153</b>

The components of income tax expense (benefit) are presented in the following table:

(In millions)	Year Ended December 31,		
	2023	2022	2021
<b>Current:</b>			
U.S. federal	\$ 24	\$ 40	\$ 12
U.S state and local	7	2	2
Foreign	43	29	26
<b>Total current income tax expense</b>	<b>\$ 74</b>	<b>\$ 71</b>	<b>\$ 40</b>
<b>Deferred:</b>			
U.S. federal	\$ (3)	\$ (9)	\$ (13)
U.S state and local	(2)	(3)	(12)
Foreign	(36)	5	(23)
<b>Total deferred income tax benefit</b>	<b>\$ (41)</b>	<b>\$ (7)</b>	<b>\$ (48)</b>
<b>Total income tax expense (benefit)</b>	<b>\$ 33</b>	<b>\$ 64</b>	<b>\$ (8)</b>

Income tax expense (benefit) for 2023, 2022 and 2021 varied from the amount computed by applying the statutory income tax rate to income (loss) before income taxes. The Company's U.S. federal statutory tax rate was 21% for 2023, 2022 and 2021. A reconciliation of the expected U.S. federal income tax expense (benefit), calculated by applying the federal statutory rate to the Company's actual income tax expense (benefit) is presented in the following table:

(In millions)	Year Ended December 31,		
	2023	2022	2021
Tax expense at U.S. federal statutory tax rate	\$ 56	\$ 55	\$ 32
State taxes, net of U.S. federal benefit	3	(1)	(8)
Foreign rate differential	(14)	(10)	(2)
Foreign operations <sup>(1)</sup>	4	11	5
Contribution- and margin-based taxes	5	5	4
Valuation allowances	(4)	(3)	1
Stock-based compensation	1	(1)	1
Intangible assets <sup>(2)</sup>	(17)	—	(42)
Transaction costs	—	5	—
Other	(1)	3	1
<b>Total income tax expense (benefit)</b>	<b>\$ 33</b>	<b>\$ 64</b>	<b>\$ (8)</b>

(1) Foreign operations include the net impact of changes to valuation allowances, the cost of inclusion of foreign income in the U.S. net of foreign taxes and permanent items related to foreign operations.

(2) In 2023 and 2021, the Company recorded an income tax benefit related to the rights to use trade names, trademarks and other intellectual property.

**Components of the Net Deferred Tax Asset or Liability**

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and deferred tax liabilities are presented in the following table:

	December 31,	
(In millions)	2023	2022
<b>Deferred tax assets</b>		
Net operating loss and other tax attribute carryforwards	\$ 79	\$ 71
Accrued expenses	84	54
Other	17	15
<b>Gross deferred tax assets</b>	<b>180</b>	<b>140</b>
Valuation allowances	( 50 )	( 44 )
<b>Total deferred tax assets, net of valuation allowance</b>	<b>130</b>	<b>96</b>
<b>Deferred tax liabilities</b>		
Intangible assets	( 105 )	( 128 )
Property and equipment	( 78 )	( 70 )
Pension and other retirement obligations	( 6 )	( 1 )
Other	( 8 )	( 14 )
<b>Gross deferred tax liabilities</b>	<b>( 197 )</b>	<b>( 213 )</b>
<b>Net deferred tax liability</b>	<b>\$ ( 67 )</b>	<b>\$ ( 117 )</b>

The deferred tax asset and deferred tax liability above are reflected in the Consolidated Balance Sheets as follows:

	December 31,	
(In millions)	2023	2022
Other long-term assets	\$ 74	\$ 43
Other long-term liabilities	( 141 )	( 160 )
<b>Net deferred tax liability</b>	<b>\$ ( 67 )</b>	<b>\$ ( 117 )</b>

**Investments in Foreign Subsidiaries**

As of December 31, 2023, the Company maintained a partial indefinite reinvestment assertion on its post- 2017 undistributed foreign earnings

#### Operating Loss and Tax Credit Carryforwards

The Company's operating loss and tax credit carryforwards were as follows:

(In millions)	Expiration Date <sup>(1)</sup>	December 31,	
		2023	2022
Federal net operating losses for all U.S. operations	2033	\$ 32	\$ 17
Tax effect (before federal benefit) of state net operating losses	Various times starting in 2024	2	2
Federal tax credit carryforwards	Various times starting in 2032	4	5
State tax credit carryforwards	Various times starting in 2024	7	6
Foreign net operating losses available to offset future taxable income	Various times starting in 2024	252	235

(1) Some credits and losses have unlimited carryforward periods.

#### Valuation Allowances

The Company established valuation allowances for some of its deferred tax assets, as it is more likely than not that these assets will not be realized in the foreseeable future. The Company concluded that the remaining deferred tax assets will more likely than not be realized, though this is not assured, and as such no valuation allowances have been provided on these assets.

The balances and activity related to the Company's valuation allowances were as follows:

(In millions)	Beginning Balance	Additions	Reductions	Ending Balance
2023 <sup>(1)</sup>	\$ 44	16	( 10 )	\$ 50
2022	\$ 45	3	( 4 )	\$ 44
2021 <sup>(2)</sup>	\$ 73	1	( 29 )	\$ 45

(1) In 2023, due to the PFS Acquisition, the Company acquired \$ 8 million of valuation allowances.

(2) In 2021, due to the Separation, the Company released \$ 29 million of valuation allowances as the corresponding tax attributes reported by the Company on a combined basis were not transferred to the Company.

#### Unrecognized Tax Benefits

A reconciliation of the beginning unrecognized tax benefits balance to the ending balance is presented in the following table:

(In millions)	Year Ended December 31,		
	2023	2022	2021
<b>Beginning balance</b>	\$ 3	\$ 3	\$ 3
Increases related to positions taken during prior years	1	1	1
Reduction due to expiration of statutes of limitations	—	( 1 )	( 1 )
<b>Gross unrecognized tax benefits</b>	<b>\$ 4</b>	<b>\$ 3</b>	<b>\$ 3</b>
<b>Total unrecognized tax benefits that, if recognized, would impact the effective income tax rate as of the end of the year</b>	<b>\$ 4</b>	<b>\$ 3</b>	<b>\$ 3</b>

The Company could reflect a reduction to unrecognized tax benefits of approximately \$ 4 million over the next 12 months due to statutes of limitations expirations or because tax positions are sustained on audit.

The Company is subject to taxation in the U.S. and foreign jurisdictions. As of December 31, 2023, the Company is under examination for its income tax filings in the states of North Carolina and Wisconsin. Various foreign tax returns for years after 2009 are open under relevant statutes of limitations and are subject to audit.

## **17. Commitments and Contingencies**

The Company is involved, and will continue to be involved, in numerous legal proceedings arising from the conduct of its business. These proceedings may include personal injury claims arising from the transportation and handling of goods, contractual disputes and employment-related claims, including alleged violations of wage and hour laws.

The Company establishes accruals for specific legal proceedings when it is considered probable that a loss has been incurred and the amount of the loss can be reasonably estimated. The Company reviews and adjusts accruals for loss contingencies quarterly and as additional information becomes available. If a loss is not both probable and reasonably estimable, or if an exposure to a loss exists in excess of the amount accrued, the Company assesses whether there is at least a reasonable possibility that a loss, or additional loss, may have been incurred. If there is a reasonable possibility that a loss, or additional loss, may have been incurred, the Company discloses the estimate of the possible loss or range of loss if it is material and an estimate can be made, or discloses that such an estimate cannot be made. The determination as to whether a loss can reasonably be considered to be possible or probable is based on management's assessment, together with legal counsel, regarding the ultimate outcome of the matter.

Management of the Company believes that it has adequately accrued for the potential impact of loss contingencies that are probable and reasonably estimable. Management of the Company does not believe that the ultimate resolution of any matters to which the Company is presently a party will have a material adverse effect on its results of operations, financial condition or cash flows. However, the results of these matters cannot be predicted with certainty, and an unfavorable resolution of one or more of these matters could have a material adverse effect on the Company's financial condition, results of operations or cash flows. Legal costs related to these matters are expensed as they are incurred.

The Company carries liability and excess umbrella insurance policies that are deemed sufficient to cover potential legal claims arising in the normal course of conducting its operations. In the event the Company is required to satisfy a legal claim outside the scope of the coverage provided by insurance, its financial condition, results of operations or cash flows could be negatively impacted.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures.**

None.

**Item 9A. Controls and Procedures.**

**Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended, as of December 31, 2023. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures as of December 31, 2023 were effective as of such time such that the information required to be included in our Securities and Exchange Commission ("SEC") reports is: (i) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms relating to the Company, including our consolidated subsidiaries, and (ii) accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

**Management's Annual Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) and 15d-15 under the Securities Exchange Act of 1934, as amended. Under the supervision and with the participation of our management, including our CEO and CFO, we evaluated the effectiveness of our internal control over financial reporting as of December 31, 2023, based on the "Internal Control - Integrated Framework" (2013 framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation, we concluded that our internal control over financial reporting was effective as of December 31, 2023.

Management excluded from its design and assessment of internal control over financial reporting PFSweb, Inc. which was acquired on October 23, 2023. PFSweb, Inc. constituted approximately 1.8% of total assets, excluding associated goodwill and intangible assets, and approximately 0.8% of total revenues as of and for the year ended December 31, 2023. Companies are allowed to exclude acquisitions from their assessment of internal control over financial reporting during the first year following acquisition while integrating the acquired company under guidelines established by the SEC.

KPMG LLP, the independent registered public accounting firm that audited the financial statements included in this Annual Report, has issued an audit report, which is included elsewhere within this Annual Report, on the effectiveness of our internal control over financial reporting.

**Changes in Internal Control Over Financial Reporting**

There have not been any changes in our internal control over financial reporting during the quarter ended December 31, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. Other Information.**

None.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.**

Not applicable.

### **Part III**

#### **Item 10. Directors, Executive Officers and Corporate Governance.**

The information required by Item 10 of Part III of Form 10-K (other than certain information required by Item 401 of Regulation S-K with respect to our executive officers, which is provided under Item 1 of Part I of this Annual Report) will be set forth in our definitive Proxy Statement for the 2024 Annual Meeting of Stockholders (the "Proxy Statement") and is incorporated herein by reference. The Proxy Statement, or an amendment to this Annual Report containing the information, will be filed with the SEC on or before April 29, 2024.

We have adopted a Code of Business Ethics (the "Code of Ethics"), which is applicable to our principal executive officer, principal financial officer, principal accounting officer and other senior officers. The Code of Ethics is available on our website at [www.ethics.gxo.com](http://www.ethics.gxo.com). In the event that we amend or waive any of the provisions of the Code of Ethics that relate to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K, we intend to disclose the same on our website at the web address specified above.

#### **Item 11. Executive Compensation.**

The information required by Item 11 of Part III of Form 10-K will be set forth in our Proxy Statement for the 2024 Annual Meeting of Stockholders and is incorporated herein by reference. The Proxy Statement, or an amendment to this Annual Report containing the information, will be filed with the SEC on or before April 29, 2024.

#### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

The information required by Item 12 of Part III of Form 10-K, including information regarding security ownership of certain beneficial owners and management and information regarding securities authorized for issuance under equity compensation plans, will be set forth in our Proxy Statement for the 2024 Annual Meeting of Stockholders and is incorporated herein by reference. The Proxy Statement, or an amendment to this Annual Report containing the information, will be filed with the SEC on or before April 29, 2024.

#### **Item 13. Certain Relationships and Related Transactions, and Director Independence.**

The information required by Item 13 of Part III of Form 10-K will be set forth in our Proxy Statement for the 2024 Annual Meeting of Stockholders and is incorporated herein by reference. The Proxy Statement, or an amendment to this Annual Report containing the information will be filed with the SEC on or before April 29, 2024.

#### **Item 14. Principal Accountant Fees and Services.**

Our independent registered public accounting firm is KPMG LLP , Stamford, Connecticut , Auditor Firm ID: 185 .

The information required by Item 14 of Part III of Form 10-K will be set forth in our Proxy Statement for the 2024 Annual Meeting of Stockholders and is incorporated herein by reference. The Proxy Statement, or an amendment to this Annual Report containing the information, will be filed with the SEC on or before April 29, 2024.

#### Part IV

##### Item 15. Exhibits and Financial Statement Schedules.

###### Financial Statements and Financial Statement Schedules

The list of Consolidated Financial Statements provided in the Index to Consolidated Financial Statements is incorporated herein by reference. Such Consolidated Financial Statements are filed as part of this Annual Report on Form 10-K. All financial statement schedules are omitted because the required information is not applicable or because the information required is included in the Consolidated Financial Statements and notes thereto.

Exhibit Number	Description
2.1	<a href="#">Separation and Distribution Agreement by and between XPO Logistics, Inc. and GXO Logistics, Inc., dated as of August 1, 2021 (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K (Commission file no. 001-40470) filed with the SEC on August 2, 2021).</a>
2.2	<a href="#">Recommended cash and share acquisition of Clipper Logistics PLC by GXO Logistics, Inc., dated as of February 28, 2022 (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K (Commission file no. 001-40470) filed with the SEC on March 1, 2022).</a>
2.3	<a href="#">Cooperation Agreement between GXO Logistics, Inc. and Clipper Logistics PLC (incorporated by reference to Exhibit 2.2 of the Company's Current Report on Form 8-K (Commission file no. 001-40470) filed with the SEC on March 1, 2022).</a>
3.1	<a href="#">Amended and Restated Certificate of Incorporation of GXO Logistics, Inc. (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K (Commission file no. 001-40470) filed with the SEC on August 2, 2021).</a>
3.2	<a href="#">Second Amended and Restated Bylaws of GXO Logistics, Inc. (incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K (Commission file no. 001-40470) filed with the SEC on August 2, 2021).</a>
4.1	<a href="#">Indenture, dated as of July 2, 2021, among GXO Logistics, Inc. and Wells Fargo Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Company's Amendment No. 3 to the Registration Statement on Form 10 (Commission file no. 001-40470) filed with the SEC on July 7, 2021).</a>
4.2	<a href="#">First Supplemental Indenture, dated as of July 2, 2021, among GXO Logistics, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.2 to the Company's Amendment No. 3 to the Registration Statement on Form 10 (Commission file no. 001-40470) filed with the SEC on July 7, 2021).</a>
4.3	<a href="#">Registration Rights Agreement by and among Jacobs Private Equity, LLC and GXO Logistics, Inc., dated as of September 29, 2021 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (Commission file no. 001-40470) filed with the SEC on October 1, 2021).</a>
4.4	<a href="#">Description of Securities (incorporated by reference to Exhibit 4.5 of the Company's Annual Report on Form 10-K (Commission file no. 001-40470) filed with the SEC on February 17, 2022).</a>
10.1	<a href="#">Tax Matters Agreement by and between XPO Logistics, Inc. and GXO Logistics, Inc., dated as of August 1, 2021 (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K (Commission file no. 001-40470) filed with the SEC on August 2, 2021).</a>
10.2	<a href="#">Employee Matters Agreement by and between XPO Logistics, Inc. and GXO Logistics, Inc., dated as of August 1, 2021 (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K (Commission file no. 001-40470) filed with the SEC on August 2, 2021).</a>
10.3	<a href="#">Intellectual Property License Agreement by and between XPO Logistics, Inc. and GXO Logistics, Inc., dated as of July 30, 2021 (incorporated by reference to Exhibit 10.4 of the Company's Current Report on Form 8-K (Commission file no. 001-40470) filed with the SEC on August 2, 2021).</a>
10.4+	<a href="#">GXO Logistics, Inc. 2021 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.5 of the Company's Current Report on Form 8-K (Commission file no. 001-40470) filed with the SEC on August 2, 2021).</a>
10.5+	<a href="#">GXO Logistics, Inc. Severance Plan (incorporated by reference to Exhibit 10.6 of the Company's Current Report on Form 8-K (Commission file no. 001-40470) filed with the SEC on August 2, 2021).</a>

10.6+	<a href="#">Form of Option Award Agreement under the GXO Logistics, Inc. 2021 Omnibus Incentive Compensation Plan (incorporated by reference to Exhibit 10.2 to the Company's Registration Statement on Form 10 (Commission file no. 001-40470) filed with the SEC on June 9, 2021).</a>
10.7+	<a href="#">Form of Restricted Stock Unit Award Agreement (2021 Omnibus Incentive Compensation Plan) (incorporated by reference to Exhibit 10.4 of the Company's Quarterly Report on Form 10-Q (Commission file no. 001-40470) filed with the SEC on May 5, 2022).</a>
10.8+	<a href="#">Form of Restricted Stock Unit Award Agreement for Non-Employee Directors (2021 Omnibus Incentive Compensation Plan) (incorporated by reference to Exhibit 10.12 to the Company's Quarterly Report on Form 10-Q (Commission file no. 001-40470) filed with the SEC on November 2, 2021).</a>
10.9+	<a href="#">Form of Restricted Stock Unit Award Agreement (Service-Vesting) (2021 Omnibus Incentive Compensation Plan) (incorporated by reference to Exhibit 10.13 to the Company's Quarterly Report on Form 10-Q (Commission file no. 001-40470) filed with the SEC on November 2, 2021).</a>
10.10+	<a href="#">Form of Performance Share Unit Award Agreement (2021 Omnibus Incentive Compensation Plan) (incorporated by reference to Exhibit 10.5 of the Company's Quarterly Report on Form 10-Q (Commission file no. 001-40470) filed with the SEC on May 5, 2022).</a>
10.11+	<a href="#">GXO Logistics, Inc. Cash Long-Term Incentive Plan (incorporated by reference to Exhibit 10.7 of the Company's Current Report on Form 8-K (Commission file no. 001-40470) filed with the SEC on August 2, 2021).</a>
10.12+	<a href="#">Offer Letter between XPO Logistics Europe and Malcolm Wilson, dated as of May 14, 2021 (incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form 10 (Commission file no. 001-40470) filed with the SEC on June 9, 2021).</a>
10.13+	<a href="#">Service Agreement between XPO Supply Chain UK Limited and Malcolm Wilson, dated as of May 14, 2021 (incorporated by reference to Exhibit 10.8 to the Company's Registration Statement on Form 10 (Commission file no. 001-40470) filed with the SEC on June 9, 2021).</a>
10.14+	<a href="#">Offer Letter between XPO Logistics Europe and Maryclare Hammond, dated as of May 14, 2021 (incorporated by reference to Exhibit 10.10 to the Company's Registration Statement on Form 10 (Commission file no. 001-40470) filed with the SEC on June 9, 2021).</a>
10.15+	<a href="#">Service Agreement between XPO Supply Chain UK Limited and Maryclare Hammond, dated as of May 14, 2021 (incorporated by reference to Exhibit 10.11 to the Company's Registration Statement on Form 10 (Commission file no. 001-40470) filed with the SEC on June 9, 2021).</a>
10.16+	<a href="#">Pension Top Up Letter between XPO Logistics Europe and Maryclare Hammond, dated as of May 14, 2021 (incorporated by reference to Exhibit 10.12 to the Company's Amendment No. 3 to the Registration Statement on Form 10 (Commission file no. 001-40470) filed with the SEC on July 7, 2021).</a>
10.17+	<a href="#">Settlement Agreement, dated as of November 7, 2023, by and between GXO Logistics UK Limited and Maryclare Hammond, (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (Commission file no. 001-40470) filed with the SEC on November 8, 2023).</a>
10.18+	<a href="#">Offer Letter between XPO Logistics Europe and Karlis Kirsis, dated as of July 9, 2021 (incorporated by reference to Exhibit 10.16 to the Company's Amendment No. 4 to the Registration Statement on Form 10 (Commission file no. 001-40470) filed with the SEC on July 15, 2021).</a>
10.19+	<a href="#">Service Agreement between XPO Supply Chain UK Limited and Karlis Kirsis, dated as of July 9, 2021 (incorporated by reference to Exhibit 10.14 to the Company's Amendment No. 4 to the Registration Statement on Form 10 (Commission file no. 001-40470) filed with the SEC on July 15, 2021).</a>
10.20+	<a href="#">Pension Top Up Letter between XPO Logistics Europe and Karlis Kirsis, dated as of July 9, 2021 (incorporated by reference to Exhibit 10.15 to the Company's Amendment No. 4 to the Registration Statement on Form 10 (Commission file no. 001-40470) filed with the SEC on July 15, 2021).</a>
10.21+	<a href="#">Offer Letter between XPO Logistics, Inc. and Baris Oran, dated as of April 20, 2021 (incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form 10 (Commission file no. 001-40470) filed with the SEC on June 9, 2021).</a>
10.22+	<a href="#">Offer Letter between GXO Logistics, Inc. and Elizabeth Fogarty, dated as of October 22, 2021 (incorporated by reference to Exhibit 10.14 to the Company's Quarterly Report on Form 10-Q (Commission file no. 001-40470) filed with the SEC on November 2, 2021).</a>

10.23*+	<a href="#">Offer Letter between XPO Supply Chain UK Limited and Richard Cawston, dated as of July 14, 2021.</a>
10.24*+	<a href="#">Service Agreement between XPO Supply Chain UK Limited and Richard Cawston, dated as of July 12, 2021.</a>
10.25	<a href="#">Credit Agreement, dated as of June 23, 2021, by and among GXO Logistics, Inc., the lenders and other parties from time to time party thereto, and Citibank, N.A., as Administrative Agent and an Issuing Lender (incorporated by reference to Exhibit 10.13 to the Company's Amendment No. 3 to the Registration Statement on Form 10 (Commission file no. 001-40470) filed with the SEC on July 7, 2021).</a>
10.26	<a href="#">Amendment No. 1 to Credit Agreement, dated as of March 9, 2023, by and among GXO Logistics, Inc., the lenders and other parties from time to time party thereto, and Citibank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (Commission file no. 001-40470) filed with the SEC on March 10, 2023).</a>
10.27	<a href="#">Term Loan Credit Agreement, dated as of March 22, 2022, by and among GXO Logistics, Inc., the lenders and other parties from time to time party thereto, and Barclays Bank plc, as Administrative Agent (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (Commission file no. 001-40470) filed with the SEC on March 23, 2022).</a>
10.28**	<a href="#">Term Loan Credit Agreement, dated as of May 25, 2022, by and among the Company, the lenders and other parties from time to time party thereto, and Barclays Bank plc, as Administrative Agent (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (Commission file no. 001-40470) filed with the SEC on May 26, 2022).</a>
21.1*	<a href="#">Subsidiaries of the registrant.</a>
23.1*	<a href="#">Consent of Independent Registered Public Accounting Firm.</a>
31.1*	<a href="#">Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.</a>
31.2*	<a href="#">Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.</a>
32.1**	<a href="#">Certification of the Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.</a>
32.2**	<a href="#">Certification of the Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.</a>
97.1*	<a href="#">GXO Logistics, Inc. Amended and Restated Clawback Policy.</a>
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase.
104*	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

\* Filed herewith.

\*\* Furnished herewith.

\*\*\* Exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company will furnish supplementally copies of omitted exhibits to the SEC or its staff upon its request.

+ This exhibit is a management contract or compensatory plan or arrangement.

**Item 16. Form 10-K Summary.**

None.

**Signatures**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**GXO Logistics, Inc.**

Date: February 15, 2024

By: /s/ Malcolm Wilson  
Malcolm Wilson  
(Chief Executive Officer)  
(Principal Executive Officer)

Date: February 15, 2024

By: /s/ Baris Oran  
Baris Oran  
(Chief Financial Officer)  
(Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Malcolm Wilson</u> Malcolm Wilson	Chief Executive Officer and Director (Principal Executive Officer)	February 14, 2024
<u>/s/ Baris Oran</u> Baris Oran	Chief Financial Officer (Principal Financial Officer)	February 14, 2024
<u>/s/ Paul Blanchett</u> Paul Blanchett	Chief Accounting Officer (Principal Accounting Officer)	February 14, 2024
<u>/s/ Brad Jacobs</u> Brad Jacobs	Director (Chairman)	February 14, 2024
<u>/s/ Marlene Colucci</u> Marlene Colucci	Director (Vice Chair)	February 14, 2024
<u>/s/ Oren Shaffer</u> Oren Shaffer	Director (Lead Independent Director)	February 14, 2024
<u>/s/ Gena Ashe</u> Gena Ashe	Director	February 14, 2024
<u>/s/ Clare Chatfield</u> Clare Chatfield	Director	February 14, 2024
<u>/s/ Joli L. Gross</u> Joli L. Gross	Director	February 14, 2024
<u>/s/ Jason Papastavrou</u> Jason Papastavrou	Director	February 14, 2024
<u>/s/ Matthew J. Fassler</u> Matthew J. Fassler	Director	February 14, 2024



XPO LOGISTICS EUROPE  
115-123, avenue Charles de Gaulle  
92200 Neuilly-sur-Seine  
xpo.com

***Private & Confidential***

Richard Cawston  
4 Collinridge View  
Walesby Newark  
NG22 9QJ

Neuilly-sur-Seine  
12 July 2021

**Ref: XPO Logistics Europe Offer Letter – President, Europe**

Dear Richard,

As you know, XPO is planning to spin-off 100% of its logistics segment ("GXO") as a separate publicly traded company (the "Spinoff"). Subject to and contingent on the occurrence of the Spinoff and your acceptance of this opportunity, you will hold the position of **President, Europe** of GXO as of the effective date of the Spinoff. If the Spinoff does not occur, you will remain in your existing role of President, Supply Chain Europe, subject to your existing terms and conditions of employment, and you will have no entitlement to receive any remuneration or benefits referred to in this letter or the attached Service Agreement.

This offer letter contains a summary of the key terms of such employment. The full terms of the offer are set forth in a service agreement between XPO Supply Chain UK Limited ("the Employer") and you (the "Service Agreement") (a copy of which is attached to this offer letter), the terms of which you agree to enter into in consideration of the benefits set out in this offer letter. For the avoidance of doubt, if you do not return a signed copy of both this offer letter and the Service Agreement within seven days of the same being sent to you, then this offer and the terms of the Service Agreement will lapse except as otherwise mutually agreed between the parties.

The key terms of your offer are as follows ("Company" refers to GXO):

- Your initial **annual base salary (ABS)** will be **£310,000 per annum**, gross of any statutory deductions. Your base salary will be reviewed from time to time as part of the Employer's annual merit salary review process.
- Your position will initially be located in the Company's London office – 8th Floor, Gridiron Building, One Pancras Square, London, N1C 4AG. You will be required to travel both within the United Kingdom and Ireland and other territories in which the Company operates.
- Details of your entitlement to termination notice will be included in your Service Agreement.
- **Annual Incentive:** You will be eligible to participate in the Company's Annual Incentive Plan ("AIP"), subject to the terms and conditions of the AIP as may be in effect from time to time. Your target incentive will initially be 100% of your base salary. You will have the opportunity to earn 0% to 200% of your target incentive based on the aggregate level of achievement of the performance goals outlined in the applicable incentive plan.

Performance goals under the AIP will be determined annually by the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") or its delegate in its sole discretion. The Compensation Committee shall have discretion to amend such goals as it sees fit.

# XPO Logistics

XPO LOGISTICS EUROPE  
115-123, avenue Charles de Gaulle  
92200 Neuilly-sur -seine  
xpo.com

Your AIP award will not be pro-rated for the year in which the Spinoff takes place.

You have no contractual entitlement to an AIP award. The AIP is discretionary and may be modified or withdrawn at the Company's sole discretion.

- **Incentive Grant:** On June 7, 2021 the Company awarded you an initial long-term stock incentive award (the "Incentive Grant") in the form of 75,000 stock options relating to XPO common stock which will vest in increments over five years following the grant date, subject to: (i) the occurrence of the Spinoff by March 31, 2022 and (ii) your continuous employment with the Company through the fifth anniversary of the grant date; if either of these vesting conditions is not satisfied, then any unvested portion of the Incentive Grant shall be forfeited. In connection with the Spinoff, it is expected that the Incentive Grant will be converted into an award relating to GXO common stock.
- **Long-term Incentive:** You will be eligible for a long-term incentive award for the 2021 performance year with a target value of \$600,000, 70% (\$420,000) of which will be awarded in performance-based restricted stock units and 30% (\$180,000) of which will be awarded in time-based restricted stock units, subject to the terms of and conditions set forth in the Omnibus Plan and the applicable award agreement. Any such award, including your eligibility for the same, will be contingent upon the approval of, and subject to the sole discretion of, the Compensation Committee or its delegate. If approved, these awards will be granted to you following the end of the 2021 performance year, subject to your continued employment on the applicable grant dates. For performance years after 2021, the grant date value of any annual long-term incentive awards to be granted to you will be determined by the Compensation Committee or its delegate, in its discretion.
- Your eligibility for, as well as the amount or components of payment of, any annual and/ or long-term incentive awards will be reflective of your individual performance and contributions, the Company and/or business unit performance, as applicable, and the scope and expectations of your position/role in the Company and/or your business unit as determined by the Compensation Committee in their sole discretion. You expressly acknowledge and agree that any annual and long-term incentives are subject to change at the sole discretion of the Company

For the avoidance of any doubt, in the event that, as at the payment or vesting date in respect of all or any part of any incentive awarded to you in accordance with the terms of this letter, you are no longer employed by the Company, or you are otherwise under notice of termination of employment (excluding non-fault termination), you shall have no entitlement in respect of such award.

- You will be eligible to participate in the **Company car arrangements** applicable to your grade at the Employer. As a reference, a **car allowance** is currently set at £863.33/month for your grade. Further details will be provided through your Service Agreement.
- You will be covered by the Company's personal **accident and travel insurance scheme**. These are insured benefits and are subject to restrictions imposed by the insurers.
- You will be eligible to receive a pension allowance of 10.15% of your annual base salary should you decide to opt out of the pension scheme.
- Other terms and conditions will be outlined in your Service Agreement (i.e., healthcare insurance for you and your family and pension arrangements).

# XPO Logistics

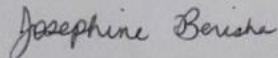
XPO LOGISTICS EUROPE  
115-123, avenue Charles de Gaulle  
92200 Neuilly-sur-Seine  
xpo.com

- Your position with the Company and the terms of your employment may result in your inclusion in the Company's public filings with the Securities and Exchange Commission (SEC), in accordance with US regulatory requirements. Your inclusion in the Company's SEC filings could result in the public disclosure of your personal information including your employment terms and conditions and compensation arrangements, required compliance with additional insider trading regulations and regular filing of public disclosure documents related to your employment and compensation. Your acceptance of this offer acknowledges your understanding of and consent to these filings.
- In the event of any inconsistency between the terms of this offer letter and the terms and conditions of any compensation or incentive plan, rules, award, or other agreement referred to herein (together, "Plan Documents"), then the terms of the relevant Plan Documents will prevail. In the event of any inconsistency between the terms of this offer letter and the Service Agreement, then the terms of the Service Agreement will prevail.
- In connection with the commencement of your employment under the Service Agreement, you will be provided with a term sheet which will illustrate your potential compensation should the Spinoff proceed. The term sheet is for illustrative purposes only and will be subject to the terms of the Plan Documents and the Service Agreement, the terms of which shall prevail over the term sheet.

I am sending an electronic copy of this letter. Please sign and return a copy for acceptance.

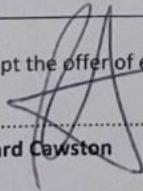
I trust the above details outline the position satisfactorily. However, should you have any questions please do not hesitate to contact me. I look forward to receiving your signed acceptance.

Yours sincerely,



**Josephine Berisha**  
Chief Human Resources Officer  
On behalf of XPO Logistics Europe

I hereby accept the offer of employment as detailed in the above offer letter

Signed: ..... Date 14/07/2021  
  
Richard Cawston



---

**Dated:** 12 July 2021

(1) XPO SUPPLY CHAIN UK LIMITED  
(2) Richard Cawston

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**Service Agreement**

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**THIS AGREEMENT** is made on 12 July 2021

**BETWEEN**

- (1) XPO SUPPLY CHAIN UK LIMITED whose registered office is at XPO House, Lodge Way, New Dunston, Northampton, NN5 7SL (the "Company"); and
- (2) Richard Cawston (the "Executive").

**OPERATIVE PROVISIONS**

1. **DEFINITIONS AND INTERPRETATION**

- 1.1 In this Agreement the following expressions have the following meanings:

<b>"Automatic Enrolment Laws"</b>	the provisions of Part I of the Pensions Act 2008 and the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010;
<b>"Board"</b>	the Board of directors of the Company from time to time (including any committee of the Board duly appointed by it);
<b>"Commencement Date"</b>	means the effective date of the Spin-Off;
<b>"Confidential Information"</b>	trade secrets or other technical or commercially sensitive information of the Company or any Group Company and its/their officers, shareholders, customers, clients or suppliers in whatever form (whether in written, oral, visual or electronic form or on any magnetic or optical disk or memory and wherever located and whether or not marked "confidential"), including (without limitation) such information falling within the following categories:  Know-How; information relating to the business, products, affairs and finances of the Company or any Group Company; suppliers and their production and delivery capabilities; identity and contact details of clients, future and prospective clients, customers, future and prospective customers and details of their particular requirements; Connections; costings, profit margins, discounts, rebates and other financial information; marketing strategies and tactics; current activities and current and future plans relating to all or any of development, production or sales including the timing of all or any such matters; information about employees including their particular areas of expertise and terms of employment; remuneration and benefit strategies for employees; research and development; manufacture or production, controls including quality controls; strategies and tactics; the development of new products and services and/or new lines of business, development and maintenance; policies and procedures; and career path and appraisal details of employees;  providing that the foregoing shall not apply to information widely known outside of the Group or which has been publicly available or disseminated by

	the Group, save (in either case) through the default of the Executive;
<b>"Connections"</b>	work-related contacts and contact details obtained during the Executive's employment with the Company or resulting from the performance of the Duties which are retained in electronic profile pages within social networking sites such as Facebook, LinkedIn, Twitter and similar and whether described as friend, follower, connection or otherwise;
<b>"Critical Person"</b>	any employee, agent, director, consultant or independent contractor employed, appointed or engaged by the Company or any Group Company in a senior, executive, professional, technical, marketing, distribution, sales or managerial capacity and:
	<ul style="list-style-type: none"> <li>(a) with whom the Executive had material contact in the course of that person's employment, appointment or engagement during the Relevant Period; or</li> <li>(b) for whose activities on behalf of the Company the Executive had direct or indirect responsibility during the Relevant Period;</li> </ul>
<b>"Duties"</b>	such duties, functions and exercises of power as delegated or assigned to the Executive by the Board from time to time in accordance with clause 3 of this Agreement;
<b>"Employment IPRs"</b>	Intellectual Property Rights created by the Executive in the course of their employment with the Company or any Group Company (whether or not during working hours or using the Company's or any Group Company's premises or resources);
<b>"ERA"</b>	the Employment Rights Act 1996;
<b>"Group"</b>	the Company and every Group Company wherever registered or incorporated;
<b>"Group Company"</b>	the Company and its Parent Undertakings, its Subsidiary Undertakings and the Subsidiary Undertakings of any of its Parent Undertakings from time to time ("Parent Undertaking" and "Subsidiary Undertaking" having the meanings set out in section 1162 Companies Act 2006);
<b>"Gxo"</b>	means Gxo Logistics, Inc.;
<b>"Intellectual Property Rights"</b>	patents, rights to Inventions, utility models, copyright and related rights, trademarks, trade names and domain names, rights in get up, rights in goodwill or to sue for passing off, unfair competition rights, rights in designs, rights in computer software, database rights, topography rights, rights in confidential information (including Know-How and trade secrets) and any other intellectual property rights, in each case whether registered or unregistered and including

	all applications (or rights to apply) for, and renewals or extensions of, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world;
<b>"Inventions"</b>	any invention, idea, discovery, development, improvement or innovation whether or not patentable or capable of registration and whether or not recorded in any medium;
<b>"Know-How"</b>	formulae, methods, plans, Inventions, discoveries, improvements, processes, performance methodologies, techniques, specifications, technical information, tests, results, reports, component lists, manuals and instructions;
<b>"PAYE deductions"</b>	deductions made to comply with or meet any liability of the Company to account for tax pursuant to regulations made under Chapter 2 of Part 11 Income Tax (Earnings and Pensions) Act 2003 and with any obligations to deduct national insurance contributions;
<b>"Products or Services"</b>	products or services which (i) are the same as, of the same kind as, or of a materially similar kind to, or competitive with, any products or services supplied or provided by the Company or Relevant Group Company within the Relevant Period and (ii) with the design, development, sale or supply, promotion or provision of which the Executive was directly or otherwise materially concerned or connected during the Relevant Period;
<b>"Recognised Investment Exchange"</b>	has the meaning given to it in section 285 of the Financial Services and Markets Act 2000;
<b>"Relevant Customer"</b>	any person, firm, company or organisation who or which at any time during the Relevant Period is or was: <ul style="list-style-type: none"> <li>(a) negotiating with the Company or any other Group Company for the sale or supply of products or services; or</li> <li>(b) a client or customer of, or in the habit of dealing with, the Company or any other Group Company for the sale or supply of products or services,</li> </ul> and in each case: <ul style="list-style-type: none"> <li>(i) with whom or which the Executive had material contact or dealings or about whom or which the Executive was in possession of Confidential Information during the Relevant Period in the course of their employment; and/or</li> </ul>

	(ii) with whom any employees of the Company or any other Group Company reporting to the Executive had material contact or dealings during the Relevant Period in the course of their employment;
<b>"Relevant Group Company"</b>	any Group Company (other than the Company) for which the Executive has performed services under this Agreement or for or in respect of which they have had operational or management responsibility at any time during the Relevant Period;
<b>"Relevant Period"</b>	the period of 12 months immediately before the Termination Date or (where such provision is applied) the commencement of any period of exclusion pursuant to <b>Clause 20.2</b> ;
<b>"Relevant Supplier"</b>	any business which at any time during the Relevant Period has supplied products or services to the Company or any Relevant Group Company and:
	(a) with which the Company or any Group Company has exclusive, special or favourable terms which the Company or Group Company could not easily obtain from a replacement supplier;
	(b) with which the Executive had material contact or dealings or about which the Executive was in possession of Confidential Information in the Relevant Period during the course of their employment;
<b>"Restricted Territory"</b>	any area or territory:
	(a) in which the Executive worked during the Relevant Period; and/or
	(b) in relation to which the Executive was responsible for, or involved in, the supply of Products or Services in the Relevant Period;
<b>"Schedule"</b>	means the Schedule attached as an Annex to this Service Agreement;
<b>"Spin-Off"</b>	means the spin-off of 100% of the logistics segment of XPO Logistics, Inc. as a separate publicly traded company in a transaction or series of transactions, the result of which will be that the Company no longer will form part of the group of companies that, with XPO Holdings, Inc, form the XPO Group;
<b>"Termination Date"</b>	the date on which the Executive's employment under this Agreement terminates and references to "from the Termination Date" mean from and including the date of termination;
<b>"WTR"</b>	Working Time Regulations 1998.

1.2 References to "clauses" are to clauses of this Agreement unless otherwise specified.

- 1.3 Unless otherwise required words denoting the singular include the plural and vice versa.
- 1.4 References to statutory provisions include all modifications and re-enactments of them and all subordinate legislation made under them.
- 1.5 Clause headings are included for convenience only and do not affect its construction.
- 2. **APPOINTMENT DURATION AND NOTICE**
- 2.1 The Executive is appointed as President, Europe reporting directly to CEO, Malcolm Wilson and may, at the request of the Company, be appointed a director within the meaning of section 250 Companies Act 2006 of the Company or any Group Company. The Company has the right in its absolute discretion to change the person or persons to whom the Executive reports or on a restructuring of the Company (or part of the Company to which the Executive is assigned) to introduce additional layers of management senior to the Executive.
- 2.2 The Executive acknowledges and agrees that:
  - 2.2.1 it is a condition precedent to this Agreement that the Spin-Off takes place;
  - 2.2.2 Executive's employment under the terms of this Agreement will commence with immediate effect upon the effective date of the Spin-Off;
  - 2.2.3 should the Spin-Off occur the Company may, at its absolute discretion, require the Executive to work from an alternative location appropriate to GXO; and
  - 2.2.4 in the event that the Executive is required to enter into a new contract of employment (whether with the Company or any other entity) as a result of the Spin-Off, they will do so forthwith and without further compensation.
- 2.3 In the event that the Executive fails to comply with the provisions of **Clauses 2.2.3 and 2.2.4**, their employment under this Agreement shall terminate immediately without the need for further notice or entitlement to further payment of any kind save for accrued salary and annual leave.
- 2.4 The parties acknowledge and agree that the terms and conditions set out in this Agreement are conditional and contingent on the Spin-Off taking place and that, in the event that the Spin-Off does not take place, then the terms of this Agreement shall cease to have effect in its entirety and the Executive shall have no entitlement to rely on or otherwise receive any remuneration or benefit under the same.
- 2.5 The Executive's continuous employment with the Company for the purposes of the ERA commenced on 1 September 2003. No employment with a previous employer counts for the purposes of the ERA as part of the Executive's period of continuous employment.
- 2.6 The Executive's employment under this Agreement will commence on the Commencement Date and will continue unless and until terminated:
  - 2.6.1 in the circumstances described in **Clauses 2.3, 21 or 20**; or
  - 2.6.2 by either party giving to the other written notice of the period specified in **The Schedule**.
- 2.7 The Company reserves the right to transfer the Executive's employment under this Agreement to another Group Company at any time at its discretion.
- 2.8 There is no probationary period applicable to this appointment.

### 3. DUTIES

3.1 Subject to the terms of this Agreement, the Executive must:

- 3.1.1 devote the whole of his working time, attention and skill to the affairs of the Company and any Group Company and use his best endeavours to promote their interests;
- 3.1.2 faithfully and diligently exercise such powers and perform such duties as may from time to time be assigned to him by the Board;
- 3.1.3 obey all lawful and reasonable directions of the Board;
- 3.1.4 comply with all of the Company's rules, regulations, policies and procedures from time to time in force including, but not limited to, the Company's data protection policy, email and internet policy, equal opportunities policy and anti-bribery policy;
- 3.1.5 promptly give to the Board (in writing if requested) all information, explanations and assistance that the Board may require in connection with the business or affairs of the Company and any Group Company or his employment;
- 3.1.6 act as a director of the Company and carry out duties on behalf of any other Group Company including, if required by the Board, acting as an officer of any such Group Company;
- 3.1.7 comply with his statutory duties as a director under the Companies Act 2006 and any other fiduciary or common law duties owed to the Company and any Group Company of which he is a director;
- 3.1.8 comply with the articles of association of the Company and any Group Company of which he is a director;
- 3.1.9 comply with all requirements, recommendations or regulations, as amended from time to time, of any regulatory authority relevant to the Company or any Group Company, and any code of practice, policies or procedures issued by the Company or any Group Company relating to dealing in the securities of the Company and any Group Company;
- 3.1.10 comply with the requirements under both legislation and regulation on the disclosure of inside information;
- 3.1.11 not engage in the facilitation of tax evasion and report immediately to the Board if he has any concerns or suspicions of tax evasion or associated fraud;
- 3.1.12 not without the prior written consent of the Board:
  - 3.1.12.1 incur any capital expenditure in excess of such sums as may be authorised from time to time; or
  - 3.1.12.2 enter into or terminate on behalf of the Company or any Group Company any commitment, contract or arrangement otherwise than in the normal course of business or outside the scope of his normal duties or of an unusual, onerous or long-term nature; and
- 3.1.13 report immediately to the Board his own wrongdoing and any actual or suspected wrongdoing on the part of other staff of the Company or any Group Company of which he becomes aware, including in particular (without limitation) conduct which, were it by the Executive, would fall within **Clauses 3.1.1 to 3.1.12** above.

3.2 The Executive acknowledges and agrees that he is at all times during his employment (including during any period of suspension or while on garden leave in accordance with **Clause 20.2**) subject to duties of goodwill, trust, confidence, exclusive service, faith and fidelity to the Company. These duties include, without limitation, the obligation throughout the duration of this Agreement:

- 3.2.1 not to compete with the Company or any Group Company;
- 3.2.2 not to make preparations (during such hours as the Executive should be providing services under this Agreement) to compete with the Company or any Group Company after this Agreement has terminated;
- 3.2.3 not to solicit in competition with the Company or any Group Company any customer or customers of the Company or any Group Company;
- 3.2.4 not to entertain invitations to provide services either in a personal capacity or on behalf of any third party from actual or prospective customers of the Company or any Group Company where such invitations relate to services which could be provided by the Company or any Group Company;
- 3.2.5 not to offer employment elsewhere to employees of the Company or any Group Company;
- 3.2.6 not to copy or memorise Confidential Information (as defined in **Clause 1.1**) or trade secrets of the Company or any Group Company with a view to using or disclosing such information for a purpose other than for the benefit of the Company or any Group Company; and
- 3.2.7 not to encourage, procure or assist any third party to do anything which, if done by the Executive, would be a breach of **Clauses 3.2.1 to 3.2.6** above.

3.3 The Executive will, if and so long as required by the Company, carry out duties for and/or act as a director, officer or employee of the Company or any Group Company and shall comply with the Articles of Association of the Company and/or Group Company (as amended from time to time). The duties attendant on any such appointment will be carried out as if they were duties to be performed by the Executive on behalf of the Company under this Agreement.

3.4 The Executive will at all times promptly give to the Board (in writing if requested) all information, explanations and assistance that the Board may require in connection with the business or affairs of the Company and, where appropriate the Group, and the Executive's employment under this Agreement. The Executive furthermore undertakes to disclose immediately to the Board anything of which they become aware or in which they become involved which affects adversely or may affect adversely the business, interests or reputation of the Company or any Group Company including but not limited to acts of misconduct, dishonesty, breaches of contract, fiduciary duty or company rules whether by the Executive personally or by a director or employee of the Company or any Group Company, irrespective of whether doing so may be self-incriminating on the part of the Executive.

3.5 Without prejudice to **Clause 2.1** or **20.2** the Board may at any time require the Executive to cease performing and exercising all or the Duties and/or the Board may appoint any person or persons to act jointly with the Executive to discharge the Duties.

3.6 The Executive will be required to undertake certain compulsory training in respect of their role and general employment from time-to-time. This will be at the Company's expense and will normally be carried out during working hours. Details of this and any additional non-compulsory training to which they may have access subject to Company approval are available from the Human Resources department.

#### 4. **PLACE OF WORK**

The Executive will perform the Duties principally at the head office of the Company and at such other place or places as the Company reasonably requires. The Executive may be required to travel both inside and outside the United Kingdom to fulfil the Duties but shall not be required to reside anywhere outside the United Kingdom for a total period of more than one month at any one time, other than by mutual consent.

#### 5. **HOURS OF WORK**

- 5.1 The Executive will work the Company's normal office hours and such other hours without additional remuneration in order to meet the requirements of the business and for the proper performance of the Duties.
- 5.2 In view of the Executive's seniority and managerial duties and responsibilities, the Executive is regarded as a "managing executive" for the purposes of the WTR and accordingly the maximum weekly working hours provided for under the WTR do not apply.

#### 6. **REMUNERATION**

- 6.1 The Company will pay the Executive a basic salary at the rate specified in **The Schedule** (inclusive of any fees to which they may become entitled as a director of the Company or any Group Company) with effect from the Commencement Date which basic salary will accrue from day to day and be payable in arrears by equal monthly instalments on or around the 25<sup>th</sup> day of each month.
- 6.2 The fact that the Executive's basic salary may be increased in any year or years during their employment does not confer any right on the Executive to receive any increase in any subsequent year and no increase will be payable if the Executive is under notice of termination or in receipt of benefits under the Company's permanent health insurance scheme.
- 6.3 The Executive hereby authorises the Company to deduct from their remuneration (which for this purpose includes basic salary, pay in lieu of notice, commission, bonus, holiday pay and sick pay) all sums owed by the Executive to the Company or any Group Company, including but without limitation the balance outstanding of any loans (and interest where appropriate) advanced by the Company to the Executive and any deduction pursuant to **Clauses 11 and 13.6**.
- 6.4 In the event that any term of this Agreement provides for the payment of remuneration or payment for loss of office contravenes sections 226B and 226C of the Companies Act 2006 then the Company will be entitled to vary the relevant term.

#### 7. **INCENTIVE SCHEMES**

- 7.1 During this Agreement, the Executive may be allowed to participate in such bonus, incentive, reward, RSU, stock, or long-term incentive scheme or similar schemes (together, the "**Schemes**") as the Company or Group operates for executives of comparable status and on such terms (including any performance targets or criteria) as the Company or Group may determine from time to time in their sole discretion.
- 7.2 Without prejudice to **Clause 7.1** participation in any scheme shall be subject to the following:
  - 7.2.1 the rules, terms, guidelines or associated conditions of such Scheme(s) from time to time in force;
  - 7.2.2 payments under, or participation in, any such Scheme(s) for any year will not confer on the Executive any right to participate in or to be paid under such Scheme(s) in the following year or any subsequent years;

- 7.2.3 any payments are conditional on such conditions as the Company or Group may determine from time to time in their sole discretion;
- 7.2.4 no payment will be made under any Scheme if, on the payment date the Executive has given, or has been given, notice of termination of employment, is under investigation by the Company, Group or relevant regulatory authority, suspended from employment or is no longer employed by the Company;
- 7.2.5 any Scheme is entirely discretionary in nature and is not incorporated by reference into this Agreement;
- 7.2.6 payments or entitlements under any Scheme are non-pensionable and are subject to PAYE deductions;

7.3 For the avoidance of doubt participation in any Scheme or Schemes shall not imply or be intended to imply any right, promise or indication of continued employment.

## 8. EXPENSES

The Executive will be reimbursed for all reasonable out of pocket expenses wholly, exclusively and necessarily incurred personally in the performance of the Duties on hotel, travelling, and other similar items provided that the Executive complies with the Company's current policy relating to expenses and produces to the Company satisfactory evidence of expenditure.

## 9. CAR ALLOWANCE

- 9.1 Subject to **Clause 9.3**, the Company will, during the term of this Agreement, pay to the Executive with their salary a gross monthly car allowance on the terms and at the rate specified in **The Schedule** (or such higher rate as may from time to time be notified to them). The car allowance is non pensionable and will be subject to statutory deductions. The allowance is being paid on the basis that the Executive provides their own car for business and personal use during the continuance of their employment and pays all costs related to it (including fuel, licence, insurance, repairs and maintenance), ensures that at all times the car is in the condition required by law and insured for business purposes, indemnifies the Company against all losses suffered in connection with the car which are not covered by insurance and the car used by the Executive is of a type and in a condition suitable for business purposes and commensurate with the status of the Executive.
- 9.2 In addition to **Clause 9.1**, the Company will, during the term of this Agreement reimburse the Executive for any reasonable fuel expenses wholly and necessarily incurred by them in the performance of their duties at the prevailing Company mileage rate for privately owned vehicles, subject to the completion and authorisation of a claim form.
- 9.3 The Company expressly reserves the right to at any time withdraw, reduce or vary the provision of a car allowance to the Executive, without compensation.

## 10. COMPANY BENEFITS

- 10.1 Subject to underwriting at a reasonable cost to the Company and to the Executive satisfying the normal underwriting requirements of the relevant insurance provider during this Agreement and provided they are below state pension age, the Executive will be entitled to participate at the Company's expense in:
  - 10.1.1 such life assurance scheme as the Company may operate at the level specified in **The Schedule**;
  - 10.1.2 such private medical expenses insurance scheme as the Company may operate for the benefit of those persons specified in **The Schedule**; and

10.1.3 such permanent health insurance scheme as the Company may operate subject to **Clause 14.3**.

10.2 If the relevant insurance provider of any permanent health insurance, life assurance, private medical insurance or other insurance referred to in **Clause 10.1** refuses for any reason to provide the applicable insurance benefit to the Executive (or the Executive's family, as applicable), the Company shall not be liable to provide to the Executive any replacement benefit of the same or similar kind or to pay compensation in lieu of such benefit.

10.3 The Executive's participation in any scheme referred to in **Clause 10.1** will be subject to the rules of the relevant scheme from time to time in force and the Executive will be responsible for any tax falling due.

10.4 The Company expressly reserves the right to at any time withdraw, reduce or vary the Executive's entitlement under or participation in any schemes or benefits and specifically those referred to in this **Clause 10** without compensation and **Clause 10** is to be read as subject to this provision.

10.5 Nothing in this Agreement will prevent the Company terminating the Executive's employment for whatever reason (including but not limited to his incapacity) even if such termination results in the Executive losing any existing or prospective benefits as detailed in **Clause 14**.

10.6 If and for so long as the Executive is in receipt of benefits under any permanent health insurance scheme then his entitlement to any and all payments and benefits other than those provided under that scheme shall cease from the point where such insurance benefits commence.

10.7 If the Executive is receiving benefits under any permanent health insurance scheme, the Company shall be entitled to appoint a successor to the Executive to perform all or any of the duties required of the Executive under the terms of this Agreement and the Executive's duties shall be amended accordingly.

10.8 Details of any additional benefits applicable to this appointment will be provided to you by the Human Resources Department.

10.9 The Executive acknowledges and agrees that following the Spin-Off, they will only be entitled to the benefits offered by Gxo to staff at their level and that as a result their entitlements to any benefits under this **Clause 10** may change.

11. **MOBILE TELEPHONE**

11.1 The Executive will be provided with a mobile telephone in order to assist with the proper performance of his duties. The mobile telephone remains the property of the Company and it must be returned to the Company on termination of the Executive's employment.

11.2 The Executive is entitled to make and receive personal telephone calls, but if the Company considers there has been improper use of the mobile telephone, the Executive may be required to meet the cost of any calls that are not business-related.

12. **PENSION**

12.1 Subject to **Clauses 12.2** and **12.3**, during this Agreement the Executive is entitled to participate in such pension scheme as is notified to the Executive by the Company from time to time and is equally entitled to opt out of participation in any such pension scheme at any time.

12.2 Membership of any pension scheme is subject to the trust deed and rules or the policy applying to the relevant scheme from time to time (including without limitation any powers of alteration and discontinuance) and the trust deed and rules or policy will take precedence in the event of alleged discrepancy with the terms of this Agreement. If the Executive's

rights or benefits under the relevant pension scheme are altered or discontinued, or the Executive opts out of the pension scheme at any time, the Company will not be obliged to provide any additional or replacement scheme or pension benefits (except to the extent required by law) or to pay damages or compensation to the Executive.

12.3 The Company will comply with its employer duties under the Automatic Enrolment Laws in respect of the Executive and will automatically enrol or re-enrol the Executive into a pension scheme as and when required by law. The Executive is required to notify the Company in writing if they have registered for, or are otherwise eligible for, any form of tax protection which may be lost or prejudiced as a result of them being automatically enrolled or re-enrolled into a pension scheme. The Company will have no liability to the Executive in respect of any adverse tax consequences of their automatic enrolment or re-enrolment where the Executive fails to provide such notification, or where the notification is provided less than one week prior to the Executive's automatic enrolment or re-enrolment date.

13. **HOLIDAY AND OTHER LEAVE**

13.1 Subject to **Clauses 13.2 to 13.5** the Executive will be entitled to the number of working days' holiday specified in **The Schedule** (in addition to normal public holidays) in each holiday year to be taken at such time or times as may be approved in advance by the Board.

13.2 Should the Executive be absent from work for any period of one month or more due to illness or incapacity, holiday entitlement in excess of the statutory minimum will not accrue.

13.3 Subject to **Clauses 13.4 and 13.5**, in each holiday year the Executive will be expected to take at least the holiday to which they are entitled under the WTR. The Executive is not entitled to carry forward any holiday save in the circumstances set out in **Clause 13.4**.

13.4 At the discretion of the Board, and subject to any lawful conditions the Board may impose, the Executive may carry forward up to four weeks' holiday entitlement to the following holiday year in the event they are unable, due to illness or incapacity, to take at least four weeks' holiday entitlement in the year in which it accrues. However, any unused holiday entitlement carried forward in this way will lapse if it remains untaken 15 months after the end of the holiday year in which it is accrued. For the avoidance of doubt, any paid holiday actually taken in any leave year will be deemed to have been the Executive's four week statutory holiday entitlement.

13.5 The Executive's entitlement to paid holiday in the holiday year in which their employment terminates or commences will be pro rata for each completed calendar month of service in that year. The Board may require the Executive to take any accrued but untaken holiday entitlement during their notice period. Holiday entitlement in excess of the statutory minimum shall not accrue during any period of garden leave arising on the Company exercising its rights under **Clause 20.2**.

13.6 Subject to **Clause 13.7**, where the Executive has taken more or less than their holiday entitlement in the year their employment terminates, a proportionate adjustment will be made by way of addition to or deduction from (as appropriate) their final gross pay calculated on a pro rata basis.

13.7 If the Company terminates the Executive's employment immediately by summary notice in writing pursuant to **Clause 20.1** of this Agreement or if the Executive has terminated their employment in breach of this Agreement any payment due to the Executive under **Clause 13.6** as a result of untaken holiday will be limited to the Executive's statutory holiday entitlement only. Re-imbursement of excess holiday taken by the Executive shall be recoverable from the Executive in full at the rate at which it was paid to them.

13.8 Details of any additional paid leave provided by the Company (other than to sickness leave under **Clause 14**) and the terms under which this operates is available from Human Resources Department.

14. **INCAPACITY AND SICK PAY**

14.1 If the Executive is absent from their duties as a result of illness or injury they will notify the Company as soon as possible and complete any self-certification forms which are required by the Company. If the incapacity continues for a period of seven days or more they will produce to the Company a medical certificate to cover the duration of such absence.

14.2 Subject to the rest of this **Clause 14** and subject to the receipt of the appropriate certificates in accordance with **Clause 14.1**, if the Executive is absent from their duties as a result of illness or injury they will be entitled to be paid at the rate and for the period specified in **The Schedule** in any period of 12 months (whether the absence is intermittent or continuous) subject to deduction of any statutory sick pay received by the Executive. Once the Executive has exhausted their entitlement to sick pay in any 12 month period, they will not be entitled to any further payment of sick pay after this period until they have returned to work and had no further absences for a period of 12 months. Any payment made in excess of statutory entitlement is paid entirely at the discretion of the Company. The Executive will not be entitled to any payment other than statutory sick pay during any current disciplinary investigation or proceedings.

14.3 Without prejudice to the Company's right to terminate this Agreement pursuant to **Clause 20.1** the Company reserves the right to terminate this Agreement notwithstanding any right the Executive might have to participate in any permanent health insurance scheme referred to in **Clause 10.1.3** or to receive sick pay or other benefits.

14.4 Whether or not the Executive is absent by reason of sickness, injury or other incapacity the Executive will, at the request of the Board, agree to have a medical examination performed by a doctor appointed and paid for by the Company. The Executive will be expected to authorise the Board to have unconditional access to any report or reports (including copies) produced as a result of any such examination as the Board may from time to time require to enable it to assess the Executive's ability to work and any reasonable adjustments it may be obliged or willing to consider. Entitlement to sick pay in excess of statutory sick pay pursuant to **Clause 14.2** may be affected adversely if the Executive fails to comply with the terms of this clause.

15. **CONFLICT OF INTEREST**

15.1 The Executive will disclose promptly to the Board in writing all their interests in any business other than that of the Company and the Group and any interests of their spouse, partner or children to the extent these might in the reasonable view of the Company compete or interfere with the performance of the Duties and will notify the Board immediately of any change in their external interests.

15.2 Except with the written consent of the Board the Executive will not during their employment under this Agreement be directly or indirectly engaged, concerned whether as principal, servant or agent (on their own behalf or on behalf of or in association with any other person) in any other trade, business or occupation other than the business of the Company or any Group Company. This clause will not prevent the Executive from being interested, for investment purposes only, as a member, debenture holder or beneficial owner of any stock, shares or debentures which are listed or dealt in on a Recognised Investment Exchange and which do not represent more than 4% of the total share or loan capital from time to time in issue in such company.

15.3 During their employment with the Company, the Executive will not obtain or seek to obtain, or permit any other person to obtain or seek to obtain, any financial or other competitive advantage (direct or indirect) from the disclosure, downloading, uploading, copying, transmittal, removal or destruction of information acquired by them in the course of their employment, whether or not that information is Confidential Information.

15.4 During the term of this Agreement the Executive shall not make (other than for the benefit of the Company or any Group Company) any statement or record in whatsoever medium relating to any matter within the scope of the business of the Company or any Group Company or use such record or allow it/them to be used other than for the benefit of the Company or any Group Company.

## 16. RESTRICTIVE COVENANTS

16.1 It is hereby agreed, acknowledged and understood that:-

- 16.1.1 these covenants are agreed with the Company acting on its own behalf and for and on behalf of any and all other Relevant Group Companies;
- 16.1.2 the Company shall be at liberty to enforce these covenants on its own behalf and/or for and on behalf of any other Relevant Group Company (whether in respect of actual or anticipated damage to itself or to any other Relevant Group Company);
- 16.1.3 notwithstanding the termination of this Agreement (howsoever arising), these covenants will remain in full force and effect;
- 16.1.4 damages are unlikely to be an adequate remedy for a breach of these restrictive covenants and (without prejudice to the Company's right to seek damages) injunctive relief will be an appropriate and necessary remedy in the event of an actual or anticipated breach of these restrictions;
- 16.1.5 the Company shall be at liberty to seek and recover damages occasioned as a result of a breach of these restrictive covenants, whether in respect of losses that are suffered by itself and/or by any other Relevant Group Company (and in the event that the Company recovers damages for losses suffered by any other Relevant Group Company, it shall account to that Group Company for any such damages);
- 16.1.6 at the request of the Company the Executive will enter into a direct agreement or undertaking with any other Group Company whereby the Executive will accept restrictions and provisions corresponding to the restrictions and provisions in this **Clause 16** and in **Clause 17** (or such of them as may be appropriate in the circumstances).

16.2 The Executive will not without the prior written consent of the Company or, where appropriate, Relevant Group Company, directly or indirectly and whether alone or in conjunction with or on behalf of any other person and whether as a principal, director, employee, agent, consultant, partner or otherwise:

- 16.2.1 for a period of 12 months from the Termination Date so as to compete (or to compete in the future) with the Company or any Relevant Group Company:
  - 16.2.1.1 induce, solicit or entice away (or endeavour to induce solicit or entice away) from the Company or any Relevant Group Company, the business or custom of any Relevant Customer for the supply or provision of the Products or Services;
  - 16.2.1.2 supply or provide any Products or Services to any Relevant Customer (or endeavour to do so);
  - 16.2.1.3 do or attempt to do anything which causes or may cause a Relevant Customer to cease or reduce materially its orders or contracts or intended orders or contracts with the Company or Relevant Group Company or alter its terms of business with and to the detriment of the Company and/or Relevant Group Company;
  - 16.2.1.4 do or attempt to do anything which causes or may cause any Relevant Supplier or potential Relevant Supplier to cease, alter or reduce materially its supplies to the Company or any Group Company or alter its terms of business with and to the detriment of the Company and/or Group Company;

16.2.1.5 in connection with any business in, or proposing to be in, competition with the Company, or any other Group Company employ, engage or appoint or in any way cause to be employed, engaged or appointed a Critical Person, whether or not such person would commit any breach of their contract of employment or engagement by leaving the service of the Company or any other Group Company;

16.2.2 within the Restricted Territory for a period of 12 months from the Termination Date be employed, engaged, concerned or provide technical, commercial or professional advice to any other business (whether conducted on its own or as part of a wider entity) which supplies or provides (or intends to supply or provide or is otherwise taking steps preparatory to supplying or providing) the Products or Services in direct or indirect competition with those parts of the business of the Company or any Relevant Group Company in respect of which the Executive was materially engaged or involved, or for which they were responsible, or in respect of which they were in possession of Confidential Information during the Relevant Period.

16.2.3 use or seek to register, in connection with any business, any name, internet domain name (URL), social media account or other device which includes the name or device of the Company or any Group Company, any identical or similar sign or any sign or name previously used by the Company or any Group Company or at any time after the Termination Date represent themselves as connected with the Company or any Group Company in any capacity.

16.3 None of the restrictions set out in **Clause 16.2** shall apply to prevent the Executive from being interested, for investment purposes only, in any business, whether as a member, debenture holder or beneficial owner of any stock, shares or debentures listed or dealt in on a Recognised Investment Exchange and which do not represent more than 4% of the total share or loan capital from time to time in issue in such company.

16.4 Whilst the restrictions in this **Clause 16** (on which the Executive hereby acknowledges they have had an opportunity to take independent legal advice) are regarded by the parties as fair and reasonable, each of the restrictions in this **Clause 16** is intended to be separate and severable. If any restriction is held to be void but would be valid if part of the wording (including in particular, but without limitation, the definitions contained in **Clause 1**) were deleted, such restriction will apply with so much of the wording deleted as may be necessary to make it valid or effective.

16.5 The parties agree that the periods referred to in **Clauses 16.2.1 to 16.2.2** Error! Reference source not found. above will be reduced by one day for every day during which at the Company's direction and pursuant to **Clause 20.2** below the Executive has been excluded from the Company's premises and/or has been required not to carry out any duties or to carry out duties other than their normal duties.

16.6 The Company has entered into this Agreement as agent for and trustee of each Relevant Group Company and each Group Company respectively.

## 17. **CONFIDENTIALITY**

The Executive acknowledges that in the course of their employment they will be exposed and have access to Confidential Information. The Executive has therefore agreed to accept the restrictions set out in this **Clause 17**.

17.1 The Executive will not either during their employment (including without limitation any period of absence or of exclusion pursuant to **Clause 20.2**) or after its termination (without limit in time) disclose, make use of, or encourage or permit the use of any Confidential Information for any purposes other than those of the Company and for the benefit of the Company or any Group Company.

17.2 All documents, manuals, hardware and software provided by the Company or any Group Company for the Executive's use and any data or documents (including copies) produced,

maintained or stored on the Company's computer systems or other electronic equipment (including mobile telephones or devices) remain the property of the Company or Group Company, as applicable.

17.3 The Executive shall be responsible for protecting the confidentiality of the Confidential Information and shall:

- 17.3.1 use his best endeavours to prevent the use, disclosure or communication of any Confidential Information by any person, company or organisation; and
- 17.3.2 inform the Board immediately on becoming aware, or suspecting, that any such person, firm or company or organisation knows or has used any Confidential Information.

17.4 The restrictions contained in this clause do not apply to any disclosure by the Executive:

- 17.4.1 which amounts to a protected disclosure within the meaning of section 43A of the ERA and/or policy on disclosure operated by the Company from time to time;
- 17.4.2 in order to report an offence to a law enforcement agency or to co-operate with a criminal investigation or prosecution;
- 17.4.3 for the purposes of reporting misconduct, or a serious breach of regulatory requirements to any body responsible for supervising or regulating the matters in question;
- 17.4.4 for the purposes of reporting an allegation of discrimination or harassment at work in accordance with the Company's policy or to the Equality and Human Rights Commission;
- 17.4.5 authorised by the Board or required in the ordinary and proper course of the Executive's employment or required by the order of a court of competent jurisdiction or by an appropriate regulatory authority;
- 17.4.6 any information which the Executive can demonstrate was known to the Executive prior to the commencement of their employment by the Company or is in the public domain otherwise than as a result of a breach by the Executive of this clause or any other duties and obligations owed to the Company or any Group Company; or
- 17.4.7 or as otherwise required by law.

17.5 The provisions of this **Clause 17** are without prejudice to the duties and obligations of the Executive which exist at common law or in equity.

17.6 The provisions of this **Clause 17** shall survive any termination of this Agreement and shall remain in force in relation to any item of Confidential Information for so long as it is still properly regarded by the Company and any Group Company as being confidential.

## 18. **INTELLECTUAL PROPERTY RIGHTS**

18.1 The Executive acknowledges that all Employment IPRs and all materials embodying and recording them will automatically belong to the Company to the fullest extent permitted by law. If such Employment IPRs and all materials embodying and recording them do not automatically vest in the Company or a Relevant Group Company, the Executive hereby assigns (including by way of present assignment of future rights) to the Company all such rights with full title guarantee. To the extent that such an assignment is not permitted or is unenforceable by the operation of law the Executive holds them on trust for the Company or Relevant Group Company.

18.2 The Executive acknowledges that, because of the nature of their duties and the particular responsibilities arising from the nature of those duties, they have, and shall have at all times while employed by the Company, a special obligation to further the Company's interests.

18.3 To the extent that legal title in any other Intellectual Property Rights do not vest in the Company or Relevant Group Company by virtue of **Clause 18.1**, the Executive hereby agrees immediately upon creation of such rights and inventions to offer to the Company or Relevant Group Company in writing a right of first refusal to acquire them on arm's length terms to be agreed between the parties. If the parties cannot agree on such terms within 30 days of the Company or Relevant Group Company receiving the offer, the Company or Relevant Group Company will refer the dispute to an arbitrator who will be appointed by the President of Chartered Institute of Patent Attorneys. The arbitrator's decisions will be final and binding on the parties and the costs of arbitration will be borne equally by the parties. The Executive agrees to keep such Intellectual Property Rights offered to the Company or any Relevant Group Company under this **Clause 18.3** confidential until such time as the Company or Relevant Group Company has agreed in writing that the Executive may offer them for sale to a third party.

18.4 The Executive agrees:

- 18.4.1 to give the Company full written details of all Employment IPRs which relate to or are capable of being used in the business of the Company or any Group Company promptly on their creation;
- 18.4.2 at the Company's request or that of any Group Company and in any event on the termination of their employment to give to the Company or any Relevant Group Company all originals and copies of correspondence, documents, papers and records on all media which record or relate to any of the Employment IPRs;
- 18.4.3 not to attempt to register any Employment IPRs unless requested to do so by the Company or any Relevant Group Company; and
- 18.4.4 to keep confidential all Employment IPRs unless the Company or any Relevant Group Company has consented in writing to its disclosure by the Executive.

18.5 The Executive waives all their present and future moral rights which arise under the Copyright Designs and Patents Act 1988 and all similar rights in other jurisdictions relating to any copyright which forms part of the Employment IPRs and agrees not to support, maintain nor permit any claim for infringement of moral rights in such copyright works.

18.6 The Executive acknowledges that, except as provided by law, no further remuneration or compensation other than that provided for in this Agreement is or may become due to the Executive in respect of their compliance with this clause. This clause is without prejudice to the Executive's rights under the Patents Act 1977.

18.7 The Executive undertakes to execute all documents and do all acts both during and after their employment by the Company or any Group Company as may in the opinion of the Company be necessary or desirable to vest the Employment IPRs in the Company or any Relevant Group Company, to register them in the name of the Company or any Relevant Group Company where appropriate throughout the world and for the full term of those rights and to protect and maintain the Employment IPRs. Such documents may, at the Company's request, include waivers of all and any statutory moral rights relating to any copyright works which form part of the Employment IPRs. The Company agrees to reimburse or procure the reimbursement of the Executive's reasonable expenses of complying with this **Clause 18.7**.

18.8 The Executive agrees to give all necessary assistance to the Company or any Group Company at the Company's or any Relevant Group Company's reasonable expense to enable it/them to enforce its/their Intellectual Property Rights against third parties and to defend claims for infringement of third party Intellectual Property Rights.

18.9 The Executive irrevocably appoints the Company to be their attorney in their name and on their behalf to execute documents, use their name and do all things which are necessary or desirable for the Company to obtain for itself or its nominee the full benefit of this clause. A certificate in writing, signed by any director or the secretary of the Company, that any instrument or act falls within the authority conferred by this Agreement shall be conclusive evidence that such is the case so far as any third party is concerned.

19. **RETURN OF COMPANY PROPERTY**

19.1 On request by the Company and in any event on termination of their employment or on commencement of any period of exclusion pursuant to **Clause 20.2** the Executive will:

- 19.1.1 deliver up immediately to the Company all property (including but not limited to documents and software, credit cards, mobile telephone, computer equipment, all computer disks, memory cards, social media or website passwords, keys and security passes and any Confidential Information) belonging to it or any Group Company or being relevant or connected to the Duties which is or are in the Executive's possession or under their control, at the Company's discretion being required to provide evidence of having done so. Documents and software include (but are not limited to) correspondence, diaries, address books, databases, files, reports, minutes, plans, records, documentation or any other medium for storing information. The Executive's obligations under this clause include the return of all copies, drafts, reproductions, notes, extracts or summaries (however stored or made) of all documents and software, and any data stored on external sites such as contacts on social media;
- 19.1.2 provide access (including passwords) to any computer (or other equipment or software) in his possession or under his control which contains information relating to the Company or any Group Company. The Executive also agrees that the Company is entitled to inspect, copy and/or remove any such information from any such computer, equipment or software owned by the Executive or under his control and the Executive agrees to allow the Company reasonable access to the same for these purposes;
- 19.1.3 provide a signed statement confirming their compliance with this **Clause 19**;
- 19.1.4 transfer without payment to the Company or as it may direct any shares or other securities held by them in the Company or any Group Company as trustee and deliver to the Company the related certificates,

and the Executive hereby irrevocably authorises the Company to appoint a person or persons to execute all necessary transfer forms and other documentation on their behalf in connection with the above.

19.2 The obligations set out in **Clause 19.1** shall not be affected by the fact that any document or software covered by this clause may include information or data personal to the Executive or may be held on mobile devices belonging personally to the Executive where such devices are used to any extent in respect of the Executive's work. In such circumstances it shall be the responsibility of the Executive when returning such property to bring such issues to the attention of the Company which shall then make arrangements for the proper and lawful disposal of such information or data.

20. **TERMINATION AND GARDEN LEAVE**

20.1 Without prejudice to any other rights the Company or any Group Company may have, the Company may terminate the Executive's employment immediately by summary notice in writing without notice and with no liability to make further payment to the Executive or may accept any breach of this Agreement by the Executive as having brought this Agreement to an end (notwithstanding that the Company may have allowed any time to elapse or on a former occasion may have waived its rights under this clause) if the Executive:

- 20.1.1 commits, repeats or continues any breach of this Agreement or their obligations under it including any material or persistent breach of their fiduciary duties or any provision of the Companies Act 2006 or similar legislation or any regulation made thereunder;
- 20.1.2 in the performance of the Duties or otherwise commits any act of gross misconduct or serious/gross incompetence or negligence or seriously or persistently breaches the Company's policies and procedures;
- 20.1.3 acts in a manner which prejudices or is likely in the opinion of the Board to prejudice the interests or reputation of the Executive, the Company or any Group Company;
- 20.1.4 has committed, is charged with or is convicted of any criminal offence other than an offence which does not in the reasonable opinion of the Board affect their position under this Agreement;
- 20.1.5 is declared bankrupt or enters into or makes any arrangement or composition with or for the benefit of their creditors generally or has a County Court administration order made against them under the County Court Act 1984;
- 20.1.6 is prohibited by law from being a director of a company or ceases to be a director of the Company or any Group Company without the prior consent or agreement of the Board;
- 20.1.7 is removed as a director of the Company or any Group Company;
- 20.1.8 commits any act of fraud, dishonesty, corrupt practice, a breach of his obligations under **Clause 3.1.11** or a breach of the Bribery Act 2010 relating to the Company or any Group Company, any of its or their employees, customers, suppliers or otherwise; or
- 20.1.9 is convicted of an offence under any statutory enactment or regulation relating to bribery or insider dealing;
- 20.1.10 is guilty of any deliberate abuse or misuse of the personal data of any employee, worker, consultant or actual or prospective customer, client or supplier of the Company or any Group Company;
- 20.1.11 commits any serious or material breach of any regulatory rules applicable to his employment with the Company;
- 20.1.12 commits any serious breach of the requirements, rules or regulations as amended from time to time of any regulatory authority relevant to the Company or any Group Company and any code of practice issued by the Company relating to dealing in the securities of the Company or any Group Company;
- 20.1.13 is in breach of any of the warranties set out at **Clause 26.5** of this Agreement, regardless of whether criminal or other sanctions are imposed where relevant; or
- 20.1.14 becomes incapacitated from performing all or any of the Duties by illness or injury (physical or mental) for a period exceeding (in total) 26 weeks (or such longer period as the Company may agree) in any rolling period of 12 months whether or not the Executive's entitlement to Company sick pay under **Clause 14.2** has been exhausted and whether or not the Executive has any actual or anticipated benefit of permanent health insurance referred to in **Clause 10.1.3** or otherwise and provided such termination would not prejudice or limit the Executive's rights or prospective rights under any permanent health insurance scheme referred to in **Clause 10.1.3**.

20.2 Without prejudice to **Clause 21.1**, after notice of termination has been given by either party pursuant to **Clause 2.6.2**, or if the Executive seeks to or indicates an intention to resign as a director of the Company or any Group Company or terminate their employment without notice, provided that the Executive continues to be paid and enjoys their contractual benefits until their employment terminates in accordance with the terms of this Agreement, the Board may in its absolute discretion without breaching the terms of this Agreement or giving rise to any claim against the Company or any Group Company for all or part of the notice period required under **Clause 2.6.2**:

- 20.2.1 exclude the Executive from the premises of the Company and/or any Group Company;
- 20.2.2 return to the Company all documents, laptop computers, Blackberry devices, mobile telephones, iPhones or similar devices and other property (including summaries, extracts or copies) belonging to the Company or any Group Company or to its or their clients or customers;
- 20.2.3 require the Executive to carry out exceptional duties or special projects outside the scope of your normal duties or to carry out no duties;
- 20.2.4 announce to employees, suppliers and customers that the Executive has been given notice of termination or has indicated an intention to resign (as the case may be);
- 20.2.5 instruct the Executive not to directly or indirectly communicate with suppliers, customers, distributors officers, employees, shareholders, agents or representatives of the Company or any Group Company;
- 20.2.6 cease to give the Executive access to its computer systems or social media.

20.3 For the avoidance of doubt, the Executive's duties and obligations under **Clauses 3, 15, 16, 17 and 18** and those to be implied into this Agreement at common law continue to apply during any period of exclusion pursuant to this clause.

20.4 During any period of exclusion pursuant to **Clause 20.2** the Executive will not be entitled to accrue or receive any bonus or holiday other than their entitlement under the WTR referred to in **Clause 13**. Any untaken holiday entitlement accrued or likely to accrue up to the Termination Date should be taken during the period of exclusion. The Executive agrees to notify the Company of any day or days during the exclusion period when they will be unavailable due to holiday and will endeavour to agree convenient holiday dates in advance with the Board.

20.5 Before and after termination of the Executive's employment, the Executive will provide the Company and/or any Group Company or its or their agents with any assistance it or they may request in connection with any proceedings or possible proceedings, including any internal investigation or administrative, regulatory or judicial investigation, inquiry or proceedings, in which the Company and/or Group Company is or may be involved. The Company will reimburse the Executive their reasonable expenses incurred in fulfilling their obligations under this clause. However, the Executive shall not be entitled to any other payment or remuneration in consideration of their assistance.

20.6 Immediately following termination of their employment, the Executive shall delete all Connections and, having done so, amend their profiles on any social media accounts to show that they are no longer employed by the Company, providing appropriate proof of having done so to the Company.

21. **PAYMENT IN LIEU OF NOTICE**

21.1 Without prejudice to **Clauses 21.5, 20.1 and 20.2**, at its absolute discretion the Company may terminate this Agreement and the Executive's employment with immediate effect at any time by giving the Executive written notice and paying them basic salary at the rate applicable at the Termination Date (less PAYE deductions) in lieu of the notice period

referred to in **Clause 2.6.2** or remainder of the notice period if at the Company's request the Executive has worked (or been excluded pursuant to **Clause 20.2**) during part of the notice period.

- 21.2 The Company reserves the right to pay any sums due under **Clause 21.1** in equal monthly instalments during what would have been the unexpired portion of the Executive's contractual notice period. Notwithstanding that a termination of his employment in accordance with **Clause 21.1** is not a breach of this Agreement, the Executive agrees that following such notification as is referred to in **Clause 21.1** he will be under a duty to take reasonable steps, subject always to his obligations under **Clause 16** above, to mitigate any consequential losses by seeking an alternative remunerative position, whether as employee, director, self-employed consultant or shareholder, and to notify the Company in writing as soon as any such position is accepted, of when it is due to commence and the financial terms applicable to it. If the Executive obtains an alternative position during this period any sums due to the Executive under **Clause 21.1** will be reduced or extinguished accordingly.
- 21.3 If the Company terminates the Executive's employment without the written notification referred to in **Clause 21.1**, then the Executive will have no contractual entitlement to the pay in lieu of notice referred to in that clause.
- 21.4 For the avoidance of doubt, if the Company exercises its right under **Clause 21.1**:
  - 21.4.1 the Executive's employment will terminate on the date specified in the notice given by the Company pursuant to **Clause 21.1**;
  - 21.4.2 any payment in lieu of salary pursuant to this clause will not include pay in respect of bonus, commission, holiday or other benefits which would otherwise have accrued or been payable during the period to which the payment in lieu of salary relates.
- 21.5 The Executive shall not be entitled to any payment in lieu of notice pursuant to this clause or otherwise if the Company would be entitled to terminate their employment without notice (whether in accordance with **Clause 20.1** or otherwise). In the event that any payment in lieu of notice is made in such circumstances, the Executive agrees that the Company may immediately require the same to be repaid as a debt.

**22. DUTY TO NOTIFY OF NEW EMPLOYMENT**

- 22.1 In order to enable the Company to protect its legitimate interests and to enforce its rights under this Agreement, the Executive agrees that during their employment they will notify the Company in writing of the identity of any prospective employer or business from which they have received an offer to be employed, engaged, concerned or interested or to which they wish to provide technical, commercial or professional advice where, in the reasonable belief of the Executive, becoming so employed, engaged, concerned or interested or providing such advice would be likely to breach the provisions of **Clause 16**, prior to accepting such employment and of the date on which the Executive proposes to start their employment, engagement, concern, interest or the provision of advice. The Company will determine whether such proposed activity is in breach of this Agreement. The Executive will additionally provide the Company with all information it reasonably requests to make this determination. The Executive will not accept the offer of employment or engagement until having been advised by the Company of its determination which the Company agrees to do within a reasonable time, which will usually be 28 business days.
- 22.2 If the Executive applies for or is offered a new employment, appointment or engagement, before entering into any related contract the Executive will bring the terms of this clause and **Clauses 2, 16, 18 and 20.2** to the attention of a third party proposing their direct or indirect employment, appointment or engagement.
- 22.3 The Company shall be entitled to disclose the terms of this Agreement and Executive's Confidential Information Protection Agreement to any third party with or by whom the Executive is employed, engaged or otherwise interested or connected (as is appropriate) in order to protect the interests of the Company and/or any Group Company.

23. **RESIGNATION AS DIRECTOR**

23.1 The Executive will on termination of their employment for any reason, or on commencement of any period of exclusion pursuant to **Clause 20.2** at the request of the Board, give notice resigning immediately without claim for compensation (but without prejudice to any claim they may have for damages for breach of this Agreement):

- 23.1.1 as a director of the Company and of any Group Company; and
- 23.1.2 all trusteeships held by the Executive of any pension scheme or other trusts established by the Company or any Group Company or any other company with which the Executive has had dealings as a consequence of their employment with the Company.

23.2 If notice pursuant to **Clause 23.1** is not received by the relevant company within forty eight hours of the Termination Date or a request by the Board, the Company (or such Group Company as may be applicable) is irrevocably authorised to appoint a person to execute any documents and to do everything necessary to effect such resignation or resignations on the Executive's behalf.

23.3 Except with the prior written agreement of the Board, the Executive will not during their employment under this Agreement resign their office as a director of the Company or any Group Company.

23.4 The Executive's appointment as a director of the Company or any Group Company will be subject to the Articles of Association from time to time of the Company or Group Company.

24. **RIGHTS FOLLOWING TERMINATION**

The termination of the Executive's employment under this Agreement will not affect any of the provisions of this Agreement which expressly operate or lawfully have effect after termination and will not prejudice any right of action already accrued to either party in respect of any breach of any terms of this Agreement by the other party (except in the case of termination by the Company pursuant to **Clause 21.1** in which case **Clause 21.1** will prevail in favour of the Company and the Group).

25. **DISCIPLINARY AND GRIEVANCE PROCEDURES**

The Company's disciplinary and grievance procedures are available from the Human Resources Department. The spirit and principles of these procedures apply to the Executive suitably adapted to reflect their seniority and status but these procedures are not incorporated by reference in this Agreement and therefore do not form any part of the Executive's contract of employment.

26. **ENTIRE AGREEMENT**

26.1 This Agreement constitutes the entire agreement between the parties and , supersedes any prior agreement or arrangement in respect of the employment relationship between the Company and the Executive, including but not limited to your Terms of Employment letter as amended by a letter dated 04 October 2016 (the " Terms of Employment") (and, in the case of the Group, the Company acts as agent for any Group Company), which agreement(s) or arrangement(s), shall be deemed to have been terminated by mutual consent from the Commencement Date and in respect of which agreement(s) or arrangement(s) the Executive warrants that they have received all benefits and remuneration due to them. For the avoidance of doubt, the Terms of Employment is superceded by this Agreement in all respects.

26.2 Neither party has entered into this Agreement in reliance upon, or shall have any remedy in respect of, any misrepresentation, representation or statement (whether made by the other party or any other person) which is not expressly set out in this Agreement.

26.3 The only remedies available for any misrepresentation or breach of any representation or statement which was made prior to entry into this Agreement and which is expressly set out in this Agreement will be for breach of contract.

26.4 Nothing in this **Clause 26** shall be interpreted or construed as limiting or excluding the liability of either party for fraud or fraudulent misrepresentation.

26.5 The Executive acknowledges, warrants and undertakes that:

- 26.5.1 by entering into this Agreement and fulfilling their obligations under it, they are not and will not be in breach of any obligation to any third party;
- 26.5.2 they are not prevented by any agreement, arrangement, contract, understanding, court order or otherwise, from performing the Duties;
- 26.5.3 they are entitled to work in the UK without any additional approvals and will notify the Company immediately if they cease to be so entitled during this Agreement or are prevented or restricted from holding office as director or fulfilling the duties of director;
- 26.5.4 they will at all times comply fully with the Company's policies concerning anti-corruption and the Bribery Act 2010; data protection; information security; bullying and harassment; and use of Social Media and related procedures;
- 26.5.5 in the event of any claim that they are in breach of any of the above warranties, they will indemnify the Company against any claims, costs, damages, liabilities or expenses which the Company may incur in respect of such claim; and
- 26.5.6 they hold all necessary third party qualifications, permissions, authorisations and/or approvals to fulfil their obligations under this Agreement and shall notify the Company immediately if they cease to hold any such qualification, permission, authorisation or approval or become subject to any inquiry, investigation or proceedings that may lead to the loss of or restriction to such qualification, permission, authorisation or approval.

26.6 This Agreement may be executed in any number of counterparts, each of which will constitute an original, but which will together constitute one agreement.

27. **THIRD PARTY RIGHTS**

Except as expressly provided in this Agreement, a person who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

28. **DATA PROTECTION**

28.1 During the course of his employment, the Executive understands that the Company will need to hold, access or process his personal data. The Company will do so in accordance with its privacy notice a copy of which is accessible on the Company intranet. The Executive is required to sign and date the privacy notice and return it to the HR Manager.

28.2 The Executive will familiarise himself with and at all times adhere to the Company's Data Protection Policy. The Executive undertakes to take all reasonable steps to ensure that any Company information or personal data of any person which he accesses, holds or processes (including information regarding any Group Company) will not be available or disclosed to third parties and will be kept securely by him, particularly if such information is accessed by or accessible to him via a mobile device, such as a laptop, pda or mobile telephone. The Executive agrees and understands that a failure by him to meet the obligations of this clause may lead to disciplinary action up to and including dismissal in accordance with **Clause 20.1**.

28.3 The Executive acknowledges furthermore undertakes to immediately notify the Company if he becomes aware of any unauthorised disclosures of any confidential information relating or belonging to the Company or any Group Company or of personal data or any other breaches of the Company's Data Protection Policy

29. **NOTICES**

29.1 Any notice or other form of communication given under or in connection with this Agreement will be in writing in the English language and be handed personally to the Executive or sent to the Company's registered office or to the Executive's last known place of residence in the UK (as applicable), the latter being satisfied where:

29.1.1 Sent to that party's address by pre-paid first class post, airmail post, or mail delivery service providing guaranteed next working day delivery and proof of delivery; or

29.1.2 Delivered to or left at that party's address (other than by one of the methods identified in **Clause 29.1.1**).

29.2 Any notice or communication given in accordance with **Clause 29.1.1** will be deemed to have been served 48 hours after posting but where it is given in accordance with **Clause 29.1.2** it is given at the time the notice or communication is delivered to or left at that party's address.

29.3 To prove service of a notice or communication it will be sufficient to prove that the provisions of **Clause 29.1** were complied with.

29.4 For the avoidance of doubt, notice of directors' meetings may be given in any manner permitted by the Company's Articles of Association and if sent to the Executive by e-mail (to the Executive's usual e-mail address), provided it is properly addressed, the notice shall be deemed received by the Executive immediately after it was sent.

30. **MISCELLANEOUS**

30.1 This Agreement will be governed by and interpreted in accordance with the law of England and Wales.

30.2 The courts of England and Wales have exclusive jurisdiction to determine any dispute arising out of or in connection with this Agreement.

30.3 Any delay by the Company in exercising any of its rights under this Agreement will not constitute a waiver of such rights.

30.4 There are no collective agreements which directly affect the Executive's terms and conditions of employment.

**THIS DOCUMENT** is executed as a deed and delivered on the date stated at the beginning of this Deed.

## THE SCHEDULE

### Individual Terms

1. **Notice Period – Clause 2.6.2**

Notice from the Company to the Executive – not less than 12 calendar months'

Notice from the Executive to the Company – not less than 12 calendar months'

2. **Salary – Clause 6.1**

£310,000 per annum

3. **Car Allowance – Clause 9.1**

£10,400 per annum

4. **Life Insurance – Clause 10.1.1**

4 x salary.

5. **Private Medical Insurance – Clause 10.1.2**

The Executive and their spouse/partner and all dependent children in full time education under the age of 21.

6. **Holiday – Clause 13.1**

25 days per annum

7. **Sick Pay – Clause 14.2**

Where the Executive has less than 52 weeks' continuous service on the first day of sickness absence – 13 weeks' full pay

Where the Executive has more than 52 weeks' continuous service on the first day of sickness absence – up to a maximum 26 weeks' full pay

**EXECUTED** as a deed by  
**XPO SUPPLY CHAIN UK LIMITED** )  
acting by )  
a director and its company secretary )  
or two directors )

**Director**

**EXECUTED** as a deed by  
**XPO SUPPLY CHAIN UK LIMITED** )  
acting by one director in the presence of: )

**Witness Name:**

Witness signature:

Name:

Address:

Occupation:

**SIGNED** as a deed by



in the presence of:

Witness signature:



Name:

STUART MACLEAN

Address:

XPO HOUSE, NORTHAMPTON

Occupation:

SOURCE.



Subsidiaries of GXO Logistics, Inc.

Entity	Location of Incorporation
GXO Enterprise Services, LLC	Delaware
GXO Logistics Europe SAS	France
GXO Logistics Holdings UK Unlimited	United Kingdom
GXO Logistics UK Limited	Scotland
GXO Logistics Netherlands BV	Netherlands
GXO Logistics Netherlands III BV	Netherlands
GXO Logistics Spain SL	Spain
GXO Logistics France SAS	France
GXO Logistics Italy SPA	Italy
GXO Logistics UK II Limited	United Kingdom
Northern Commercials (Mirfield) Limited	United Kingdom
GXO Logistics Finance, LLC	Delaware
GXO Logistics Worldwide Holding Company, LLC	Delaware
GXO Logistics Worldwide, LLC	Delaware
GXO Logistics Holding Company	Delaware
GXO Logistics Supply Chain, Inc.	North Carolina
GXO Holdings II, Inc.	Delaware
GXO Holdings III, Inc.	Delaware
GXO Warehouse Company, Inc.	Iowa

The names of certain consolidated subsidiaries that do not constitute a significant subsidiary have been omitted. Entities directly owned by subsidiaries of GXO Logistics, Inc. are indented and listed below their immediate parent. Ownership is 100% unless otherwise indicated.

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the registration statements (No. 333-259217) on Form S-3ASR, (No. 333-264901) on Form S-4, and (No. 333-258653) on Form S-8 of our report dated February 15, 2024, with respect to the consolidated financial statements of GXO Logistics, Inc. and the effectiveness of internal control over financial reporting.

*/s/* KPMG LLP

Stamford, Connecticut  
February 15, 2024

**CERTIFICATION**

I, Malcolm Wilson, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2023 of GXO Logistics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Malcolm Wilson  
Malcolm Wilson  
Chief Executive Officer  
(Principal Executive Officer)

Date: February 15, 2024

**CERTIFICATION**

I, Baris Oran, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2023 of GXO Logistics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Baris Oran

Baris Oran

Chief Financial Officer

(Principal Financial Officer)

Date: February 15, 2024

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER**

**Pursuant to 18 U.S.C. Section 1350**  
**As adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Solely for the purposes of complying with 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, the undersigned Chief Executive Officer of GXO Logistics, Inc. (the "Company"), hereby certify, based on my knowledge, that the Annual Report on Form 10-K of the Company for the year ended December 31, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/* Malcolm Wilson

Malcolm Wilson  
Chief Executive Officer  
(Principal Executive Officer)

Date: February 15, 2024

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER**

**Pursuant to 18 U.S.C. Section 1350**  
**As adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Solely for the purposes of complying with 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, the undersigned Chief Financial Officer of GXO Logistics, Inc. (the "Company"), hereby certify, based on my knowledge, that the Annual Report on Form 10-K of the Company for the year ended December 31, 2023 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ Baris Oran*

Baris Oran  
Chief Financial Officer  
(Principal Financial Officer)

Date: February 15, 2024

**GXO Logistics, Inc.**  
**Amended and Restated Clawback Policy**

(Adopted as of November 21, 2023)

**Overview**

The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of GXO Logistics, Inc., a Delaware corporation (the “Company” or “GXO”), has adopted this Clawback Policy (this “Policy”) effective as of October 2, 2023, under which the Company may require the repayment of, or provide for the forfeiture or cancellation of, certain incentive compensation of Covered Executives (as defined below) in accordance with the terms hereof.

**Definitions**

For purposes of this policy, the following definitions apply:

“Bonus” means any cash bonus or annual bonus.

“Compensation Agreement” means any Covered Executive's employment agreement, severance agreement, or offer letter.

“Covenant Breach” means a breach of any applicable restrictive covenant in any Compensation Agreement or other agreement between the Covered Executive and GXO or any of GXO's affiliates.

“Covered Executive” means the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company's parent(s) or subsidiaries are deemed executive officers of the Company if they perform such policy-making functions for the Company. Policy-making function is not intended to include policy-making functions that are not significant. An “executive officer” for purposes of this Policy includes at a minimum executive officers identified pursuant to Item 401(b) of SEC Regulation S-K. Covered Executive also includes any other employee of the Company and its subsidiaries designated by the Committee from time to time by notice to the employee.

“Erroneously Awarded Compensation” means the amount of Incentive Compensation received that exceeds the amount of Incentive Compensation that otherwise would have been received had it been determined based on the restated amounts, and must be computed without regard to any taxes paid. For incentive-based compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an accounting restatement: (i) the amount shall be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the incentive-based compensation was received; and (ii) the Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange.

“Exchange” means the New York Stock Exchange or any other national securities exchange on which the Company’s securities are then listed.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Financial Reporting Measure” means any measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from those measures, whether or not the measure is presented within the financial statements or included in a filing with the SEC, such as stock price, total shareholder return, revenue, adjusted earnings before interest, taxes, depreciation, and amortization, and free cash flows.

“For Cause Termination” means any termination of a Covered Executive’s employment for “cause,” as defined in the Covered Executive’s Compensation Agreement, or if the Covered Executive is not party to a Compensation Agreement, as such term is defined in the GXO Logistics, Inc. 2021 Omnibus Incentive Compensation Plan, as may be amended or restated from time to time, or any successor plan.

“Incentive Compensation” means any compensation that is awarded, earned or vested based in whole or in part on the attainment of a financial reporting measure. Base salaries, Bonuses or equity awards (including LTI Awards) paid solely upon satisfying one or more subjective standards, strategic or operational measures, or continued employment are not considered Incentive Compensation, unless the awards were granted, paid or vested based in part on a Financial Reporting Measure. Incentive Compensation is deemed received in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive Compensation award is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period.

“LTI Awards” means any equity-based or cash-based long-term incentive awards.

“Misconduct” means, with respect to a Covered Executive, any of the following that contributes to any material loss to the Company or any of the Company’s affiliates: (i) the material breach of a written policy applicable to the Covered Executive, including, but not limited to, the Company’s Code of Ethics, (ii) egregious misconduct by the Covered Executive including, but not limited to, fraud, criminal activities, falsification of Company records, theft, violent acts or threats of violence, or a violation of law, unethical conduct or inappropriate behavior that causes substantial reputational harm to the Company or exposes the Company to substantial legal liability, (iii) the commission of an act or omission which causes the Covered Executive or the Company to be in violation of federal or state securities laws, rules or regulations, (iv) falsifications, omissions or manipulations of accounting records or financial disclosures, or of their supporting documents or of transactions, (v) negligent, reckless or intentional misinterpretations or misapplications of accounting requirements, rules, guidelines, standards or principles, (vi) non-compliance with internal controls and procedures, or (vii) negligent supervision.

“Restatement” means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement that corrects errors (1) that are material to previously issued

financial statements, or (2) that would result in a material misstatement if the errors were left uncorrected in the current report or the error correction was recognized in the current period.

“SEC” means the Securities and Exchange Commission.

### **Recoupment and Forfeiture**

*Triggering Events.* Upon the occurrence of any of the following events, the Company shall have the remedies set forth below:

- (i) A Covered Executive has engaged in any Misconduct;
- (ii) A Covered Executive’s experiences a For Cause Termination;
- (iii) A Covered Executive commits a Covenant Breach; or
- (iv) The Company is required to prepare a Restatement.

*Misconduct, For Cause Termination and Covenant Breaches - LTI Awards.* The Company may (i) in the case of a For Cause Termination, at any time from two years before and up to six months after such termination, or (ii) in the case of Misconduct or a Covenant Breach, at any time from two years before and up to six months after learning of such conduct or breach, but in no event more than two years after the Covered Executive engages in such conduct or breach:

- terminate or cancel any LTI Awards held by the Covered Executive that are unvested or vested and unexercised;
- require the Covered Executive to forfeit or remit to the Company any amount payable, or the after-tax net amount paid or received by the Covered Executive, in respect of any LTI Awards the vesting of which was accelerated upon termination of the Covered Executive’s employment for any reason; and/or
- require the Covered Executive to forfeit or remit to the Company any shares of Company common stock (or the equivalent value in cash) that were issued to the Covered Executive (or cash that was paid to the Covered Executive) upon vesting, settlement or exercise, as applicable, of any LTI Award;

provided, however, that, in cases where cure is possible, the Covered Executive shall first be provided a fifteen-day cure period to cease, and to cure, such conduct.

*Misconduct - Annual Bonuses.* In the event of Misconduct, the Company may recover the amount by which any compensation paid to the Covered Executive exceeded the lower amount that would have been payable after accounting for the applicable material loss or such other amount as determined to be appropriate by the Committee, by:

- requiring repayment by the Covered Executive of any Bonus previously paid, net of any taxes paid by the Covered Executive on such Bonus; or
- cancelling any earned but unpaid Bonus; and/or

adjusting the Covered Executive's future compensation in order to recover an appropriate amount with respect to the restated financial results or the material loss.

*Restatements.* In the event that the Company is required to prepare a Restatement, the Company will recover reasonably promptly the Erroneously Awarded Compensation received by the Covered Executive. If the Committee cannot determine the amount of Erroneously Awarded Compensation received by the Covered Executive directly from the information in the accounting restatement, then it will make its determination based on a reasonable estimate of the effect of the accounting restatement. Recovery of any Erroneously Awarded Compensation will apply to any Erroneously Awarded Compensation received on or after October 2, 2023 by a Covered Executive:

- After beginning service as a Covered Executive;
- Who served as a Covered Executive at any time during the performance period for that Incentive Compensation;
- While the Company has a class of securities listed on the Exchange; and
- During the three completed fiscal years immediately preceding the date on which the Company was required to prepare the Restatement (including any transition period within or immediately following those three completed fiscal years that results from a change in the Company's fiscal year, determined in accordance with the rules of the Exchange). However, a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year. The Company's obligation to recover Erroneously Awarded Compensation is not dependent on if or when the restated financial statements are filed.

For purposes of determining the relevant recovery period, the date that the Company is required to prepare a Restatement is the earlier to occur of:

- the date on which the Board, a committee thereof or the Company's officer(s) authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement; and
- the date a court, regulator or other legally authorized body directs the Company to prepare a Restatement.

To the extent permitted by applicable law, the Committee may, in its discretion, seek recoupment of any excess Incentive Compensation from a Covered Executive from any of the following sources: (1) prior Incentive Compensation payments; (2) future payments of Incentive Compensation; (3) cancellation of outstanding Incentive Compensation; and (4) direct repayment. To the extent permitted by applicable law, the Company may offset such amount against any compensation or other amounts owed by the Company to the Covered Executive.

### **Covered Executives**

This Policy applies to the Company's Covered Executives.

## **Mandatory Disclosure**

The Company shall file this Policy and, in the event that the Company is required to prepare a Restatement, will disclose information related to such Restatement in accordance with applicable law, including, for the avoidance of doubt, Rule 10D-1 of the Exchange Act or any rules or standards adopted by the Exchange.

## **Administration**

This Policy shall be administered by the Committee. Any determinations made by the Committee shall be final and binding on all affected individuals, and need not be uniform with respect to Covered Executives. The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. This policy is intended to comply with Section 10D of the Exchange Act, Rule 10D-1 thereunder, and the applicable rules of the Exchange, and will be interpreted and administered consistent with that intent.

## **Amendment; Termination**

The Committee may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary. Notwithstanding anything in this section to the contrary, no amendment or termination of this Policy shall be effective if such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any federal securities laws, Rule 10D-1 of the Exchange Act, or any rules or standards adopted by the Exchange. The Committee may terminate this Policy at any time.

## **Other Recoupment Rights**

Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of any similar policy in any Compensation Agreement, equity award agreement, or similar agreement and any other legal or equitable remedies available to the Company. Without limiting the foregoing, the provisions of this Policy are in addition to (and not in lieu of) any rights to repayment the Company may have under Section 304 of the Sarbanes-Oxley Act of 2002 (applicable to the Chief Executive Officer and Chief Financial Officer only) and other applicable laws.

## **Limited Exceptions to Recovery**

Notwithstanding the foregoing, the Committee, in its discretion, may choose to forgo recovery of Erroneously Awarded Compensation under the following circumstances, on the condition that the Committee (or a majority of the independent members of the Board) has made a determination that recovery would be impracticable because:

- the direct expense paid to a third party to assist in enforcing this policy would exceed the recoverable amounts, and in which case the Company has made a reasonable attempt to recover the Erroneously Awarded Compensation, has documented that attempt and has (to the extent required) provided that documentation to the Exchange; or

- recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986.
- recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company shall obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation, and shall provide such opinion to the Exchange.

#### **No Indemnification; No Liability**

The Company shall not indemnify any Covered Executives against the loss of any Erroneously Awarded Compensation, nor shall the Company directly or indirectly pay or reimburse any Covered Executive for any premiums for third-party insurance policies that such Covered Executive may elect to purchase to fund such Covered Executive's potential obligations under this Policy. None of the Company, an affiliate of the Company or any member of the Committee or the Board shall have any liability to any Covered Executive as a result of actions taken under this Policy.

#### **Successors**

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

ATTESTATION AND ACKNOWLEDGEMENT  
OF  
AMENDED AND RESTATED CLAWBACK POLICY

By my signature below, I acknowledge and agree that:

- I have received and read the attached Amended and Restated Clawback Policy (this “Policy”).
- I hereby agree to abide by all of the terms of this Policy both during and after my employment with the Company, including, without limitation, by promptly repaying or returning any Erroneously Awarded Compensation or other compensation to the Company as determined in accordance with this Policy.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

