

Proxy Alert: XPO Logistics

Sexual harassment, discrimination, and exploitation

XPO's People Problem

Comprising just 216 employees six years ago, XPO now employs over 95,000 workers in the transportation and warehousing of products for major retailers, consumer goods manufacturers and industrial companies. Matching XPO's rapid growth has been the proliferation of controversies over its working conditions. In 2016, the head of a UK Parliamentary Committee branded one of XPO's major UK facilities "exploitative," after media investigations found warehouse staff subject to hazardous and stressful working conditions. The UK controversy should have been a wakeup call to management to review conditions across their operations; but recent investigations by the Teamsters at an XPO warehouse in Memphis, TN reveal multiple accounts of **sexual harassment, assault and discrimination and hazardous working conditions**. At the same time, XPO's port trucking operations have been at the center of award-winning reporting by *USA Today* that branded labor practices "**modern day indentured servitude**."

Sexual Harassment at XPO's Memphis Warehouse

In October 2017, the Teamsters learned of the **tragic death** of Linda Neal, who died while packaging cell phones for Verizon at the XPO-run facility. Shortly after being forced to continue working after having complained of being unwell, Neal collapsed and died. Inexplicably, management failed to provide any type of medical attention (CPR) and waited 30 minutes before calling 911. Neal had previously passed out at least twice before while at work due to exhaustion and had regularly complained to her family about the warehouse infrastructure, including the lack of AC/heat and the building's unsafe condition.

While investigating Neal's death, the Teamsters discovered multiple accounts of sexual harassment and discrimination at the facility, which comprises predominantly African American women workers with white male supervisors. These accounts include supervisors **making women take their bras off to work, grabbing women, making unwanted sexual advances** - and other forms of unlawful treatment. EEOC charges have been filed by a number of former warehouse workers, alleging sexual harassment from managers and the failure of supervisors to take action.

Systemic Abuse in XPO's Port Trucking Operations

In its year-long investigation, *USA Today* details how port trucking companies foist operating and capital costs onto drivers through an owner-operator 'independent contractor model' and an abusive 'lease-to-own' truck program. In the worst cases, after leasing costs, maintenance, insurance, and other expenses are deducted, drivers can be left with little, if any, take home pay and forced to work extended hours to stay afloat. Worse: If a driver gets sick or falls behind on payments, the trucking companies are free to terminate employment, seize the trucks, and keep potentially thousands of dollars of paid-in capital.

These outrageous labor abuses caught the attention of United States Senators who sent letters to sixteen major retailers named in *USA Today* for using abusive contractors such as XPO, urging them to take responsibility for the labor conditions of their port trucking contractors. The situation also prompted a group of members of the U.S. House of Representatives to introduce a bill – the Port

Drivers' Bill of Rights and the Clean Ports Acts of 2017— aimed at remedying the problems within the industry, while California State Senator Ricardo Lara recently introduced a bill in the state legislature that would hold big box retailers responsible for labor abuses by port trucking companies hauling their goods.

But even without new legislation, these work arrangements are in many cases illegal. Judges in civil court and at the California state labor commission have repeatedly found port trucking companies to have misclassified workers as independent contractors, and in so doing denied them access to critical benefits and protections afforded to traditional employees. In February 2018, 160 XPO port drivers filed a class action lawsuit claiming they were improperly classified as independent contractors, depriving them of wages and benefits.

XPO Shareholders Must Demand Answers

A visible, collective voice is critical and that's why we urge you to **support the Sustainability Disclosure and Executive Pay Clawback proposals** at this year's XPO annual shareholder meeting on May 17 2018. Critically, the sustainability resolution seeks greater disclosure on XPO's handling of an array of human capital management challenges in its business, including worker misclassification and sweat-shop like working conditions. The clawback proposal would hold management accountable in their wallets for the reputational and financial damage poor corporate conduct and mismanagement engenders.