



Multiplying Opportunities

2020 Global Citizenship Report



sustainability.fedex.com



Multiplying Opportunities Through Innovation

FedEx connects the global economy through innovative technologies, pioneering approaches, and customer-focused solutions. Whether we are multiplying growth for our customers and our business, multiplying the potential of our people, or multiplying efficiencies for the environment, we use innovation to create value and opportunities across the world.

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About this Report

Our 12th annual Global Citizenship Report (the “Report”) covers FedEx corporate social responsibility (CSR) strategies, goals, programs, and progress. Unless otherwise noted, data covers each of our operating companies and all geographies in our 2019 fiscal year, which ended May 31, 2019. This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards Core option, and contains disclosures from the GRI Sustainability Reporting Standards (as well as reference tables for the Task Force on Climate-related Financial Disclosures and Sustainability Accounting Standards Board), which are listed in the [Reporting Framework Index](#).

Key performance highlights are included in the relevant report chapter, while detailed performance data, including our year-over-year performance, is included in the [Data Appendix](#). Scope 1 & 2 GHG emissions data was [externally verified](#) by Cventure LLC.



Our CSR Strategy

Multiplying Good

With a global reach and purpose-driven mission, we connect the world responsibly and resourcefully. At the core of our business, we enable economic growth for customers through access to markets and innovation, link businesses through a diverse portfolio of products and services, and create opportunities for people in more than 220 countries and territories.

40%

Our sustainability efforts have contributed to an approximately 40% reduction in CO₂ emissions intensity across the enterprise from FY09 to FY19, a period in which revenue grew by 96%.

Chairman's Letter

Multiplying Opportunities Through Innovation



Frederick W. Smith
Chairman and CEO

As we release this report, the world is grappling with the novel Coronavirus COVID-19 pandemic. During these unprecedented times, FedEx is one of the only companies in the world with the networks and capabilities to keep commerce and aid moving.

With the health and safety of our team members as our top priority, FedEx is on the front lines of providing relief, building upon decades of experience in dealing with natural disasters and medical challenges.

This experience and our company values will continue to make FedEx absolutely essential to providing support on a global scale.

This is critical because the world is depending on us now more than ever. As I said in my recent *From the Chairman and CEO* message, it's who we are and what we do.

Please take a moment and visit [here](#) for the latest on how FedEx is responding to the outbreak, with a focus on Safety Above All.

As you'll see in the following report, we're committed to putting our CSR strategy to work for the benefit of the global economy, our people, and the environment — and we'll carry that commitment through as the world responds to and recovers from this pandemic.

Multiplying Opportunities for the Economy, Our People and the Environment

Economy: Multiplying Growth for Our Business and Society

FedEx supports the ingenuity of business owners and powers the economy in a number of ways.

We fuel the explosive growth of e-commerce.

As we maintain a market-leading portfolio for e-commerce — the fastest growing segment of our business — we do so with a sharp focus on customer needs and the environment. For example, Roxo™, the FedEx SameDay Bot™ holds promise for deliveries in congested or difficult delivery locations and is all electric — using only batteries that produce zero localized emissions. Similarly, in 2019, through our collaboration with Wing, we marked the first scheduled e-commerce delivery via drone in the U.S. and did so with zero emissions.

**We support small and diverse business.**

We've expanded our Small Business Grant Contest — which provides a boost to deserving entrepreneurs through grants, prizes and FedEx Office services — to 10 countries. And we take pride in the positive outcomes generated by the global businesses we support. As just one example, through the sale of its coffee and chocolate products, Moka Origins, one of our 2019 winners, provides good wages to farmers in rural Africa.

It is important to remember that our CSR strategy isn't independent of our business plan to innovate and drive profitable growth. As we anticipate customer needs on the horizon, we do so with a keen eye on our mission to connect the world responsibly and resourcefully.

People: Multiplying Potential

Continued investments in our people are central to our success. And our first priority is "Safety Above All." That goes for our operations on the roads, in the air, in our facilities, and in our communities. We source the most up-to-date, sophisticated safety technology for our vehicle fleet. Ninety-eight percent of FedEx Freight tractors and box trucks now include roll stability, forward collision mitigation systems, and lane departure technology. And FedEx Express, Freight, and Ground use video event data recorder, or VEDR, technology to improve safety for our drivers and others on the road.

We're also investing in our team members' futures through extensive education and training. Last fiscal year, team members on average participated in 18 more hours of training than the previous year, and FedEx provided \$15.3 million in tuition assistance to help employees further their education.

Environment: Multiplying Efficiencies

With regard to our physical assets, we're using our Reduce, Replace, Revolutionize sustainability approach in four key areas: aircraft efficiency, vehicle efficiency, sustainable facilities, and sustainable materials and recycling.

As one illustration of the power of this strategy, last fiscal year alone, we avoided more than 3 million metric tons of CO₂e emissions as a result of our enterprise-wide fuel and energy saving initiatives. That's equivalent to the carbon sequestered — or offset — by more than 4 million acres of U.S. forests in one year.

FedEx Cares:

These are only a few remarkable examples of how FedEx has been working to benefit the economy, people and the environment.

We're also refocusing our robust giving and volunteering platform, FedEx Cares. Moving forward, the three FedEx Cares pillars are: Global Entrepreneurship, Sustainable Logistics, and Delivering for Good. As you'll see on page 10, these FedEx Cares pillars fit perfectly into our overall CSR strategy.

This new FedEx Cares focus will enable us to zero in where our company can add the most unique value. And the role we play — who we are and what we do — has never been more important.

Frederick W. Smith
Chairman and CEO



What We Achieved in FY19

Multiplying opportunities for our people,
our business, and our shared environment

40%

decrease in CO₂ emissions
intensity (on a revenue basis)
since FY09



Announced fleet
expansion with

1,000

Change electric
delivery vehicles



23m

kWh renewable
energy generated

\$15.3m



in tuition assistance
to employees

\$12.3b

in goods and services procured
from diverse and small-business
suppliers in the U.S.

We gave

\$62.4m

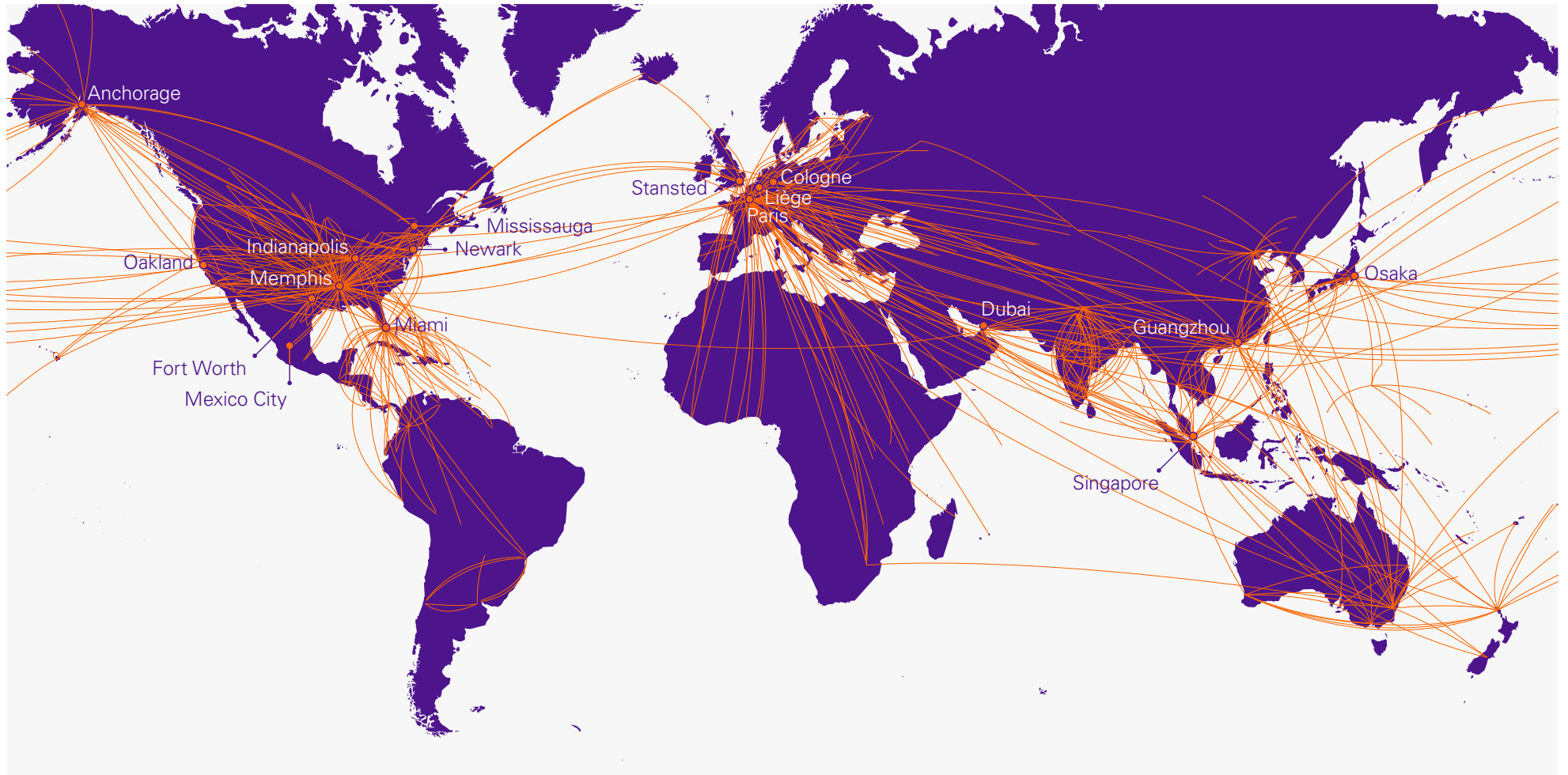
in corporate charitable
contributions

3.1m

metric tons of CO₂e emissions avoided
through fuel- and energy-saving initiatives



FedEx Global Network



>220

COUNTRIES AND
TERRITORIES SERVED

>5,000

OPERATING FACILITIES

>650

AIRPORTS SERVED

>15M

SHIPMENTS SORTED
AND PROCESSED EACH
BUSINESS DAY

679

AIRCRAFT

>180,000

MOTORIZED VEHICLES

— Air Routes

● Major Express Hub Locations

CSR Approach and Implementation

Our culture, principles, and emphasis on long-term performance have guided our company since our founding nearly five decades ago.

Similarly, our corporate social responsibility (CSR) programs emphasize long-term performance that creates lasting, positive value for our business and society. Our governance, operations, culture, and CSR priorities are closely aligned, as reflected in the important role played by the FedEx Board of Directors’ Nominating & Governance Committee, which has oversight responsibility for our CSR strategy and programs, and the Compensation Committee, which reviews and discusses with management our key human capital management strategies and programs. The Nominating & Governance Committee receives updates at least annually from our Chief Sustainability Officer, and provides feedback to inform future activities.

CSR is at the heart of our business and central to the connections we make. Key elements of our CSR strategy include environmental efficiency innovations, a sustainable supply chain, a diverse and inclusive workplace, and the robust giving and volunteering platform known as FedEx Cares. We have aligned our CSR platform with our company’s mission and values, and embedded it into our systems and our culture. We conduct regular CSR materiality assessments to make sure we remain focused on the right CSR priorities for the benefit of our business, our customers, our shareowners, our team members, and other key stakeholders. Our most recent materiality assessment, completed in FY19 and detailed in this report, demonstrated that CSR continues to play a critical role in our business success.

Importantly, in FY19 we mapped our CSR focus areas, material issues, and actions to the United Nations Sustainable Development Goals (SDGs). Our CSR strategy aligns with and supports the SDGs in several key areas. Their linkages to our most material issues are included in the Materiality section of this report and to our programs and progress in relevant locations of the Economy, People, and Environment chapters.

Across our organization, we set enterprise-level strategies to deliver our global CSR goals and commitments. Our shared purpose unites and guides the implementation of these efforts at the operating company level. Each operating company also reports on a core set of metrics in support of the enterprise strategy. We prioritize our material environmental and social issues, as well as the areas where we can use our most valuable assets – global transportation networks, logistics expertise, and the talent of our team members – to reduce risks and add the greatest possible value to society. Finally, we publicly share not only our performance results, but our learnings, challenges, and successes along the way as part of our ongoing commitment to transparency.

For more information about the policies that inform our CSR strategy, see our [CSR Policy Statements](#). Please refer to this report’s [Data Appendix](#) for FY19 CSR performance results.

Our Mission and Values

Mission

FedEx Corporation will produce superior financial returns for its shareowners by providing high value-added logistics, transportation, and related business services through focused operating companies. Customer requirements will be met in the highest quality manner appropriate to each market segment served. FedEx will strive to develop mutually rewarding relationships with its team members, partners, and suppliers. Safety will be the first consideration in all operations. Corporate activities will be conducted to the highest ethical and professional standards.

Values

- People
- Service
- Innovation
- Integrity
- Responsibility
- Loyalty
- Safety



Our CSR Focus Areas

CSR Focus Areas	Economy	People	Environment
	<p>By connecting businesses and communities through a growing portfolio of services and tools, we enable economic growth and make it easier for customers to access new and existing markets, thereby helping to raise standards of living and improve quality of life. We strive to be a role model by providing economic opportunities to small businesses and people in the communities we serve.</p> <ul style="list-style-type: none"> • Create value for all stakeholders • Ensure strong business ethics, preparedness, resiliency, continuity, and data security • Innovate products and services to optimize our business, help our customers, and lift economies • Enable e-commerce and healthy global trade through technology, advocacy, and service • Empower entrepreneurship, supplier diversity, and job growth • Focus on outstanding customer experience, satisfaction, and convenience 	<p>We engage and empower our more than 475,000 team members, providing them with safe, inclusive workplaces and continued career development opportunities that help them thrive. We are all united by our commitment to the corporate philosophy we call People-Service-Profit (PSP). This reflects the shared principles that govern every FedEx activity, every day, everywhere we work.</p> <ul style="list-style-type: none"> • Ensure safety in our vehicles, air operations, and facilities • Recruit and retain top talent • Foster a workplace that is diverse, inclusive, and thriving • Enable continued education, satisfying career pathways, and world-class training • Provide industry-leading benefits to support team member health • Support financial well-being and retirement options 	<p>By using our global assets, expertise in efficiency, and commitment to innovation, we work to minimize our environmental footprint, find innovative solutions, and improve quality of life. Throughout the FedEx organization, our Reduce, Replace, Revolutionize approach permeates our sustainability efforts, with our Environmental Policy guiding the operating companies in managing environmental performance.</p> <ul style="list-style-type: none"> • <i>Reduce</i>: Minimize or eliminate impacts from activities and operations • <i>Replace</i>: Apply the right solutions in the right applications • <i>Revolutionize</i>: Discover and utilize cutting-edge technologies and solutions
UN Sustainable Development Goals (SDGs)	  	  	  
FedEx Cares	<ul style="list-style-type: none"> • Global entrepreneurship 	<ul style="list-style-type: none"> • Delivering for good 	<ul style="list-style-type: none"> • Sustainable logistics

Global CSR Governance

The FedEx Board of Directors plays a key role in our global CSR initiatives.

The FedEx Board of Directors and its committees oversee our global CSR initiatives. The Board is responsible for reviewing and overseeing our culture and evaluating management's efforts to align corporate culture with our stated values and long-term strategy. Additionally, the Board has delegated to each of its committees responsibility for the oversight of specific aspects of our corporate culture and other CSR activities that fall within the committee's areas of responsibility.

The Nominating & Corporate Governance Committee reviews and discusses CSR and sustainability strategies and programs with senior leadership, including our Chief Sustainability Officer.

- The Compensation Committee reviews and discusses with management the company's key human capital management strategies and programs, including diversity and inclusion initiatives.
- The Audit Committee reviews the implementation and effectiveness of the company's corporate integrity and compliance programs.
- The Information Technology Oversight Committee reviews and discusses with management the company's technologies, policies, processes and practices for managing and mitigating cybersecurity risks and monitors business continuity and disaster recovery capabilities and contingency plans.

Environmental Sustainability Governance

The FedEx Enterprise Sustainability Council (FESC) is responsible for setting and implementing our company-wide sustainability strategy. Our Chief Sustainability Officer chairs the FESC, oversees the company-wide implementation of our environmental management system and reviews performance annually.

Additionally, enterprise-wide Sustainability Impact Teams (SITs) for global vehicles, facilities, air operations, EarthSmart (marketing and communications), and sourcing allow our operating companies to share synergies, ideas, and innovations. The SITs and operating companies' senior sustainability leaders report to our Chief Sustainability Officer.

For more information about our environmental sustainability initiatives, see the [Environment](#) chapter of this report.

People CSR Governance

Our global CSR governance also encompasses a variety of functions and departments dedicated to our people. FedEx executive officers have individual objectives that include, but are not limited to, the promotion of our commitment to diversity, inclusion, and succession planning for management positions. Additionally, Human Resources (HR) departments in each FedEx operating company manage HR priorities, including team member career development, engagement, and health and wellness. Our Corporate HR department

promotes consistency of policies across operating companies and manages executive development, team member benefits, and diversity strategy. The FedEx Diversity & Inclusion (D&I) Council includes members across operating companies who coordinate company-wide D&I initiatives.

In addition, each FedEx operating company sets workplace safety goals and implements our Safety Above All philosophy through policies and programs relevant to its specific operations.

For more information about our programs for career development, diversity and inclusion, and safety, see the [People](#) chapter of this report.



Materiality – Focusing on What Matters Most

Over the past year, the global business environment has continued to change. The growth of e-commerce, frequency of extreme weather events, heightened focus on climate change, increased complexity of global trade, data security concerns, and competitive labor markets all continue to impact our operating environment.

Given these evolving factors, it is important to re-evaluate the potential challenges, opportunities, and topics that are most important to FedEx, to our stakeholders, and to society.

Our most recent materiality assessment in 2019 re-evaluated the topics previously identified as most important from the business perspective, stakeholder perspective, and societal perspective, and identified new and emerging topics. These were then analyzed to determine opportunities to leverage existing CSR activities and guide our CSR and business strategies going forward, while further mitigating risks. This 2019 work built on our first CSR materiality assessment in 2014 and our external stakeholder review in 2016, and aligned with the GRI Reporting Standards guidance and other best practices to identify, review, and revise topics for assessment.

Input to the materiality process included a literature review, analysis of global trends, and benchmarking of leading sustainability practices. It also included internal and external stakeholder engagement. Internal engagement comprised interviews with senior management across the business and an online survey to hundreds of

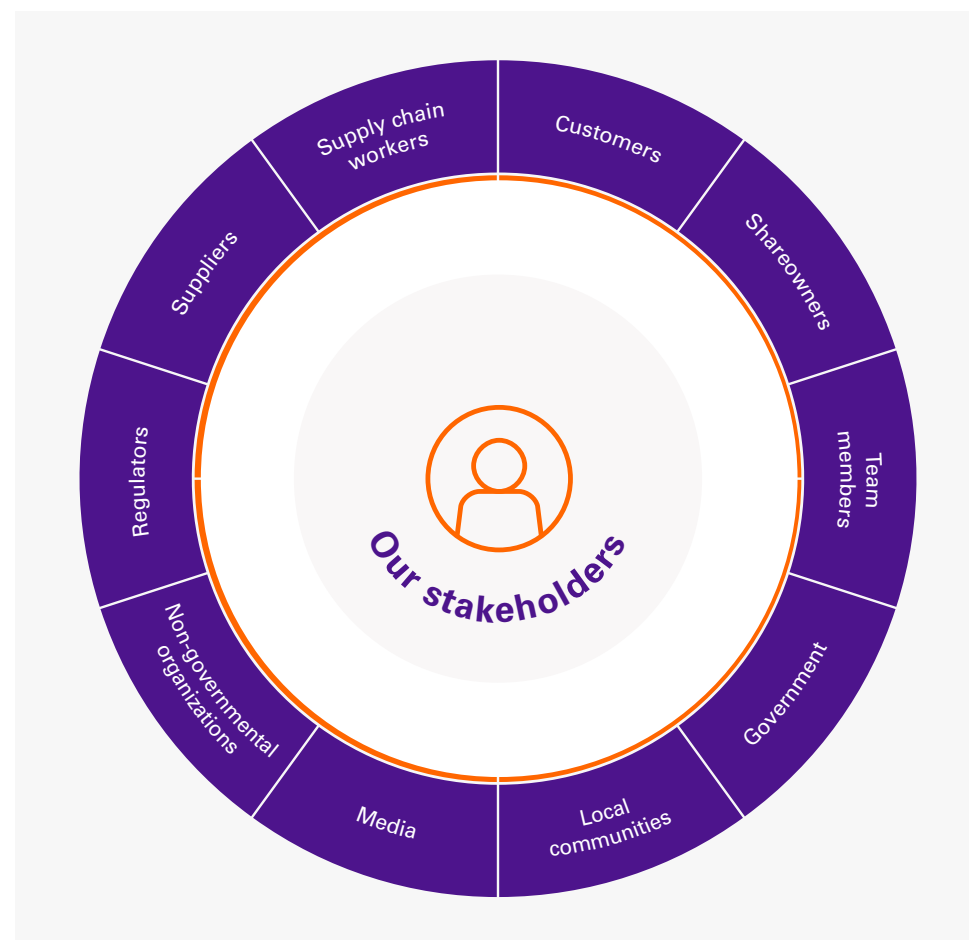
employees around the world. External stakeholder engagement included phone interviews with representatives from academia, customers, industry associations, media, NGOs, and suppliers, as well as an online survey.

A list of relevant topics was created from this input, before being refined and validated in a full-day workshop with key internal stakeholders to determine material topics. Workshop stakeholders represented a broad range of FedEx functions across the company. Materiality was determined according to:

1. The topic's significance, based on scientific consensus, societal consensus (as represented by the SDGs), and stakeholder consensus
2. The topic's potential influence on stakeholder assessment and decisions

The outcome of this process was our updated materiality matrix, which identifies the topics that matter most to our business, our stakeholders and, more broadly, to society and our planet. Our 2019 process also confirmed the most material topics

– those reflecting global priorities and topics that are critical to our business – remained largely consistent with our initial assessment, while also identifying relevant megatrends and their role in our CSR priorities and strategy.



Materiality – Focusing on What Matters Most (Continued)












Highest-Ranked Material Topics

Our highest-rated material topics are measured and managed across our owned and operated businesses. We mapped these topics – divided into the categories of Global Priorities and Commercially Critical – to our CSR focus areas and approaches.

Subsequently, we determined the most relevant SDGs aligned with those topics. This provides a more holistic picture of our progress and allows us to better identify those areas where our approach is effectively addressing stakeholder and business needs, as well as those areas where changes might be warranted.

Global Priority Topics

These are topics over which FedEx has a significant impact and influence on stakeholder decisions. They are also topics that stakeholders expect us to address proactively.

Topic Area	Material Topics	Relevant UN SDGs	Relevant Report Chapters and Sections
Governance	Ethics, integrity, bribery, and corruption		Our CSR Strategy – Corporate Integrity and Compliance Global governance structure and practices, including enterprise-wide ethics and compliance policies, programs, and training activities
	Data/IT security and data privacy	 	Our CSR Strategy – Data Security and Privacy Information technology security initiatives, policies, and privacy notices, including risk management, Online FedEx Trust Center with data protection resources, and Global Privacy Office
Supply chain	Social impact of FedEx supply chains	   	Economy – Our Global Supply Chain Supplier diversity, sustainability, and compliance guided by FedEx Supplier Relationship Management team across all operating companies
Environment	GHG emissions associated with transportation fleet	 	Environment – Energy and GHG Emission Reduction Fuel efficiency and emission reduction targets, aircraft and vehicle fleet modernization, alternative fuel strategies, and responsible advocacy for regulatory and policy changes for fuel efficiency and emission reduction standards
	Environmental impact on local communities	 	Enabling E-Commerce, Expanding What's Possible Economy – Driving Innovation Innovative last-mile delivery solutions, including use of robots and drones, pilot studies to optimize urban package pickup and delivery, and other advancements to reduce emissions, traffic congestion, and noise Convenient package pickup or dropoff locations at more than 94,000 various stores, FedEx Office locations, and others around the world by the end of 2020












Materiality – Focusing on What Matters Most (Continued)

Topic Area	Material Topics	Relevant UN SDGs	Relevant Report Chapters and Sections
People	Workplace safety and team member security		People – Safety Above All Wide range of team member vehicle, aviation, and workplace safety training and awareness programs, as well as state-of-the-art safety systems and equipment
	Team member diversity and inclusion	  	People – Diversity and Inclusion Diversity & Inclusion Council to drive an inclusive culture, along with education and numerous initiatives and team member resources to foster a diverse and inclusive environment in our operating companies
	Workforce recruitment, retention, pay, hours, conditions, and development	 	People – Recruiting and Retaining Top Talent People – Learning and Development People – Team Member Quality of Life Variety of recruiting, training, career development, and educational assistance opportunities, including internships, scholarships, mentoring, and tuition support, as well as world-class employee benefits for health and wellness
Economy	Economic impact and access	  	Economy – Multiplying Possibilities Beyond Our Business Economy – Our Global Supply Chain Our CSR Strategy – FedEx Cares Diverse programs to support youth, women, veterans, and others in accessing employment; assistance to small-business owners; and cash, in-kind support, and volunteering to benefit people and communities

Materiality – Focusing on What Matters Most (Continued)

Commercially Critical Topics

These are topics that are commercially relevant to our business and that represent a high level of influence on key stakeholder assessments and decisions.

Topic Area	Material Topics	UN SDGs	Relevant Report Chapters and Sections
Economy	Product and service innovation	 	Enabling E-Commerce, Expanding What's Possible Economy – Driving Innovation Development and testing of Roxo™, the FedEx SameDay Bot, and drone delivery to support e-commerce growth, while also reducing emissions, traffic congestion, and noise, especially in busy urban areas; blockchain technology for traceability; packaging innovations to minimize materials, dimensions, weight, and waste
	FedEx financial well-being and profitability		Economy – Multiplying Possibilities in Our Business One of the largest U.S.-based companies, with more than 475,000 team members and 6% increase in FY19 total revenue over FY18
	Customer experience, satisfaction, and service		Economy – Driving Innovation Development and testing of Roxo, the FedEx SameDay Bot, and drone delivery — just two of our recent innovations with the potential to enhance customer convenience and service
People	Road and public safety	  	People – Safety Above All Fleet enhancements with state-of-the-art safety systems and equipment; driver safety programs and training; support of community-based road safety programs, such as Safe Kids
Governance	Business preparedness, resiliency, and disaster response	 	Our CSR Strategy – Business Preparedness, Resiliency, and Disaster Response Contingency plans for events such as disasters or social unrest, participation in numerous emergency management organizations, and disaster relief aid through in-kind shipping

Responsible Engagement

Growing our business responsibly, resourcefully and in a forward-thinking manner not only drives the long-term success of our company, but also benefits millions of stakeholders by creating income and opportunities for customers, team members, communities, shareowners, and suppliers.



Connecting with Our Stakeholders

While formal CSR materiality assessments inform and refine our approach, goals, targets, and metrics on environmental, social, and governance topics, we also seek wide-ranging input from our team members and external stakeholders through ongoing engagement efforts. For instance, our proactive shareowner engagement program allows us to meet regularly with our largest shareowners to discuss our business strategy, operations, sustainability, and social responsibility programs, as well as corporate governance and other topics of interest to them. This provides us the feedback needed to better understand their priorities, perspectives, and concerns, and effectively address issues that matter most to them.

In addition, we recognize that FedEx customers around the world are increasingly interested in our CSR performance, and we meet with them when appropriate to discuss our CSR programs and progress. To make sure they have additional convenient avenues for receiving the information they seek, we use a streamlined approach to share our environmental, social, and governance performance. This includes providing detailed information on a wide variety of CSR topics to recognized

external platforms and protocols, including the CDP (formerly Carbon Disclosure Project), EcoVadis, and Responsible Business Alliance (RBA). We also report on these issues in our own publicly available documents, such as the [FedEx Annual Report](#), [Proxy Statement](#), and this report.

Minimizing Impacts on Local Communities

We are leveraging a variety of innovative approaches to reduce road congestion and emissions, and are testing emerging technologies that use robotics, artificial intelligence, and drone technology to further minimize the impact of motorized vehicles we have on the road. Across our operating companies, we work to minimize impacts and make sure known impacts do not adversely affect the communities where we operate. For instance, FedEx Express participates in airport-directed noise monitoring and control programs, and works with industry associations to provide accurate information about the benefits and impacts of aviation. As part of new construction at some airports, we perform a noise analysis on the impact of our construction as well as the impacts of our new facilities once they are operational.

CSR Advocacy

To further progress toward our CSR goals, we support responsible advocacy such as initiatives that advance next-generation delivery innovations, talent management, fleet efficiency, and alternative fuel technology.

For example, we support efforts to modernize federal laws and regulations that encourage safety and efficiency advances in transportation technology, such as the use of robotics and drone technology to revolutionize package delivery.

In 2019 for the first time in the U.S., a drone completed a scheduled commercial residential delivery to a home in Virginia. The drone delivery was conducted by Wing Aviation LLC, a subsidiary of Alphabet, Inc., in collaboration with FedEx Express, as part of the U.S. Department of Transportation's Unmanned Aircraft Systems Integration Pilot Program (IPP). The delivery of a FedEx Express package on October 18, 2019, marked the launch of our first scheduled commercial residential drone delivery service and the first scheduled e-commerce delivery via drone delivery trial in the U.S. For more about our first-of-its-kind testing of drone delivery, see the [Driving Innovation](#) section in the Economy chapter of this report.

FedEx is also participating in the U.S. Department of Transportation Unmanned Aircraft System IPP in conjunction with the Memphis Shelby-County Airport Authority, conducting drone operations on airport property to generate data to help inform future unmanned aircraft system policymaking.

Likewise, FedEx supports responsible policies to advance alternative fuel technologies for the commercial sector. From 2007 through 2019, we have successfully advocated for legislation and regulation, such as the U.S. Environmental Protection Agency's Phase 2 fuel efficiency and GHG standards, which established first-ever GHG standards for all commercial vehicles in the U.S., and incentivizes the production of clean technology vehicles such as hybrid-electric, all-electric, alternative fuel, fuel cell, and other advanced technology vehicles needed by FedEx, as well as other commercial vehicle fleets.

We have also been working with the state of California to support their public policy efforts toward zero-emission vehicles. We share the state's desire for commercially available, scalable, zero-emission vehicles, and we want to make sure that vehicle manufacturers plan to develop vehicles that can meet our performance needs, including sufficient power, weight capacity, and other requirements.

Also in FY19 and in concert with many others in the transportation industry, we continued engaging with U.S. federal lawmakers and regulators to allow larger 33-foot trailers in a twin configuration. Notably, this solution does not require any change to gross vehicle weight, could increase freight capacity by 18% and reduce truck traffic on highways by 1.3 billion miles per year. The resulting fuel and emissions savings for our linehaul and freight operations, as well as others, could be significant.

To learn more, please view our [Policy Perspectives Overview](#).

Alliances for Industry Progress

FedEx works with various government and industry organizations to foster innovation and improve the transportation sector's environmental, social, and business performance including:

Business and Governance

- American Trucking Associations
- Business Ethics Leadership Alliance
- European Express Association
- Express Association of America
- International Air Transport Association and Airlines for America
- International Civil Aviation Organization
- International Road Assessment Programme
- The Business Roundtable
- Society for Corporate Governance
- U.S. Chamber of Commerce
- U.S. Federal Aviation Administration

Innovation

- Blockchain in Transport Alliance (charter member)
- Blockchain Research Institute

People

- American Industrial Hygiene Association
- American Society of Safety Engineers
- Commercial Vehicle Safety Alliance
- Inner City Capital Connections
- Women's Business Enterprise National Council

Environment

- The Electrification Coalition
- Keystone Policy Center Energy Board
- Renewable Energy Buyers Alliance
- Securing America's Future Energy
- Sustainable Purchasing Leadership Council
- U.S. Department of Energy, National Highway Traffic Safety Administration and National Clean Fleets Partnership
- U.S. Environmental Protection Agency, SmartWay® Program

Corporate Integrity and Compliance

FedEx strives to maintain the highest standards of business and personal ethics. Integrity is essential to the FedEx culture, brand, and reputation, and is a foundational pillar of the company's success. FedEx takes this responsibility seriously and is also committed to complying with all laws in the countries in which we operate.

Corporate Integrity and Compliance department

Each FedEx operating company works within a unique set of regulatory environments and maintains compliance with regional and sector-specific requirements. Globally, the FedEx Corporate Integrity and Compliance department serves as a central resource to further embed the FedEx commitment to integrity in everything we do. Led by our Chief Compliance Officer, this department provides best practices, tools, and guidance, as well as communications and training to team members across the enterprise. FedEx encourages team members to report any potential legal or ethical violation to management, Legal, HR, Security, or the 24-hour FedEx Alert Line, which is accessible via telephone and online, with translations in over 35 languages.

For more information about our compliance record, as well as compliance in the social and economic area, see the [2019 Proxy Statement](#).

Code of Conduct

Trust and reliability are critically important to our customers. FedEx team members earn this trust each day by delivering the Purple Promise. The [FedEx Code of Conduct](#) provides guidance for team members and demonstrates how to act lawfully and ethically at all times. The Code applies to every FedEx officer, director, and team member across the enterprise.

As the foundation of our corporate integrity and compliance program, the Code sets a high standard for team member conduct worldwide. The Code's provisions cover, among other things, workplace health, safety, and environment; human rights; money laundering prevention; equal opportunity and anti-harassment; conflicts of interest; improper payments and bribes; gifts and entertainment; and data security and privacy.

The Code was first adopted in June 2003 and continues to be updated periodically. In 2019, it was updated and streamlined to make sure it remains engaging, accessible, and relevant to our global team members. The Code helps team members understand how to adhere to the laws, ethical standards, ideas, and values relevant to FedEx, offering



scenarios and examples of how to apply the Code in action. Our officers, directors, and managers have the additional responsibility of promoting the principles set forth in the Code and fostering a culture in which ethical conduct is recognized, valued, and demonstrated by all team members. Our commitment to doing the right thing depends on our leaders' ability to set the proper tone and address suspected violations promptly, with care and respect.

Pursuant to the Code, if any FedEx officer, director, manager, or employee knows or suspects a violation of the Code, any law, regulation, or FedEx policy, they must report the matter immediately to a manager, company contact, HR, the FedEx Alert Line, FedEx Legal, or Security.

When a matter is reported to a manager or HR, those team members will review and determine whether it should be escalated to the Legal department. The Legal department has criteria for further escalation within the Legal department management.

Additional policies specify our requirements and expectations on a range of integrity and compliance matters. These are developed and updated when we identify a need for employee clarification, the emergence of new regulations, or other external factors. For more information, see our [policies](#).

Corporate Integrity and Compliance (Continued)

Anti-Corruption Policies and Practices

We are committed to complying with all anti-corruption laws and prohibit bribes of any type throughout our organization. Our [Global Anti-Corruption Policy](#) and related Anti-Corruption Compliance Procedures provide detailed guidance to team members. Anti-corruption training is required for team members in relevant roles. This includes management in international operations, as well as team members and suppliers who interact with government officials on behalf of FedEx, such as customs and border personnel.

Our third-party compliance program includes due diligence, contractual anti-corruption representations and warranties, annual certifications of compliance, training, contracts, ongoing watch list monitoring, and other practices to mitigate risks. The Code includes a clear prohibition of improper payments and bribes, descriptions of what would be considered improper, questions and answers, and reference to the Global Anti-Corruption Policy for more detailed information.

We maintain a robust program to ensure that our third-party suppliers and contractors adhere to requirements and expectations for ethical and compliant behavior at all times. This begins with background due diligence and specific contract language, and in some circumstances extends to internal audits, business reviews, annual certifications of compliance, and training in anti-corruption and other topics.

A Workplace Free of Harassment and Discrimination

At FedEx, a respectful and inclusive work environment for all team members is of utmost importance. Through the Code, policies on equal opportunity and non-discrimination, training, and related resources, we strive to create an environment free of harassment and discrimination. Our policy against retaliation encourages employees to come forward to report concerns in good faith. We take any report of such behavior seriously and treat each incident with confidentiality and sensitivity.

Supporting Human Rights

Our commitment to protecting human rights is an important part of our Code of Conduct. We are committed to protecting and advancing human rights in all of our operations around the world. We prohibit the use of child, compulsory, or forced labor, and have zero tolerance for and prohibit slavery and human trafficking. We pay fair wages and comply with wage laws in all the countries where we operate. And we require our third parties and suppliers to uphold these important principles.

Combating Human Trafficking

We share the zero-tolerance policies adopted by the U.S. and other governments against slavery or the trafficking of persons for any purpose. We prohibit trafficking-related activities and expect the same of our suppliers and contractors. We have also launched a training program to educate, equip, empower, and mobilize select team members in this effort.

See the FedEx [Policy Prohibiting Trafficking in Persons](#) for more information about our commitment.



Corporate Integrity and Compliance (Continued)

Ethics, Integrity, and Compliance Training and Communications

Regular training is a key component of our corporate integrity and compliance program. To ensure our compliance training – including courses in anti-corruption, antitrust, conflicts of interest, trade controls, insider trading, data privacy, and other topics covered in the updated Code – connects deeply with our employees, we collaborated with a new vendor to update our online compliance training in FY19. The updated online training is engaging and provides numerous ways for team members to connect with the importance of the messages.

Rollout of the new Code was accompanied by an array of communications and training. For employees who do not have regular access to computers, such as couriers and airport ramp personnel, managers have been given resources and talking points about the Code to discuss in pre-shift meetings. More detailed in-person training has also been developed for certain positions, depending on the role and associated risks they may face as part of their job. For existing team members, the pace of training on the Code and other compliance topics has varying recurrence depending on their job duties and the risks they may face. Every new employee also has exposure to the Code, either through online training or manager discussions.

We also encourage all of our operating companies to implement their own communications plans for the Code, drawing on guidance and best practices provided by the Corporate Integrity and Compliance team and customized to local operating environments and languages. This includes making sure that managers frequently talk about the Code with employees.

With respect to acquisitions, FedEx takes a risk-based approach in determining the type of training new employees will need. We then develop targeted training materials and communications on ethics, compliance, and related policies designed to make sure the FedEx culture of compliance is ingrained in that new company right away. Staff from our Corporate Integrity and Compliance department and/or regional Legal team are available to provide support and training to the newly acquired companies.

Data Security and Privacy

Protecting the privacy of our customers, vendors, and team members is critical to maintaining their trust. We take precautions to safeguard all personal data and ensure a secure environment, including customer transactions. In FY17 and FY18, we took the necessary steps to update our privacy practices and policies in response to the European Union (EU) General Data Protection Regulation. This included creating a Global Privacy Office that addresses not only EU legislation, but upcoming regulations in other regions as well, including the California Consumer Privacy Act in 2020. FedEx also uses Binding Corporate Rules, which were approved in FY19, to enable the flow of European data across our organization.

The [FedEx Trust Center](#) website highlights our [Global Privacy Policy](#), along with information about how FedEx protects customer privacy and resources to help customers identify, report, and mitigate risks. Notably, FedEx does not sell its customers' personal data to third parties. For more information, please see our [2019 Form 10-K](#).



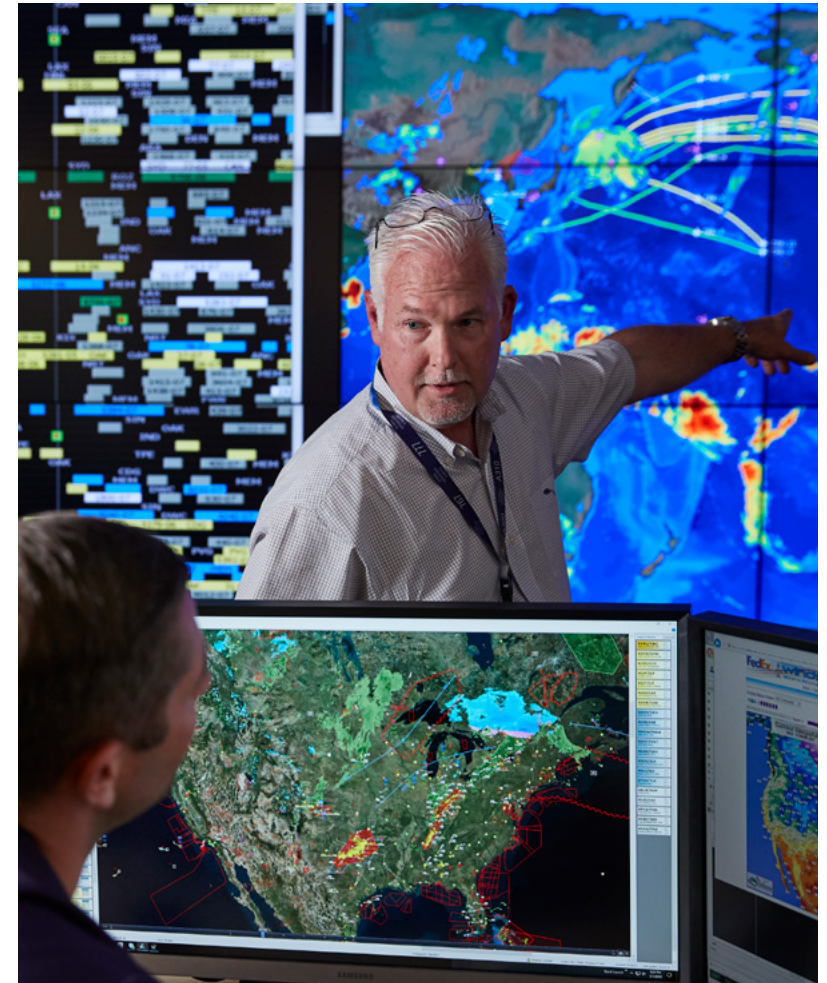
Business Preparedness, Resiliency, and Disaster Response

As a leading global logistics company, we encounter challenging situations, ranging from natural disasters to social unrest, in the course of doing business. Preparing for these events is critical to sustaining our global operations and minimizing impact on customers.

We proactively establish contingency plans that focus on restoring service to customers while ensuring team member safety. We have over 40 years of experience in proactively addressing situations, such as severe weather events, that can occur at any given time anywhere in the world. We are adept at implementing contingency plans at a moment's notice to respond quickly, efficiently, and on a global scale. This positions us to safely restore operations promptly following natural disasters, serve our customers as quickly as possible, and ensure security for their shipments.

Our operating companies have planning teams that apply sophisticated analytical models to assess scenarios that could potentially affect our operations and develop robust strategies to ensure network resilience. These tools incorporate a variety of factors, including but not limited to population, congestion, and demand changes. We also have an in-house, 15-staff meteorology division that utilizes state-of-the-art weather monitoring tools to manage risks associated with global weather patterns.

To further support our internal processes, we participate in State Emergency Operations Centers programs, as well as the FEMA-Northern Command Public-Private-Partnership program, which brings private-sector companies like FedEx together with national, state, and local emergency management organizations to work collaboratively before, during, and after disasters. Our active participation in these initiatives helps us gain the earliest possible safe re-entry to affected areas.



CSR Goals and Progress

In FY19, we made continued progress toward our social and environmental goals, meeting our community investment goal ahead of schedule.

● Goal ● Progress

Investment in communities

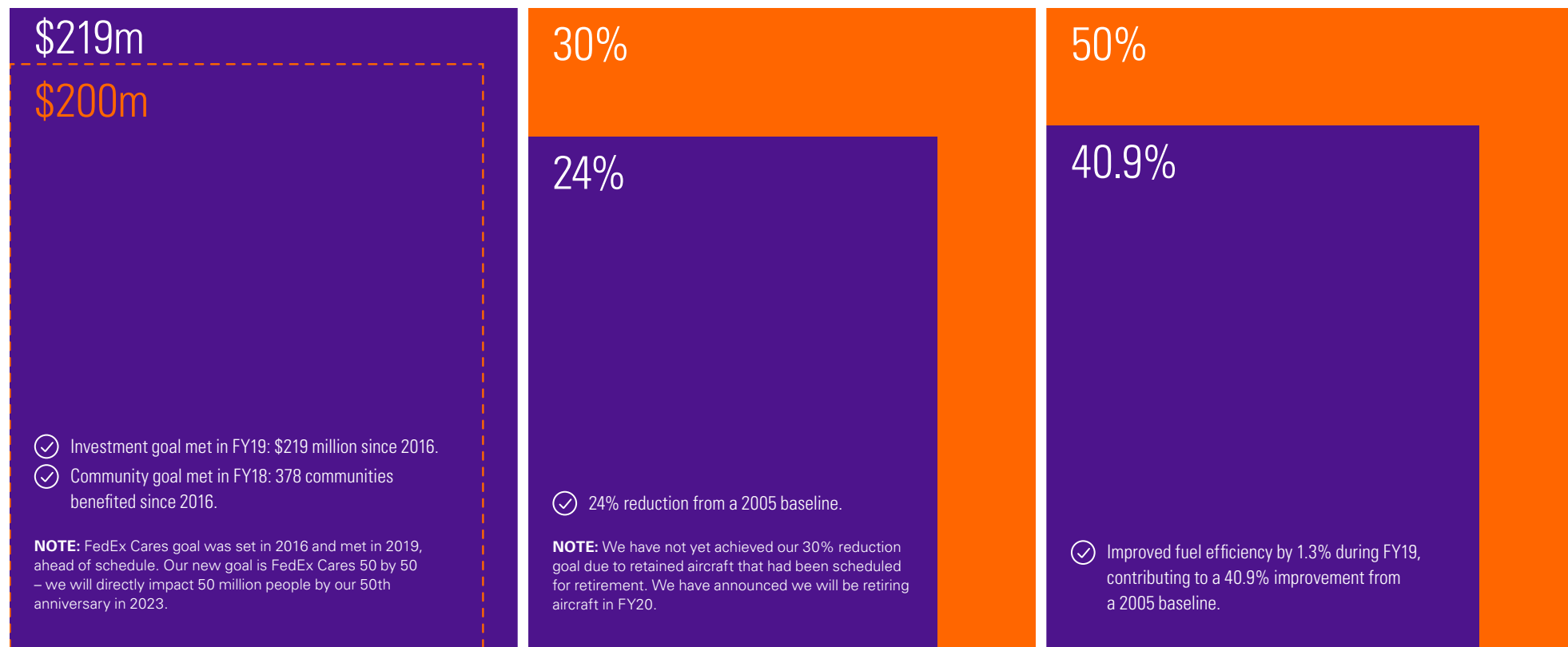
Invest \$200 million in 200 communities around the world by 2020

Aircraft emissions intensity

Reduce aircraft emissions intensity 30% from a 2005 baseline by 2020

Vehicle fuel efficiency

Increase FedEx Express vehicle fuel efficiency 50% from a 2005 baseline by 2025





CSR Goals and Progress (Continued)



LEED-certified facilities

Seek LEED (Leadership in Energy and Environmental Design) certification on all new U.S. FedEx Express buildings



Alternative fuels

Obtain 30% of jet fuel from alternative fuels by 2030



Renewable energy

Expand on-site energy generation and continue to procure renewable energy for facilities

FedEx Express (U.S.)

3

New LEED-certified facilities in FY19

- ✓ FedEx Express (Int'l.): 3 LEED-certified facilities
- ✓ FedEx Ground (U.S.): 6 LEED-certified facilities
- ✓ FedEx Office (U.S.): 1 LEED-certified facility
- ✓ FedEx Freight (U.S.): 1 LEED-certified facility

22

LEED-certified FedEx Express facilities at the end of FY19, totaling 275,850 square meters

Low-carbon, renewable jet fuel

Red Rock Biofuels 1ST

Red Rock Biofuels, which will supply low-carbon, renewable jet fuel to FedEx Express, began constructing a biodiesel refinery in 2019. The refinery anticipates shipping its first delivery of product by the end of 2020.

The first delivery of alternative jet fuels is anticipated in the second half of 2020.

2

New solar installations in FY19

- ✓ More than 23 million kWh generated in FY19
- ✓ 13,447 metric tons of CO₂e emissions avoided in FY19

25

Total on-site solar installations at end of FY19

FedEx Cares: Community Giving

We believe that investing in communities has the potential to multiply opportunities around the world. FedEx Cares, our global community engagement program, is one more way we live out our purpose of connecting people and possibilities.

We deliver the connections that help create possibilities in communities globally by investing in strategies and programs that align with our values. This includes monetary donations, in-kind shipping services, and team member volunteering to benefit communities around the world. FedEx Citizenship evolved its strategy to meet the changing needs of society and our business. FedEx believes we can make even greater impact by strengthening our commitment to three focus areas.

FedEx Cares Focus Areas

Global Entrepreneurship

Providing women and minority entrepreneurs everywhere with the tools they need to succeed.

Delivering for Good

Lending our global network and our unparalleled logistics expertise to organizations with mission-critical needs, especially in times of disaster, and to help communities heal, learn, and thrive.

Sustainable Logistics

Sharing our global logistics expertise to improve urban mobility and accelerate progress toward more sustainable fleets in order to restore and protect the natural environment.

In 2019, we surpassed the citizenship goal we set in 2016 – invest \$200 million in 200 communities by 2020 – and invested a total of \$219 million that benefited 378 communities. Since 2016, we have been honored and humbled to support individuals, communities, and entrepreneurs as they work to create a better future. For example, from 2016 to 2019, the contributions supported include:

- Delivery of 3,108 relief shipments, with humanitarian aid valued at \$105.8 million, to 888 health clinics and hospitals in 41 countries through Direct Relief.
- Access to loans for 10,000 small-business owners helping their businesses reach new heights.
- Training and support for 207 women entrepreneurs in Latin America and the Caribbean, the Middle East, North Africa, and sub-Saharan Africa through the ongoing Vital Voices program.
- Sustainable transportation programs that benefited 7.3 million+ people globally.

In FY20, we launched an ambitious new initiative to build on our good work and celebrate our 50th anniversary in 2023. FedEx Cares 50 by 50 aims to directly impact 50 million people by our 50th year of operations in 2023. FedEx Cares 50 by 50 enables social change around the world

through a combination of charitable giving, in-kind contributions, and team member volunteerism focused on direct and positive impacts to individuals. Already, the program is leveraging FedEx business and logistics expertise and combining it with team members' passion to create opportunities and build more vibrant communities worldwide.

For more information, visit the [FedEx Cares](#) website.

50^{by}50

Helping 50 million people by our 50th anniversary.



Community Giving

Goal:

Previous goal: Invest \$200 million in 200 communities around the world by 2020 (FedEx Cares goal was set in 2016).

New goal: Directly impact 50 million people by our 50th anniversary in 2023.

Progress:

Met and exceeded financial contribution goal, with \$219 million invested in communities.

Met and exceeded goal for number of communities benefited, with 378 in total.

We are committed to actively supporting the communities we serve through the strategic investment of our people, resources, and network. We provide financial contributions, in-kind charitable shipping services, and team member volunteering to help non-profit organizations achieve their goals and make a measurable impact. We also devote additional resources to FedEx Cares focus areas.

For instance, in support of the Sustainable Logistics focus area, FedEx has collaborated with World Resources Institute (WRI) for the last decade to develop urban mobility solutions in some of the world's fastest-growing cities through a steadfast focus on improved public transit services. These solutions connect people to jobs, schools, and opportunities by improving the quality, safety, and efficiency of public transport. Through support on topics such as quality-of-service benchmarking and perception, fleet electrification, and emissions targets, driver-safety training, route optimization tools, asset management, and fleet mobilization and resiliency planning, this successful collaboration with WRI has helped over 9 million people in 36 cities across Brazil, China, India, and Mexico. These projects have scaled to other countries in Latin America, Europe, and Africa.

FY19 Community Giving

\$62.41m

Total corporate charitable contributions

\$53.78m

Cash grants

\$7.70m

Charitable shipping

\$.93m

Corporate marketing and operating company in-kind giving

\$8.9m

Team member United Way cash contributions

24,684

Team member volunteers, nearly double FY18

105,845

Volunteer hours

>500

Communities participating



Awards and Recognition

World's Most Admired Companies 2019
(10th)

FORTUNE

100 Best Places to Work 2019 (15th)

FORTUNE

Anti-Corruption and CSR Award

COALITION FOR INTEGRITY

Best Workplaces for Diversity 2018
(15th)

FORTUNE AND GREAT PLACE TO WORK INSTITUTE

Citizens Awards: Best Disaster
Response and Community
Resilience Program 2019

U.S. CHAMBER OF COMMERCE

America's Top Corporations for
Women's Business Enterprises 2018

WOMEN'S BUSINESS ENTERPRISE
NATIONAL COUNCIL

50 Best Companies for Diversity 2018

BLACK ENTERPRISE

Innovation by Design Award
Honoree for Roxo™, the FedEx
SameDay Bot 2019

FAST COMPANY

World's Best Employers 2019 (15th)

FORBES

The Civic 50 Listing of America's Most
Community-Minded Companies 2019

POINTS OF LIGHT

Spotlight Impact Award 2019

ERG & COUNCIL HONORS AWARD

America's Most Responsible
Companies 2020 (84th)

NEWSWEEK

America's Most Responsible Companies
2020: Travel, Transport, & Logistics
Sector (1st)

NEWSWEEK

A- Leadership Level Score,
Climate Change Disclosure 2019

CDP

Top Corporate
Solar Users 2018 (14th)

SOLAR ENERGY INDUSTRIES ASSOCIATION

Best of the Best Corporation
for Inclusion 2019

NATIONAL BUSINESS INCLUSION CONSORTIUM



Economy

Multiplying Growth

We leverage innovation and the efficiency of our network to support our customers in sustainably meeting their shipping needs. With a network that spans six continents, we believe that a more connected world is a more prosperous one, and we are proud of our role as a vital – and responsible – connector of the global economy.

94,000+

By the end of 2020, customers will be able to pick up or drop off FedEx packages at more than 94,000 sites around the world including various grocery stores and pharmacies, FedEx Office locations, and FedEx drop boxes.



Our Approach – Expertise and Innovation

We combine nearly five decades of expertise in transportation and logistics with a longstanding commitment to innovative solutions that deliver outstanding value to our business, our team members, our shareholders, and the customers and communities we serve.

Multiplying Possibilities in Our Business

FedEx provides customers and businesses worldwide with a broad, deep, and innovative suite of transportation, e-commerce and business solutions that multiply opportunities worldwide. By delivering integrated business products and services throughout our network of operating companies, we help to drive growth and lift economies across the globe. Our operating companies are managed collaboratively under the respected FedEx brand and united by our longstanding Purple Promise: to make every FedEx experience outstanding. It guides everything we do. For more information about our operating companies, visit [About FedEx](#).

FedEx remains committed to producing superior financial returns for shareowners by providing high value-added logistics, transportation, and related business services. Our successful strategy of managing FedEx as a portfolio of business solutions allows us to prepare for and respond to marketplace changes quickly and efficiently while providing outstanding service to our customers. As a result, total revenue increased in FY19 by more than 6% to \$69.7 billion, and we climbed to No. 47 on the Fortune 500 list of U.S. companies.

During FY19 and into FY20, we have been closely monitoring and taking appropriate steps to address changes in the geopolitical landscape. This includes mitigating risks associated with shifting global trade volumes, trade policy, uncertainty over Brexit, and softening macroeconomic conditions.

Creating Value for All Our Stakeholders

At FedEx, we are committed to stable, long-term value creation and growth that benefits our stakeholders around the world. We believe that our earnings, value, and opportunities increase if we remain true to the concerns of FedEx stakeholders and operate in keeping with our interdependent interests and aspirations. To this end, in FY19 our Chairman and CEO Frederick W. Smith joined with 180 other CEOs of large companies in signing the [Business Roundtable Statement on the Purpose of a Corporation](#), formally acknowledging a position we have held since our founding: that our company exists to benefit all stakeholders – customers, employees, suppliers, communities, and shareholders.

\$69.7b

in revenue, up 6% from FY18

Financial Highlights	FY17	FY18	FY19
Revenue (\$B)	\$60.3	\$65.5	\$69.7
Operating income (\$M)	\$4,566	\$4,272	\$4,466
Operating margin	7.6%	6.5%	6.4%
Net income (\$M)	\$2,997	\$4,572	\$540
Diluted EPS	\$11.07	\$16.79	\$2.03
Capital expenditures (\$B)	\$5.1	\$5.7	\$5.5

Stakeholder Value Add	FY17	FY18	FY19
Dividends paid to shareowners (\$M)	\$426	\$535	\$683
Salaries and employee benefits (\$B)	\$21.99	\$23.80	\$24.78
Diverse supplier spend (\$B)	\$9.1	\$9.6	\$12.3
Community investment (\$M)	\$65.30	\$64.12	\$62.40

For detailed financial statements, please see our [2019 Form 10-K](#) and other financial disclosures.

Multiplying Possibilities Beyond Our Business

Our belief that a connected world is a better world allows us to add value to customers and communities. With networks that link more than 99% of the world’s gross domestic product, we connect people with goods, services, and ideas in ways that strengthen our business, while creating opportunities and positive impacts for society.

Whether we are enabling global trade, helping small businesses expand to new markets, or coaching the next generation of entrepreneurs, our products and services – and the talent of our more than 475,000 team members – connect people and possibilities. Small and diverse businesses support jobs and global innovation. They can be powerful disruptors to the status quo, leading in the development and application of new technologies. At FedEx, we know a thing or two about entrepreneurship and innovation, beginning with the unique vision of our Founder and Chairman, Frederick W. Smith, nearly 50 years ago.

Of course, it takes more than a good idea and hard work to grow a successful business. That’s why we empower entrepreneurship through programs that provide tools, resources, and training to help small enterprises succeed. Many of these tools are accessible through [fedex.com](https://www.fedex.com) to conveniently connect business owners with expertise and shipping solutions for everything from fulfilling e-commerce orders and handling returns, to marketing

a small business and expanding to international markets. [The FedEx® Small Business Center](#) provides a wealth of resources, while FedEx Know and GrowSM offers resources and education events for current and potential customers interested in learning more about exporting, importing, and international business growth.

We are pleased to report that in FY19, our global revenue from small and medium business customers grew more than 8%. In the U.S. alone, there are already more than 32 million small businesses, and we are proud to serve so many of them as they grow their reach and their revenue. An example of one of the ways we support our small and medium business customers was our decision to not apply a residential peak surcharge during the 2019 holiday season. We continued this practice for the third year in a row and have received outstanding feedback from small-and medium-sized customers aiming to grow e-commerce opportunities for their businesses.

One of the most significant ways for small- and medium-sized enterprises to multiply their growth is by leveraging trade deals, but many are failing to access these deals. FedEx provides knowledge and resources to help them clear customs confidently and quickly. We also advocate automating as many shipping processes as possible using tools like FedEx® Global Trade Manager, which helps small- and medium-sized enterprises estimate duties and taxes or find the necessary documents. In some regions, we are working with customs authorities to expand clearance solutions for cross-border e-commerce. In China, for instance, we recently launched a “one stop” business-to-consumer import customs clearance solution designed to support small- and medium-sized e-retailers.

We also contribute to global and local entrepreneurship through initiatives that foster economic empowerment by providing training, grants, and other resources. For example, we support Inner City Capital Connections (ICCC), a 40-hour tuition-free program designed

to help small businesses in economically distressed areas build capacity for sustainable growth. The program provides education in marketing, finance, and sales, as well as one-on-one coaching. Since 2017, FedEx has provided funding for ICCC programs across the U.S., helping more than 2,400 small businesses – including 200 in our headquarters city, Memphis, Tennessee – access funding, create good-paying jobs, and support their local communities.

8%

Small and medium business customer segment revenue grew more than 8% in FY19

Multiplying Possibilities Beyond Our Business (Continued)



Connecting Business Customers With Solutions

Our FedEx Services team members coordinate sales, marketing, communications, information technology, and customer service support for the FedEx global brand. In addition, they integrate the technology and services our customers need to create solutions for global supply chains, e-commerce, and other business challenges. This includes supporting small businesses and new entrepreneurs growing their online business, helping them identify the most cost-effective delivery method for their needs, and optimizing their packaging. Everywhere we operate, our entrepreneurial customers count on the connectivity we

provide to expand their businesses across borders, seize niche opportunities, and shape the global economic future.

For details about our programs and resources designed to support women, minority-owned small businesses, and entrepreneurs around the world, see our [FedEx Cares Global Entrepreneurship](#) website.

Small Business Grant Contest

Our [FedEx Small Business Grant Contest](#) awarded more than \$250,000 in grants and prizes as well as more than \$20,000 in FedEx Office® print and business services to 12 passionate entrepreneurs in the U.S. during FY19. The U.S. Grand

Prize winner Lux Blox provides building blocks that replicate nature at a molecular level, allowing kids – and adults – to build structures for fun and learning. The blocks are also being used in STEM educational programs where they offer a unique tool for exploring engineering and design principles. Enbois Originals, a 2019 Bronze Prize winner, creates handmade accessories that emphasize sustainable materials and a commitment to reforestation, supporting the planting of a tree in Haiti with each purchase. And Moka Origins, a 2019 Bronze Prize winner, drives empowerment in rural African communities through a coffee and cocoa farm in Cameroon that provides local farmers with good wages generated from the sale of coffee and chocolate products.

Over \$800,000 has been awarded in the U.S. since we began the FedEx Small Business Grant Contest in 2013, and contests are available in 10 countries. Our support of these passionate business people goes beyond prize money. For instance, the Entrepreneur Advisory Board – suggested by a contest winner – includes 10 small-business owners who advise FedEx on ways to help small businesses, while allowing opportunities for members to share best practices and collaborate with each other.

Supporting Job Growth

Small and diverse businesses support job growth and are engines of their local economies. They can be powerful job creators as well, providing up to 80% of new job growth in some countries. Within our own operations, FedEx Express, FedEx Ground, FedEx Freight, and FedEx Custom

Critical rely on independent businesses for certain pickup-and-delivery, linehaul transportation, and other services. These contracts support small businesses and local economies, employing tens of thousands of people worldwide. By giving entrepreneurs everywhere the tools they need to prosper alongside our own growth, FedEx helps smaller businesses improve lives, boost economies, and build thriving communities.

For more about how we work with suppliers, see [Our Global Supply Chain](#).

Enabling E-Commerce, Expanding What's Possible

E-commerce has become a fundamental part of retailing and profoundly changed how consumers make purchases. As online shopping becomes even more essential to hundreds of millions of people, whether they are purchasing perishable foods, household staples, or luxury goods, the last mile of delivery – where and how they receive packages – is increasingly important.

Worldwide, the growth of e-commerce has the power to create jobs, grow business and elevate communities. Together with our customers, we are working to make this possible through a suite of solutions that enable us to deliver at the right speed, the right price, and the right convenience.

Collaboration, Not Competition

At FedEx, we collaborate with customers to help them meet the increasing demands of their customers. We are committed to delivering satisfying and unique experiences to shoppers in a way that supports – and never competes with – our customers' own brands. Our innovative technologies and logistics solutions enable our customers to meet growing shopper expectations and compete effectively in the digital age through solutions that create outstanding shopping experiences.

We serve merchants of varying sizes and experience levels selling directly to end consumers, from those just beginning to explore e-commerce to long-time online merchants looking to expand market share. We understand that, whatever our customers' business models, sizes, or locations, they share a common goal

to understand and meet demanding shopper expectations. It is our aim to help them provide a better shopping experience for their customers.

Empowering Small Business

In many parts of the world, small- and medium-sized businesses are important economic engines, creating jobs and supporting healthy local communities. Our portfolio of cost-effective, convenient, and increasingly customized shipping options for new entrepreneurs and established small businesses helps these valued customers grow and thrive. We support small businesses success through resources like the [FedEx Small Business Center](#) and recently added E-Commerce Center, which provides personalized guidance and tips specific to the challenges of selling online.

Innovative, Flexible E-Commerce Solutions

From online shopping to shipping and delivery, seamless connections matter more than ever. But as e-commerce continues to shape the market, we are working to innovate further for our customers, balancing the need for speed and security

with impacts on the environment. We are streamlining connections between our customers and their shoppers by growing our retail network, increasing delivery hours and days, and innovating for same-day delivery and urban mobility.

Expanding Our Convenience Network

We continue to expand our convenience network to help customers and businesses address e-commerce needs through greater access to FedEx services. In 2019, we joined forces with Dollar General to provide more shopper convenience, especially in rural communities where retailers might not have physical stores and last-mile home delivery is expensive and carries greater vehicle-related environmental impacts.

By the end of 2020, consumers will have easy access to FedEx dropoff and pickup services at more than 8,000 Dollar General stores across the U.S., with plans to extend the program in the future.

Couple that with our existing presence in Walgreens, Kroger and Albertsons locations, along with our commitment to place up to 500 new FedEx Office locations within selected Walmart stores, and the total number of retail locations in the U.S. FedEx Retail Convenience Network will be approximately 62,000. This means that the percentage of U.S. customers within five miles of a FedEx hold retail location will increase from 80% to over 90% in 2020.

In Europe, we have introduced FedEx services at 2,500 new retail locations in the United Kingdom. This complements our existing alliance with Mondial Relay in France, Spain, Belgium, and Luxembourg, bringing the total number of customer pickup points to more than 10,000. In FY20, we anticipate extending our geographic reach and service options in our largest e-commerce markets across Europe, helping to manage costs while reducing environmental impacts.



Enabling E-Commerce – Expanding What’s Possible (Continued)

Providing Extra Hours and Days for Delivery

The majority of online orders are placed after 4 p.m. In response to this, we have introduced FedEx Extra Hours. Consumers can place orders as late as midnight with eligible retailers who, in turn, can fulfill those orders through FedEx Express with next-day local delivery and two-day shipping in the continental U.S. This service enables store-to-store transfers, which enhances the consumer experience and reduces emissions by relying on local delivery rather than transportation from a distant customer warehouse. This also helps to transition brick-and-mortar retailers into e-commerce and expand our customers’ modes of selling.

In addition, FedEx Ground expanded residential deliveries to seven days per week, year-round in early 2020. This benefits customers who cannot be home to sign for packages during the work week, addressing package theft concerns and reducing the vehicle emissions associated with delivery reattempts.

Exploring Alternative Delivery Approaches

Increasingly congested urban centers require creative approaches to ensure timely and safe deliveries. Testing has taken place in several cities for Roxo™, the FedEx SameDay Bot, which holds promise for creating an economical and environmentally friendly alternative to motorized vehicles, delivering to areas that motorized vehicles may or may not be able to access due to congestion or regulation. In 2019 we also completed our first-ever drone delivery

to a residence with our collaborator, Wing Aviation LLC. And in several European cities where narrow roads and other challenges make delivery more difficult, we are conducting pilot projects to identify the best solutions for accessing congested cities without adding to traffic and environmental impacts.

For more about Roxo™, the FedEx SameDay Bot, and drone delivery, see the [Driving Innovation](#) section in the Economy chapter.

For more about urban mobility solutions, see the [Vehicle Efficiency](#) section in the Environment chapter.

Delivering Bulky Items Right Inside the Home

As buyers become more accustomed to ordering large and expensive goods online, FedEx is equipped to help make the process convenient and dependable. Our new FedEx Freight Direct service, introduced in 2019, offers the delivery of heavy, bulky items, such as furniture and appliances, through the door. This service represents the first time FedEx Freight has delivered into residences and creates opportunities for delivering directly to a room of choice inside a business. At the same time, we are expanding the FedEx Ground oversized package network to approximately 40 facilities by peak shipping season in 2020.

Steps Toward a Circular Economy

As the e-commerce market grows, so does the market for returns – up 35% since 2015. Between our continually expanding retail network and extended delivery hours and days, shoppers have more convenient

options than ever for taking care of returns. This creates a better experience for our customers’, provides them with the added assurance that our transportation logistics expertise will make sure returns reach their destinations safely and on time, and represents an important step toward a circular economy. In addition, our reverse logistics capabilities help our customers eliminate waste streams by identifying the optimal disposition method for each returned product, including vendor restocking, liquidation, recycling, or salvaging.

More broadly, we are establishing the infrastructure to support the emerging circular economy by enabling more efficient returns. Making it easier and more convenient for our customers to return unwanted goods

and get them back into inventory helps to keep those items out of landfills, which is central to circularity. In addition, as more manufacturers shift to circular economy business models, our efficient return capabilities enable their customers to efficiently return products that have reached the end of life so they can be remanufactured into new items. [FedEx Return Technology](#) and [FedEx Supply Chain Reverse Logistics & Returns](#) capabilities lay the foundation for efficient returns, and ultimately for a circular economy. Our FedEx Supply Chain and FedEx Forward Depots divisions also provide technology customers with diagnostics testing, repair, refurbishment, and recycling services, helping to keep electronic waste out of landfills.



Driving Innovation

Innovation has been part of the FedEx DNA since day one. Today, we continue to push the boundaries of what's possible to address business challenges and the evolving needs of customers, especially in the ever-changing landscape of e-commerce. We believe that the essence of innovation is having unique insight to unmet customer needs, and solving those needs through world-class, customer-focused service and experience design. As a global leader in transportation and technology, we pursue the efficiency, safety, and environmental benefits of next-generation innovation for our operations and team members.

Our Operations Planning and Technology Steering Committee sets the strategic direction and fosters enterprise visibility, collaboration, and innovation that improves safety and efficiency in our operations. This group also provides thought leadership and monitors the industry on topics such as the impact and opportunities of autonomous vehicles on last-mile, in-facility, and on-road applications.

Our Operations Technology Council is a cross-operating company, multi-function group reporting to the Operations Planning and Technology Steering Committee that provides oversight and standards of technologies used in front-line operations. Through our expertise and partnerships, the Council also researches, develops, tests, and implements advanced technologies within operations that enable us to meet the ever-changing needs of our customers, lead in the growing e-commerce space, address road congestion and urban logistics challenges, and reduce our environmental

footprint. The Council focuses on areas such as asset tracking, wireless communications, and robotics and autonomous vehicles.

Current efforts that will benefit our environmental impact focus on optimizing space and equipment, reducing waste, and providing visibility. For example, machine vision, sensors, and artificial intelligence provide our operations with information about customer-loaded trailers, reducing unnecessary trips and fuel consumption. We also leverage the same technology to identify packages that need special handling. Emerging robotics that leverage battery technology in our facilities and yards will also help optimize work, while likely reducing our carbon footprint. Now and in the future, we will continue creating, testing, and launching research to advance transportation, logistics, and e-commerce solutions to improve safety and efficiency for our team members, our customers, and the public.

Optimizing Last-Mile Delivery

Increasingly congested urban centers require creative approaches to ensure timely and safe deliveries. In addition, demand for same-day delivery is growing, and more than 60% of merchants' customers live within three miles of a store location, demonstrating the opportunity for on-demand, hyper-local delivery.

FedEx is taking steps to increase the efficiency and lower the cost of residential deliveries. For example, beginning in March 2020, FedEx Express is contracting with FedEx Ground for the transport and delivery of select day-definite, residential FedEx Express shipments.

Ten Years of Quality Driven Management

[Quality Driven Management](#), or QDM, is our unique quality philosophy and methodology based on the belief that customers define quality. In place for a decade across FedEx, QDM has become a hallmark of how we work and how we deliver innovation to our customers and value to our shareowners. It is deeply embedded in our culture, driving superior

business and sustainability performance, while improving safety and eliminating waste, cost, and effort.

Over the past 10 years, QDM has helped us address a variety of challenges and opportunities – from one-day projects that fix operational inefficiencies to multi-year initiatives that lead to major innovations and a more sustainable business.



Driving Innovation (continued)

Meet Roxo,TM the FedEx SameDay Bot



We developed Roxo to help retailers make same-day deliveries to businesses and residences using autonomous technology. In FY19, we began public testing in several cities.

Driving Innovation (continued)



Roxo™, the FedEx SameDay Bot, has 100 pounds of payload capacity and the ability to navigate rough terrain, including hills and small flights of stairs. Roxo uses cameras and sensors to detect surroundings and navigate safely, efficiently, and in compliance with road rules, whether operating on a road, bike lane, or sidewalk. The all-electric Bot consumes no fossil fuel and produces no emissions itself.

The cutting-edge Bot will enable retailers to accept orders from nearby customers and deliver them directly to customers' homes or businesses the same day. While initial testing has involved deliveries between selected FedEx Office locations, we are collaborating with companies such as AutoZone, Lowe's, Pizza Hut, Target, Walgreens, and Walmart to help assess their autonomous delivery needs.

Roxo is being developed in collaboration with DEKA Development & Research Corp., which built upon the power base of its iBot, an advanced mobility device for the disabled population with more than 10 million hours of reliable, real-world operation. An important added benefit as we continue developing and scaling the Bot for use across the FedEx network is the anticipated decrease in the cost of the iBot base and resulting savings that could ultimately benefit disabled users. In this way, Roxo not only represents a milestone in addressing the complexities of safe, environmentally friendly, same day, last-mile delivery for the growing e-commerce market, it could also help veterans, the elderly, and other disabled individuals who may use the iBot advanced mobility device. See how Roxo works in this [video](#).

Roxo joins robotics already at work for FedEx Ground, where driverless tuggers are used to move packages in our facilities. These autonomous tuggers know the shape of the building where they operate and include sensors to safely transport bulky packages on tow carts through our hub facilities.

Large e-commerce deliveries represent the fastest-growing portion of FedEx Ground package volume, and new technologies such as autonomous tuggers help to handle them safely. Using automated tuggers for repetitive, simple tasks also allows team members to focus on high-value, skilled work.



Driving Innovation (continued)

Making Drone Delivery Possible



Our continued search for newer, better, and safer ways to deliver the world to our customers' doorsteps has led us to drone delivery, which holds promise for the last mile of residential package delivery, especially for urgent same-day deliveries, shipments to customers in rural or semi-rural areas, and other exceptional delivery needs.

In 2019, a drone completed a scheduled commercial residential delivery of a FedEx Express package to a home in Virginia, in partnership with Wing Aviation LLC and as part of the U.S. Department of Transportation's Unmanned Aircraft Systems IPP. The event marked the launch of the first scheduled, commercial residential drone delivery service and the first scheduled e-commerce delivery via drone delivery trial in the U.S. The pilot program is currently underway.

The drone features autonomous GPS navigation, reaches speeds of up to 65 miles per hour, and delivers within a 6-mile range, all with zero emissions. The pilot program also includes Walgreens – an important partner in our retail convenience network – allowing program participants

to order health and wellness products through Wing Aviation LLC's delivery app. Drone delivery could increase customer convenience and could be particularly beneficial for ill or housebound recipients who are unable to get to a store.

We are also participating in the U.S. Department of Transportation's Unmanned Aircraft System IPP in Memphis, Tennessee, at the Memphis-Shelby County Airport (Memphis IPP). The focus of the Memphis IPP is on aircraft inspections, airport security, and safety inspection research and development. The Memphis IPP is working closely with the FAA to further develop policy and guidance for unmanned aircraft system integration on and near airports.

Watch the drone delivery in this [video](#).

Driving Innovation (continued)

Supply Chain Advancements

Increasingly, FedEx technologies provide value-added logistics to give customers state-of-the-art tracking benefits and help them safely and securely move sensitive items through their supply chain, across borders, and around the world.

Blockchain and Emerging Technologies

Blockchain and related emerging technologies will transform supply chain logistics in the years to come, which is why we are a charter member of the Blockchain in Transport Alliance and the Blockchain Research Institute, actively working across the industry to develop data standards. We expect that blockchain will soon provide a secure global ledger of transactions for tracking provenance, helping to ensure traceability of an item all the way from the point of manufacture to shipping, and finally, to consumption by the end user. In turn, this will help our customers ensure product authenticity throughout the supply chain and will reduce friction across borders. For blockchain to be transformative, many organizations must collaborate. We are a global thought leader committed to building out this technology openly with the support of suppliers and regulatory bodies.

Sensor Technology to Serve Diverse Operations

Cold chain packaging, monitoring, alerts, and other interventions help to ensure customer shipping needs are met through customized and off-the-shelf solutions. SenseAware®, a FedEx innovation, is key to meeting these needs. SenseAware offers customers location-based visibility, along with customer environmental data

such as temperature, humidity, light exposure, and geo-fencing alerts to meet our customers' critical and time-sensitive needs. We are rolling out new technology as we expand our SenseAware portfolio, which includes Bluetooth-enabled sensors that FedEx Express is testing as a way to locate packages and assets both during transportation and within warehouses. In Europe, SenseAware-compatible network access points were installed in all but one of the major FedEx Express stations and hubs during 2019. The remaining SenseAware-compatible infrastructure will continue being rolled out in Europe through 2021. Piloting and limited rollout of new courier handheld devices, which are compatible with SenseAware, will also begin in FedEx Express Europe stations in 2020.

In 2016, FedEx Express in Europe began using Ambient, a temperature-controlled delivery system designed to meet customer needs for temperature-controlled shipping from their warehouses all the way to the final destination, such as pharmacies or hospitals. As of FY19, the system, which includes temperature sensors and Good Distribution Practices-compliant vehicles and facilities through the entire delivery network, can deliver to 50% of all pharmacies and hospitals in Germany. We will continue to further expand the service to full coverage of the country.

Environmental Efficiency

Technology helps us connect people with possibilities in new and exciting ways. It also helps us enhance environmental efficiency so we use less aircraft and vehicle fuel, generate fewer emissions, minimize waste, and reduce overall impacts.

Gull Wing Technology for Increased Freight Volume

Our growing business constantly challenges us to find new ways to increase freight volume without decreasing aircraft efficiency or increasing costs. FedEx Express worked with customers to uncover an innovative solution that led to a patented, new-to-the-industry lower deck aircraft pallet, the Gull Wing. By maximizing aircraft capacity while minimizing wasted space, Gull Wing technology is expected to offer a positive annual global impact while enhancing aircraft efficiency.

Optimizing Packaging

The experts in our FedEx Packaging Lab and other departments are helping to support development of state-of-the-art, sustainable packaging solutions for customers without compromising quality or performance. For example, as more consumers order meal delivery kits, our customers increasingly need packaging that provides reliable temperature control. In an innovative project with Otter Products' Liviri Fresh product line for food items and Liviri Vino for wine shipments, we are supporting the testing and development of a reusable food and drink container that significantly reduces the need for material input. Liviri Fresh food containers and Liviri Vino wine containers have a reuse lifespan of two years.

Similarly, we are working with a supplier to implement a reusable, modular plastic crate intended for high-value items that require condition monitoring (tilt, tip, shock, vibration, light, location, etc). Made by LARC (Logistics Advanced Research Center), the crate can be configured and reconfigured depending on an item's dimensions, rather than requiring the manufacture of different crates for different items. Testing also has begun on the use of compostable, starch-based packaging materials.

Platooning for Environmental and Safety Benefits

"Platooning" leverages technology to allow trucks with drivers to follow one another closely (in a safe and controlled manner) to improve fuel efficiency and reduce traffic congestion. FedEx has engaged in testing with Volvo Trucks, which has developed communication technology that helps reduce braking reaction time and enables vehicles to automatically match each other's speed and braking. For more, see the [Environment](#) chapter.

Route Optimization

In FY19, we further enhanced our GPS tracking system to give drivers audible turn-by-turn routes, which allows them to put their undivided attention on driving safely. The new system has been mounted to about 30% of FedEx Express delivery vehicles so far, with plans to roll out the system to all FedEx Express vehicles operating in the U.S. The system also provides drivers with the most efficient route, saving time, optimizing driving distance, and reducing emissions.

Enabling Global Trade

Advancements in transportation, technology, and innovation all work together to multiply the benefits of commerce and trade. We operate at the center of these connections, enabling opportunities for progress, growth, and advancement around the world.

By coupling our unparalleled transportation network with the world's digital network, working to address trade barriers, and facilitating more inclusive trade, we enable manufacturers, retailers, craftspeople, and consumers to engage in the global economy. FedEx plays a critical role in expanding trade, helping to build nimble supply chains, and delivering local products and services to customers around the world. We believe everyone benefits when it is easier to bring new ideas and products to the global market.

Global Advocacy on Trade Policy

At the global level, we advocate for ambitious trade agendas with the potential to power business and optimize opportunities for our customers and our company. This includes advocating for public policies in the U.S. and other countries that support the economic future of our company, customers, shareowners, and team members. Given the importance of access to global supply chains to U.S. competitiveness and jobs, it is important to maintain a policy environment that encourages free trade and to support solutions that address trade barriers. We believe that a zero-tariff, zero-subsidy global trade environment remains the most powerful economic growth engine, and we will continue to push for policies that stimulate rather than depress global trade.

With a global government and regulatory affairs structure that aligns and consolidates our regional approach to regulatory and policy advocacy, we are positioned to track trade-related developments across key markets and to support global trade through advocacy work and free trade agreements. Our commitments include promoting greater customs efficiency to enable business growth, and leveraging multilateral agreements, such as the World Trade Organization's Trade Facilitation Agreement, which can reduce administrative costs for small- and medium-sized companies – the businesses most affected by complicated customs procedures around the world.

Customer Solutions for Healthy Businesses

At the local level, we provide customers with the expert logistics and trade support needed to simplify logistics, drive growth, streamline operations, and boost efficiency. Our supply chain solutions, specialty transportation, cross-border e-commerce technology services, customs brokerage, and trade management tools allow FedEx customers to choose the capabilities best suited to their business needs. The result is that we connect supply chains globally by handling more than 7 million customs transactions annually for customers of all sizes. We are also a leading provider of North American customs brokerage.



Our specialty companies within FedEx Logistics are adept at helping customers navigate increasingly complex customs brokerage and trade rules and procedures. This includes simplifying international shipping by helping customers manage imports and exports over ocean, air or ground, optimizing reach, flexibility, cost savings and reliability, along with opportunities for environmental efficiencies in shipping.

Applying Technology to Enable Trade

As e-commerce and cross-border shipments continue to grow, we offer global shopping cart technologies, including localized currency and payment options, scalable fulfillment services, e-commerce transportation options, and trade compliance tools and data that help customers manage e-commerce across

borders. Our efficient warehouse management and reverse logistics services give customers a comprehensive solution for returns management, enabling high-volume merchants and e-tailers to quickly and easily improve their customer experience.

As a global company, we are also investing more resources into export control technology and expertise to navigate complex and evolving global trade environments for our customers. For instance, blockchain technology makes it possible to create and share an encrypted, unchangeable digital ledger of transactions where a trusted custodial chain is needed. In this way, blockchain could well become an essential tool to track goods and reduce friction and fraud in the supply chain, especially for cross-border shipments.

Our Global Supply Chain

As e-commerce continues to grow dramatically, we are responding with supply chain solutions that support even faster, safer, and more efficient movement of goods domestically and across borders.

All of our suppliers are expected to uphold the principles in our Code of Conduct and aspire to meet our other CSR commitments. As we grow our business through acquisitions, we also work to embed these principles through clearly articulated expectations, awareness raising, contract language, and evaluations.

Managing Supply Chain Risk and Opportunity

Our strategy starts with a unified approach through the FedEx Services Supplier Relationship Management (SRM) team. This team guides sourcing and supplier relationship management globally through a consolidated set of policies, tools, and governance practices. The team's responsibilities also extend to supplier risk management, diversity, and sustainability. The team collaborates with FedEx internal stakeholders across the enterprise to drive sustainable practices into our supply chain. In addition, we maintain an internal Sourcing Sustainability Impact Team that shares learnings, best practices, and benchmarking findings for continuous improvement. A commitment to developing trusted stakeholder partnerships includes frequent meetings and cross-functional engagement, as well as two-way feedback to make sure the right sustainable products are applied as intended across business functions.

We identify and manage critical supply chain risks through enterprise-wide policies and procedures, such as assessing and adjusting our supply chain to reduce our carbon footprint and enhancing reverse logistics capabilities to support customer returns. Our suppliers work closely with us to mitigate risks, especially those inherent in extended supply chains. We mitigate the most significant risks by focusing on those suppliers critical to our business success.

Our Diverse Suppliers

Beyond our commitment to sourcing more sustainable products and services, we help to lift economies by investing in people and communities where we live and work. This includes seeking diverse suppliers and strengthening our supply chain by sourcing from small, minority- and women-owned businesses. During FY19, e-commerce played a larger role than ever in our ability to support even more diverse suppliers.

In our U.S. operations, we make the most of alliances, industry associations, learning opportunities, and other events to help entrepreneurs build capacity and develop their full potential. In FY19, we procured \$12.3 billion in goods and services from diverse and small-business suppliers in the U.S. Of that \$12.3 billion, 8% was spent with women-owned businesses and 12% was spent with minority-owned businesses. The remaining 80% was spent with other small-business suppliers.



28%

Spending directed toward diverse and small-business suppliers increased by 28% in FY19 over FY18

Driving Sustainability in the Supply Chain

Each year, our key suppliers are evaluated and scored on a suite of criteria, including business continuity, data security, and many other metrics.

The SRM team also leads efforts to improve sustainability in our supply chain through a variety of best practices and tools.

- Sustainability-related questionnaires are included in our requests for qualifications and proposals (RFx) in core categories. A database tracks adherence and supports a rigorous, consistent process.
- Sustainability-related contract language is included in 99.6% of our key supplier contracts as of FY19. This language addresses supplier performance in environmental, social, labor, and human rights areas, including child and forced labor and is included in all new or amended supplier agreements.
- During FY19, sustainability criteria was included in 100% of scorecards used to evaluate suppliers.
- Training, awareness raising, and a focus on continuous improvement among SRM team members help to institutionalize sustainable supply chain practices.
- Mechanisms are in place to ensure sustainable products are used as intended to deliver the expected sustainability benefits. The SRM team provides FedEx operating companies with a convenient system to submit any sourcing concerns — such as receiving an incorrect item or a product that cannot be used as planned.

Our efforts to source sustainable solutions include ways to improve efficiency and support innovation. For example, in FY19, we conducted an enterprise initiative to transform our approach to waste and recycling across approximately 4,000 locations. The Sourcing team worked with our operating companies to identify a solution that streamlines our processes and provides better monitoring of our waste stream. Also in FY19, we were recognized by the Sustainable Purchasing Leadership Council (SPLC) for our approach to overcoming the sourcing challenges inherent in the electrification of our vehicle fleet.

Best Practices in Sustainable Purchasing

In FY19, we continued our involvement in the SPLC, of which we are a founding member. We are actively involved in the Strategic Advisory Committee and in promoting the use of SPLC guidance by other companies. Our best-practice sourcing criteria and metrics for sustainability are informed by SPLC and customized for our business. Leveraging external platforms for a more sustainable supply chain extends to FedEx Express International as well, where sourcing aligns with ISO 20400 guidance for sustainable procurement. The program includes supplier risk screening to identify

categories of goods and regions known to present inherent risks, along with training and guidelines for sustainable procurement.

Future plans for our international operations include providing buyers with a standardized set of RFx questions for sustainable procurement and information to support specialized purchases, such as electric vehicles.

For more about our performance in sourcing to support sustainability and diversity, see the [Data Appendix](#).

86%

of potential and current sourcing-managed suppliers were screened with sustainability RFx questions during FY19, an increase of 8% over the previous year



People Multiplying Potential

Across FedEx, we are more than 475,000 team members strong. We are all united by our commitment to the corporate philosophy we call People-Service-Profit, or PSP. This concise statement reflects the shared principles that govern every FedEx activity, every day, everywhere we work.

\$15.3m

Team members received a combined \$15.3 million in tuition assistance to further their education in FY19.



Our Approach

The three interconnected elements of People-Service-Profit (PSP) are essential to our success. Our focus on people produces outstanding service that meets the highest customer expectations. This, in turn, gives us a competitive edge so we can win more business and become more profitable. And profitability is what funds our future and allows us to reward our people. When we apply PSP to deliver on the Purple Promise – to make every FedEx experience outstanding – we position FedEx to multiply opportunities for customers, businesses, communities, and especially our team members.

PSP in Action

The Purple Promise represents our shared commitment that helps earn the trust and loyalty of customers and makes FedEx a great place to work. Empowering team members to leverage PSP and deliver on the Purple Promise requires ongoing investment in our workforce. This includes providing a safe and inclusive workplace, development opportunities that enable people to realize their full potential, and innovative benefits that help team members maintain health and well-being. Our operating companies are united by a longstanding commitment to the PSP philosophy. Each provides programs and resources to best meet the needs of their team members, while emphasizing Quality Driven Management and an enduring commitment to the Purple Promise.



Safety Above All

In FedEx culture, Safety Above All is a fundamental value – as well as a priority we all share – and we live this commitment by incorporating safety principles into every aspect of our business.

Across the enterprise, our Safety Above All philosophy is reinforced through rigorous policies, strong team member education and engagement, and ongoing investments in industry-leading technology designed to prevent accidents. Collectively, our efforts are designed to ensure the safety of our people and the communities we serve.

We measure and manage operational safety daily, just as we manage every other business function for quality outcomes. This approach delivers strong performance in the key safety metric we use to track performance – lost time injury rate. We recorded an uptick in that metric during FY19, primarily due to an increase in our North America operations. We have investigated the root causes of this increase and are working to improve safety performance going forward through new training methods, additional implementation of industry-leading technology, and initiatives to make sure our Safety Above All approach is reflected in every action.

Regular team member engagement in safe operations is also key. In FY19, we implemented several initiatives that surfaced as a result of the first FedEx Express Aviation Safety Culture Survey in FY18, including outstanding safety ideas from team members themselves. One key example is a new device provided to team members who work alone, such as an airport ground service technician

or aircraft mechanic. These and other “lone workers” wear the device so they have an easy way to summon help in an emergency. This simple but powerful safety measure provides a significant degree of added protection for those operating alone on ramps and at other locations. Initially implemented by FedEx Express, the device could help team members working alone in virtually any operating company feel more safe.

The second FedEx Express Aviation Safety Culture Survey, conducted in FY20, found that team members remain overwhelmingly positive about the safety culture at FedEx Express and the opportunity to offer feedback on improving safety performance. We are assessing the value of expanding the survey across the entire FedEx operation in the future.

For more about our FY19 and year-over-year safety performance, see the [Data Appendix](#).



Vehicle Safety

Our vehicle fleet includes some of the safest, most innovative equipment in the world. Whenever we procure new vehicles for use anywhere in the world, we strive to:

1. Purchase the most sustainable technology currently available, which makes our fleet more fuel efficient.
2. Purchase the highest level of safety technology available to make the driver safer and more ergonomically comfortable, while increasing the safety of our vehicles for other drivers and pedestrians as well.

This approach to safety extends to our global vehicle fleet of more than 180,000 vehicles, including both on-road and non-road equipment at FedEx Express, FedEx Freight, and FedEx Ground. Some of our many standard safety technologies include collision avoidance with active braking to avoid other vehicles and pedestrians, and lane departure avoidance.



Video event data recorder, or VEDR, technology is in use at some of our operating companies to enhance safety for drivers and others on the road. VEDR technology can be deployed in a range of vehicles, including tractors, hostlers (specialized vehicles used to move trucks and trailers on FedEx properties), or vans. These systems also offer various uses. Certain VEDR systems are forward-facing, capturing the external environment, while others also monitor driver behaviors inside the cab. Among other benefits, the cameras capture close calls, such as when a driver brakes hard or turns suddenly to avoid a collision, and gives drivers and managers a chance to review what went well and what could have been improved. We are also exploring autonomous driving technology to further enhance safety for drivers and others on the road, as well as team members in our operating facilities.

Some of our approaches combine new technology with driver practices for even better safety outcomes. At several FedEx operating companies, drivers and couriers face unique challenges, such as not driving the same type of vehicle each day or navigating and parking in congested cities that require close-quarter maneuvers.

These situations require additional training for drivers to become familiar with the differences among vehicles and to maintain the same high level of safe operation regardless of vehicle type or driving environment. At FedEx Express in Canada, for instance, the introduction of peer-to-peer training with long-time employees who champion and share tips for safe driving has proven to be a valuable supplement to regular trainer-led learning.

\$9m+

invested in FedEx Cares road safety programs in 90 countries since FY16

98%

of FedEx Freight road tractors now include roll stability, forward collision mitigation systems, and lane departure technology



Vehicle Safety (continued)

Innovations in Vehicle Safety at FedEx Express

Implementing the latest safety practices and innovations is key to continued safety performance in the face of our significant business growth. For smaller FedEx Express vehicles, we are testing cameras that use artificial intelligence to provide alerts that can prevent distracted driving, and expect to begin implementation in FY20.

In FY19, FedEx Express incorporated several new road safety technologies to make sure all drivers have access to the latest innovations to keep them and those around them safe:

1. Audible turn-by-turn directions provided by a small device installed in the delivery vehicle prevent drivers from having to look at a screen for navigation assistance.
2. GPS tracking on all 30,000 pickup and delivery vehicles in the U.S. allows a central facility to view where a driver had to park, the length of walk to deliver a package and any obstacles encountered. This information is then used to identify the safest places to park, minimize obstacles, and make sure drivers know the safest route. It also provides an additional tool for accident investigations.

3. Autonomous safety features such as forward collision and lane departure warnings, forward collision avoidance mitigation systems, and speed limiters have been installed.

4. Auto-docking technology was piloted in FY18. The technology is being evaluated for use in 1,000 airport ground service vehicles to help operators maneuver the last 3 meters toward the plane.

Safe Driving Recognition

Five FedEx drivers earned top honors as National Champions in their respective driving classes at the 2019 National Truck Driving Championships and National Step Van Driving Championships. For the third year in a row, a driver representing a FedEx operating company was named Grand Champion, and a FedEx Express driver was named National Rookie of the Year. A total of 176 FedEx drivers participated. Over the past 17 years, FedEx drivers have earned six National Grand Champion titles, 62 National Championships, and nine National Rookie of the Year titles.

State-of-the-Art Tractor-Trailer Safety at FedEx Freight

FedEx Freight, which handles 105,000 shipments daily, is an industry leader in truck safety. During FY19, we achieved 100% compliance with our requirement to install electronic logging and VEDR systems inside all FedEx Freight tractors, as well as all FedEx Freight box trucks. We also reached 98% compliance with our policy to implement three key safety technologies – roll stability, forward collision mitigation systems, and lane departure technology – in all FedEx Freight road tractors, which drive the most miles in the FedEx Freight fleet.

In addition, about 80% of all FedEx Freight box trucks now have a visual backup camera. We also introduced additional blind spot detection equipment to city and road tractors and box trucks in FY19. A camera in the curbside mirrors shows drivers what is to the right of the tractor, helping them address the large “no zone” associated with tractor trailers that can prevent a driver from being able to see a vehicle in the next lane. We were an early adopter of all these technologies in the transportation industry – installing them as soon as they were commercially available – and will continue working to complete installation of these important safety features in all vehicles.

Tractor Safety Innovations at FedEx Freight

Safety Feature	FY19 Implementation
Electronic logging and VEDR systems (all tractors)	100%
Collision mitigation systems with automatic braking (road tractors)	98%
Audible lane departure warning systems (road tractors)	98%
Roll stability systems (road tractors)	98%
Visual backup camera (box trucks)	80%

* 19,128 tractors total

Vehicle Safety (continued)

FedEx Ground Safety Engagement

The FedEx Ground fleet includes more than 70,000 motorized vehicles delivering 9 million packages daily through contracted service providers that manage their own vehicle fleets. A combination of stringent safety requirements, standards, audits, incentives, and state-of-the-art safety technologies work together to help ensure safety. Each provider is also required to implement a safety and compliance program for everyone assigned to provide services to FedEx Ground.

Ensuring Safety Compliance

We work closely with our service providers to promote highway safety. FedEx Ground uses the web-based MyGroundBiz platform to communicate organizational and industry news, updates, business insights, customer alerts, and safety/regulatory information. And we encourage providers to engage in weekly voluntary forums that address highway safety topics for linehaul, pickup, and delivery operations.

In FY19, FedEx Ground instituted a system of “red alerts” to provide widespread awareness of incidents with high potential for injury. Red alerts communicate the contributing factors associated with incidents or near misses, and provide key learnings for management to apply controls to mitigate or prevent severe incidents. Red alerts are distributed in the daily newsletter for employees and through MyGroundBiz for service providers. So far, 20 red alerts have garnered approximately 19,000 unique views.

In addition to contributing to measurable safety improvements in yards, the system’s red alerts have strengthened team member engagement and awareness of potential hazards.

Leveraging Safety Technology

Of course, making sure our contractors’ vehicles include the latest safety technology is also essential. Working with manufacturers starting in FY20, FedEx Ground will provide incentives for retrofit kits and installation of forward collision mitigation systems in linehaul service provider tractors to achieve safety equipment compliance.

In 2015, FedEx Ground began implementing VEDR technology in all hub hostlers as a pilot and, by the close of FY19, the entire hostler fleet had been equipped with VEDR. The technology improved the hub hostler safety score – the metric used to determine the effectiveness of coaching – by 93%, reflecting the value of operators being able to view and learn from actual footage of their practices. The VEDR system has helped create a positive engagement experience by allowing management and team members to review and address potentially unsafe driving behavior based on actual events and provide a platform for ideas to improve and prevent future occurrence. During FY19, FedEx Ground delivery van service providers also installed VEDR technology on approximately 7,000 vehicles. Installations will continue in FY20 and FY21.



Aviation Safety

FedEx Express: Ensuring Safe Flight Operations

FedEx Express operates the world's largest dedicated all-cargo air fleet, and we have long been an industry leader in safe and reliable flight operations – a differentiator for our business. Today, our aviation safety strategy includes, among other elements, the use of revolutionary technology and science to keep us at the forefront, along with a holistic approach to reviewing any mishaps or near misses.

We have also deployed a rigorous risk identification system and communication campaign, The Right Way, to raise awareness among team members about practical safety issues. Through a monthly series of presentations and discussions, the campaign helps to make sure team members have the knowledge they need to identify mistakes on the job before they turn into safety concerns. And while we expect all team members to follow all safety procedures, we also design system resiliency into each operation, which helps to guard against human error.

Safety at Ramps and Hubs

Keeping team members safe at our hubs and aviation ramps is an ongoing priority. A ramp, or apron, is generally a busy area at an airport, designed to accommodate aircraft loading and unloading, fueling, parking and maintenance. Cargo tugs, which pull carts and containers for loading and unloading aircraft at these ramps, are powerful vehicles capable of towing up to 9 metric tons. However, seat belts to keep tug drivers safe are not standard equipment. In FY19, we completed the addition of

seat belts on 100% of cargo tugs at our Memphis hub, and we have plans to roll them out at other hubs in FY20.

Additional ramp safety measures include installation of automatic speed governors on tugs, emergency cut-off switches on various pieces of ramp equipment, and automated external defibrillators (AEDs) on all aircraft, benefiting both ground personnel and crew members. AEDs were also installed at 400 FedEx facilities across the U.S. in FY19. Many of these safety measures were implemented as a result of team member feedback.

To help protect aircrews from fire risks of lithium-ion batteries, we are installing fire containment bags on all trunk aircraft. The bag is designed to mitigate fire and overheating risks that can occur in portable electronic devices, such as mobile phones or tablets.

In some locations, such as Canadian stations and ramps, we also began using a defined risk assessment method and continuous improvement strategy to further reduce risk. Since completing the risk assessments in Canada, the injury rate has decreased by 22%.

Protection Against Dangerous Goods

In FY19, we implemented automated systems for identifying and managing dangerous goods shipped by customers. Two new tools, the Workbench DG manifesting platform and the SmartDG package inspection tool, provide added safety and reduce the risk of human error in tracking dangerous goods. The workbench platform has been installed at all FedEx

Express locations globally for manifesting dangerous goods shipments by FedEx Express aircraft and trucks. The SmartDG package inspection system is web-based for convenient access on a mobile device or computer and enables package handlers to inspect dangerous goods shipments for compliance with regulatory requirements prior to acceptance by FedEx Express. As of September 2019, 1,000 handheld devices have been distributed to U.S. locations and FedEx Express sites outside the U.S. have begun testing the system.



Aviation Safety (continued)

Mindfulness for Improved Crew Member Safety

We are conducting Causal Analysis using Systems Theory (CAST) to look for any safety vulnerabilities and their root causes, and then taking appropriate steps to mitigate those risks. This includes applying the approaches learned through our earlier pilot mindfulness study to further enhance safety. The study demonstrated that pilots who regularly practice mindfulness, such as through meditation, exhibit a faster recovery from any situation that would normally cause a surprised or startled reaction. In turn, this allows cognitive thinking to resume more quickly so the pilot can take corrective action, such as in a missed approach situation.

The FedEx Express Air Safety team has deployed and expanded two system theory tools – CAST and System Theoretic Process Analysis (STPA). CAST has been used to investigate significant flight events, leading to new insight into causal factors. STPA has been used in developing a deployment plan for our Critical Incident Response application.

Industry Leadership in Aviation Safety

FedEx Express engages in knowledge transfer to share our safety best practices with others in the aviation industry. A few recent events include:

- We hosted our second MD11 operators' conference, bringing together airlines to share best practices for operating these aircraft as safely as possible.

- We co-led an Undeclared Dangerous Goods Working Group to raise shipper awareness of the requirements associated with shipping by air undeclared dangerous goods like aerosols, perfumes, and lithium batteries. The group has developed an awareness toolkit and is launching a U.S.-wide public awareness campaign.
- FedEx Express presented at the annual Systems Theoretic Accident Model and Processes Conference, where we discussed our industry-leading use of two key systems theory tools to conduct causal analysis of events and processes to further improve safety.
- We invited eight other airlines to join us in Memphis to share lessons learned about practicing High Reliability Organization principles to improve safety.
- We met with other transportation professionals at the Council on Safe Transportation of Hazardous Articles event to familiarize them with the FedEx Express Safety Management System risk assessment process. Designed to reduce operational risk, the process can also be applied to situations involving change management, which can benefit consumers and carriers by minimizing surprises.



Facility Safety & Training

Facility Safety

Safety Above All begins well before the first employee steps into a new facility.

At FedEx Ground, a program called Prevention through Design incorporates safety improvements at facilities and yards. In FY18, one Prevention Through Design effort recommended engineering controls to reduce potential hazards between load lane staging conveyors and large package conveyors in hubs and stations. Already, 316 of the improved bridge conveyors have been ordered.

Safety initiatives were completed at all FedEx Ground yards during FY18. These included adding high-visibility yellow wrapping and LED light bars to hostlers to improve visibility, installing safety signage and requiring that anyone outside designated walkways wear high-visibility reflective garments.

FedEx Ground implemented a new Stop Work Authority program that empowers employees to stop any activity they witness that could create an unsafe environment.

Safety Training

Our operating companies implemented a number of innovative safety training methods in FY19:

- FedEx Express Slip and Fall Simulator allows team members to experience real-life dangers in a safe environment. While safely harnessed into the simulator, team members learn methods for dealing with inclement weather, such as walking on slick surfaces while carrying packages and maneuvering around obstacles. Simulators are being used in our Indianapolis and Memphis hubs, where the number of team members who have used the simulators has increased since FY18. We plan to further increase the number who experience the simulators in the coming year.
- FedEx Safety Walkaround by senior leaders in our Asia-Pacific region demonstrates our commitment to a safe, accident-free workplace. With QR code-enabled digital checklists compatible with mobile devices, the Safety Walkaround provides a way to easily record observations for follow-up or corrective action.
- FedEx Express Safe Foundations Training Center at our Indianapolis hub takes new team members through a course on the safest ways for handling cargo, operating equipment, and performing other essential ramp activities.
- FedEx Express updated training on close-quarters skills, in which drivers address common challenges such as navigating between two parked vehicles, expands the experience to real life in a controlled environment with an instructor.
- In one region, FedEx Express has completed Safety Leadership Workshops for all senior leaders in an effort to engage senior managers on their roles and responsibilities, and launched MYLIFE Leadership safety walks that allow executives and officers an opportunity to engage with the workforce and influence good safety behavior.
- FedEx Logistics held its first Safety Month, a coordinated safety communications effort that took place over four weeks, with a new safety topic every week.
- FedEx Ground formed a new Safety Institute department in FY19 to provide team members with a centralized resource of educational tools and services to improve safe behaviors, strengthen adoption, and increase application of safe practices across the company. A simple but effective safety engagement tool was implemented throughout the FedEx Ground network in FY19. An orange armband is worn by package handlers who have been on the job less than 90 days, helping to identify new team members and promote quality safety interaction, including coaching and education on safety controls and processes. The armband, along with other safety programs and processes, has contributed to a 15% reduction in injuries involving newer package handlers.



Recruiting and Retaining Top Talent

Hiring and retaining the world’s best talent is challenging. Even so, our global workforce grew by 7% in FY19, supported by innovative recruiting, development, and retention approaches. We are using creative ways to attract top talent and make sure our team members have robust opportunities to build lasting, rewarding careers with us. Although practices vary in keeping with local employment markets, our overall approach to recruiting, growing, and retaining a best-in-class workforce includes:

- Innovative internships, training and learning options, as well as tuition reimbursement
- Alliances with people-focused organizations to provide outstanding benefits
- Initiatives that further embed and honor diversity and inclusion in our culture
- Industry-leading practices in driver and facility safety

We also make investments to attract and support candidates from non-traditional pathways. This includes aligning our hiring investments with our philanthropic giving initiatives where appropriate, to help people develop skills that get them workforce ready. A variety of creative recruitment strategies help to hire top talent in a competitive labor market, including social media engagement to attract talent, data analytics to drive recruitment and retention strategies, structured internship programs, and increased outreach for veteran hiring.

Pathways to a FedEx Career

Finding creative ways to hire top talent in a competitive labor market is key to maintaining a strong, productive and growing global workforce. Our talent acquisition strategies must continue to evolve for us to continue hiring the best and the brightest for satisfying FedEx careers.

We believe there are multiple paths to a successful career, and we aim to provide opportunities to non-traditional candidates. Our Employment Pathways initiative, which is closely linked to our talent management efforts, supports education, job training, and access to employment using a variety of platforms. Through financial investments and collaborations with educators and nonprofits, we help underserved youth and others navigate the college application process, train for high-demand jobs such as in technology and logistics, and access employment through credential programs. For instance, the Memphis Education Fund — which is working to dramatically improve the bottom 10% of area schools through targeted innovation and investment in teachers, schools and communities — was one of our top ten philanthropy recipients in FY19 under the FedEx Cares program.

In FY19, we also held our inaugural Pathways to Success IT Summit. The event was intended to help increase diversity in the internship program and our overall workforce by providing under-represented students with a window to the expansive, diverse career opportunities at FedEx in science, technology, engineering, and math (STEM). Students participated in sessions on interviewing, resume writing, managing their online brands, and transitioning from the classroom to the corporate workplace, and had opportunities to apply for internships at the conclusion of the summit.

To make sure that existing team members and executives are well-prepared to support our employment pathways programs, we developed a brochure that highlights our collaborations with nonprofits, features stories of participants who are now employed at FedEx, and captures organizational investments in employment pathways.

For other ways we build an inclusive workplace, see [Diversity and Inclusion](#).

\$14.9m

invested in programs that provide pathways to employment since FY16

940,000+

student entrepreneurs educated and coached globally since FY16

137,000+

youth and veterans provided with education, job training, and access to employment since FY16

Recruiting and Retaining Top Talent (continued)

Team Member Retention and Transitions

We prioritize promoting team members from within and regularly post positions internally before advertising them publicly, which is central to retaining top talent.

Retaining our team members involves a number of factors:

- Consistent new hire orientation for hourly and management team members
- Timely training of all new team members

- Review and updating of policies to make sure they support current workplace needs
- Focus on effective management and team member engagement

In FY19, selected groups of U.S.-based employees at FedEx Express, FedEx Services, and FedEx Corporate were invited to apply for a voluntary buyout program. Of the employees who were selected, the majority left effective May 31, 2019.

When careers at FedEx end, we provide career transition and outplacement services to eligible employees globally. Through a third party, FedEx offers career coaching, job search assistance, access to professional skills development, and other support to assist in managing career endings and continued employability in the broader market.

For details about employee retention, including turnover by gender year-over-year, see the [Data Appendix](#).



Learning and Development



\$15.3m

in tuition assistance provided to employees in FY19

31,473

online courses available to team members

Multiplying the potential of our people is central to our learning and development approach. And in a company as large and diverse as FedEx, it is possible for our team members to make an exciting career change without ever leaving the company. In addition, as e-commerce continues to grow, we are able to offer newer positions in logistics planning and management, IT and more. A variety of training and educational assistance, along with our longstanding commitment to promote managers from within, help FedEx team members make the most of the diverse job opportunities across our operating companies.

To make sure new employees receive a more consistent experience, FedEx now provides the Core New Employee Orientation (Core NEO) module to each operating company for use with all new hires in their onboarding processes. Across our operating companies, message consistency increased from 27% to 84% in FY19 following the launch of this organization-wide orientation approach. Typically a two-day training experience, the orientation program includes 11 modules covering topics such as CSR, safety, information security, culture, and diversity and inclusion, among others. Delivery of the Core NEO modules varies by FedEx operating companies, with some offering the course material as a digital learning experience to make it even more efficient and convenient for team members to participate.

Team members also participated in an average of 38 hours of formal training in FY19, many of them through our online FedEx Learning Center. There, team members can access more than 31,473 courses covering essential skills. Collaborations with universities and other learning institutions provide even more opportunities for team member development. And in FY19, FedEx Services began facilitating more classes regionally, avoiding travel-related environmental impacts and expenses for attendees.

Training in Our Operating Companies

To supplement this consistent approach with operating company-specific awareness, FedEx Ground launched a Training and Development Executive Advisory Council in FY19. Composed of company officers and executives, the council will monitor, standardize, and prioritize rollout of training programs. Also during the year, FedEx Ground University launched almost 40 new courses for team members covering a variety of topics from electrical safety and hazardous materials acceptance process to dynamic route optimization. FedEx Express has launched a new culture e-learning program for U.S. team members that covers PSP, the Purple Promise, and QDM. And in FY20, FedEx Office is rolling out the updated and interactive FedEx Office Experience orientation program that covers company history, the FedEx network, and similar topics using a game board-style map.

For management and non-management training hours, see the [Data Appendix](#).

Learning and Development (continued)

Leadership Training and Development

FedEx offers several unique leadership and career development tools and education for all full-time employees. For instance, Global Leadership Corps is an opportunity to develop leadership capabilities within the company while also giving back to communities. This four-month, intensive learning experience exposes high-performing FedEx employees to next-generation ways of doing business, such as emerging markets, virtual and global teams, diverse cultures, working outside the traditional office, and sustainable business practices.

In FY19, 30 FedEx leaders participated in the Global Leadership Corps, spending time in Sofia, Bulgaria and Phnom Penh, Cambodia, where they contributed to 10 FedEx Cares projects with a social purpose. Team members provided hands-on guidance to nonprofits working to increase the access of rural women to economic opportunities, provide affordable housing, and support smallholder farmers and other community-focused causes. Through these experiences, participants had opportunities to improve their leadership, communication, and teamwork skills, while building cultural awareness, global fluency and contributing to FedEx Cares initiatives.

EXCEL DRIVE is another enterprise-wide leadership development program for high-potential managing directors, also designed to benefit people and communities. These mid-level leaders expand their global perspective by participating in a two-week global CSR project as a component of a six-month leadership development program. In 2019, 20 participants supported three social enterprise organizations in Bangkok, Thailand, contributing 2,240 volunteer hours through pro bono consultation.

Our operating companies also maintain leadership development programs unique to their organizations' needs. For instance, FedEx Freight offers FXF Action-Learning, a 90-day intensive developmental experience bringing together leaders from across FedEx Freight to solve real organizational problems, while facing challenges that require transformational thinking. And FedEx Custom Critical offers coaching and volunteering-based development through the ASPIRE program, designed for hourly employees who aspire to formal leadership. ASPIRE includes experiential learning, coaching, core and elective courses, and volunteering-based development opportunities.

Overall, FedEx provides team members the opportunity to apply for internal jobs to move around within the same company. To support internal career moves, FedEx Services offers the On the Job Learning program, an experience-based program delivering an organizational-wide marketplace for short-term assignments that allow team members to build their skillset while expanding their network.

Leveraging Training Technology

We use virtual and augmented reality learning tools to provide team members with more experiential, interactive learning opportunities. For example, the technology allows team members to see how our hub operations work without the time, expense and environmental impacts of travel. In FY19, FedEx Ground piloted virtual reality technology to train team members on dock safety and trailer loading and unloading. The virtual reality pilot increased engagement and knowledge retention for package handlers, and FedEx Ground has since deployed virtual reality-based training in 14 large hubs.

In addition, FedEx Services, FedEx Office and other operating companies are also enhancing video-based learning through Vyond software, which blends animation, live-action video, diverse avatars, and still photography for creative and engaging learning solutions. Some operating companies, such as FedEx Express, are also adding more interactive forms of training and "microburst" training, such as the use of a trivia-based platform for QDM expert training. In FY19, FedEx Ground launched an animated training video about sexual harassment prevention and plans to expand the use of animation for training in FY20. FedEx Custom Critical has begun incorporating podcasts for product education and simulations to prepare customer service agents to take customer calls.

FedEx Express, FedEx Ground, FedEx Services, FedEx Freight, and FedEx Office also have begun using gamification in training for some positions to improve interaction and learner engagement, and additional gamification training platforms are planned. At FedEx Office, a game board-style onboarding experience was launched in 2019 for all in-store team members, and nearly 3,000 people have used it and the associated coaching to learn how to perform their job in different parts of the FedEx Office store. FedEx Express is also developing an innovative training approach using a graphic novel and story telling featuring superhero characters to bolster learning. FedEx Freight developed a gamification approach to hazardous material training in three formats: matching games, real-world scenarios using digital documentation, and immersive 3D modeling where feedback is adapted based on the learner's response.

Learning and Development (continued)

Removing Obstacles to Higher Education

Across our organization, we are committed to removing obstacles to higher education wherever possible. This includes eliminating financial barriers to post-secondary education and paving the way for employees to pursue a university degree. The Learning inspired by FedEx (LiFE) partnership between FedEx Express and The University of Memphis allows team members the chance to earn a potentially tuition-free, fully online degree. The LiFE program began at our Memphis hub in August 2019 and expanded to the Indianapolis, Oakland, Los Angeles, and Newark FedEx Express hubs and major sort locations within three months. We currently have more than 3,000 active participants. Since its launch, the program has also helped to reduce employee turnover at our Memphis hub by 16.8%. In addition, FedEx Logistics implemented the LiFE program in FY19, with 149 team members enrolled so far.

Throughout our enterprise, a total of 7,544 employees received a combined \$15.3 million in tuition assistance to further their education during FY19.

FedEx supports seven diverse scholarship funds across the U.S. to catalyze additional employment pathways. With nearly \$1 million across all seven scholarship funds – American Indian College Fund, Asian and Pacific Islander American Scholarship Fund, Hispanic Scholarship Fund, Marine Corps Scholarship Fund, Point Foundation, Thurgood Marshall College Fund, and United Negro College Fund – we reach over

120 college and university scholars across various STEM, business and specialist disciplines with scholarships that range from \$1,000 to \$25,000 annually. We also foster the attainment of higher education through preparation and planning sessions with select scholarship funds. For example, in FY19, we supported more than 800 parent and student attendees in five college information sessions that provided guidance on college applications and financial aid.

Similarly, easing the financial burden of rising education costs on the next generation of aviation professionals is central to our continued growth. Since we made a \$2.5 million commitment to create the FedEx Purple Runway Aviation Scholarship, we have awarded 75 scholarships to future aviation professionals in the program. Beyond the significant financial assistance, the program includes collaborations with seven universities and technical schools that provide valuable education and training for aspiring pilots, aircraft maintenance technicians, and other aviation professionals, helping attract talent to the entire aviation industry, including FedEx.

Managing for Top Performance

As reported last year, in FY19 we continued refining how we assess employee performance by beginning to replace annual performance reviews with more consistent coaching and feedback to give employees even greater opportunities to direct their career development. This change began at FedEx Ground with the proactive performance management program Gaining Ground, in which employees drive goal-setting and feedback is frequent.



A similar approach, CoachForward, focuses on quality conversations to improve performance and professional development for all team members at FedEx Corporate and FedEx Services. As of FY19, some 88% of participating employees rate the CoachForward program favorably. Both Gaining Ground and CoachForward include setting business and personal goals annually, with managers and employees participating in a continuous coaching relationship toward those goals throughout the year. To help ensure success, managers have received focused training in coaching.

At FedEx Ground, a new career development site includes tools for creating an individual career development plan, a repository of career development resources and links, and tips on preparing for the next career move. A new career journey guide provides an interactive way for team members to define, plan, and manage their development goals. And across our operating companies, Talent review initiatives focused on

developing the competencies required to meet future business needs and career opportunities have been launched.

To further invest in team member development, FedEx Freight has continued to reinforce Performance Review Chats. These one-on-one discussions promote frequent, collaborative conversations that empower team members to take their career to the next level, build goals with manager input, clarify performance expectations, and check on progress throughout the year. Conversations are structured to focus on core competencies, but managers can review a team member's performance in several additional areas.

Looking ahead, we will continue collaborating across operating companies to shift from traditional performance management to performance development, adapted to each operating company's systems.

Engaging Our Team Members

We listen to our team members through annual surveys, employee networks, and direct feedback so we can improve their experience, build an even more productive workplace and strengthen our business. FedEx conducts an annual engagement survey which includes open-ended questions. The results of the engagement survey are aggregated and comments summarized for senior leaders using text analytics. This helps inform changes. For instance, at FedEx Services individual reports are available for all leadership levels and leaders use their results to develop leadership plans.

Outside the U.S., a multi-part culture initiative is providing additional connection points for FedEx Express International team members with our company and our brand. Launched as an initiative to establish a

common culture following the TNT Express acquisition, it has since evolved to inspire and motivate international team members around our culture. Building on the results of a culture survey and assessment, the initiative focuses on incorporating FedEx culture into our communications, behaviors, business processes, decision-making, recruiting, career development, and other aspects of our business.

Collectively Bargained Agreements at FedEx

The vast majority of FedEx employees do not work under a collectively bargained agreement, and FedEx believes in compensating and treating our employees in a fair manner. In the U.S., a group of employees' decision to unionize is their own, and FedEx respects that right;

however, the company's track record with respect to employee relations demonstrates that most of our employees prefer a direct relationship with the company.

The pilots of FedEx Express, who are a small number of the total employees at FedEx Express, are employed under a collective bargaining agreement that took effect on November 2, 2015. This collective bargaining agreement is scheduled to become amendable in November 2021, after a six-year term.

Within FedEx Express International, it is also common for employees to work under a collective bargaining agreement in many markets. In particular, in Europe, the social climate is such that a substantial part of the non-management population in the region is covered by collective bargaining agreements. These agreements are country-specific and are typically agreed to with employee representatives. Collective bargaining agreements often regulate important topics such as base salary, allowances, and holidays.

In addition to FedEx Express International and our pilots at FedEx Express, FedEx Supply Chain has a small number of employees who are members of unions, and FedEx Freight drivers at one location have voted for union representation, but are not currently subject to a collective bargaining agreement. Internationally, there are some unionized employees who do not fall within the umbrella of U.S. labor law, and a union has been certified to represent owner-drivers at a FedEx Freight facility in Canada.

Communicating Operational Changes

FedEx is committed to compliance with all required notice periods set forth in the U.S. Department of Labor Worker Adjustment and Retraining Notification Act (WARN), local, state, and country-specific laws. We notify all impacted team members of operational changes as soon as practical. Moreover, we provide all collectively bargained employees with a copy of their collective bargaining agreement. These employees also have access to all other FedEx work rules. FedEx regularly meets with union representatives to discuss, and where appropriate to bargain, changes to work rules impacting employees subject to a collective bargaining agreement.

FedEx Express International is committed to compliance with all required notice periods and other regulations relating to any operational changes of its organization. Restrictions and requirements differ per region, and within a region there are differences country by country. Europe is the most regulated region within FedEx Express International which means that in several European countries operational changes may only be implemented after engagement with relevant works councils and employee representatives. FedEx Express International is fully committed to respecting such requirements and therefore all mandatory (minimum) notice periods are taken into account.



Diversity and Inclusion

At FedEx, we believe in the power of inclusion. We are committed to fostering respectful, safe, and inclusive workplaces that celebrate the unique contributions of each individual. With operations in thousands of communities around the world, our diverse talent is equipped to understand our customers' varied needs. Everywhere we operate, diversity and inclusion connects people and possibilities to deliver a better future for team members, customers, suppliers, and communities.

Each FedEx operating company maintains a diversity and inclusion team that also participates in an enterprise-wide Diversity & Inclusion Corporate Council. Members of the council share best practices and support multicultural programs in the companies and communities we serve. This council aligns to increase business performance, innovation, and employee engagement by fostering a true culture of diversity and inclusion across the enterprise.

Diversity Starts at the Top

The FedEx Board of Directors includes 13 directors, four of whom are women and three of whom are ethnically diverse. Women represent 23% of FedEx management employees globally, while minorities comprise 37% of management employees in the U.S.

See the [Data Appendix](#) for the percentage of minorities in management from FY17 to FY19 in the U.S.

Recruiting for a Diverse Workforce

Across our operating companies and in cooperation with key organizations, we recruit candidates from a variety of backgrounds to build a workforce reflective of the world and communities we serve. For example, we collaborate with the National Urban League, Society of Asian Scientists and Engineers, Society of Hispanic Professional Engineers, Society of Women Engineers, and others to increase our diverse candidate pools through targeted recruitment initiatives. We also encourage our team members to participate in these and other organizations. For example, one of our senior executives is currently the National Board Chair of the National Black MBA Association, and FedEx is a key sponsor of their annual conference while also supporting key events and initiatives of the organization. We also maintain a variety of hiring programs to help provide U.S. military veterans with rewarding employment as they transition to civilian life.

Internships and Mentoring

The FedEx Services "College Connections" internship program collaborates with the diversity and inclusion team to ensure the pipeline of students coming into FedEx is as diverse as possible. Targeted recruiting events reach an even more diverse population of African American and Hispanic students, including events at 16 historically black colleges and universities; institutions with many Hispanic students; and career fairs at the Thurgood Marshall Leadership Conference, National Black MBA Conference, and others.

College Connections has continued to grow since the program's inception. In FY19, we received more than 16,000 applications to fill our 170 summer intern positions, 2,000 more applicants than the previous year. Overall, the program allows us to reach thousands of candidates and interview many of them right at the conferences we attend. We typically offer approximately 70% of interns full-time employment. Minority representation in the internship program is at 50%, and the percentage of African American and Hispanic interns increased by 5% from 2018 to 2019. In addition, to make sure our interns have a positive experience at FedEx, interns are paired with team members who provide feedback and mentoring throughout the summer.

Connecting With Students at Historically Black Colleges and Universities

FedEx Logistics launched a first-of-its-kind program at Mississippi Valley State University, a historically black college and university, which included opening a satellite office on the campus staffed by qualified students. The program is designed to offer employment opportunities and create a diverse pipeline of talent by aligning professional job opportunities for students to support the FedEx Logistics customs brokerage operation. Students have access to part-time employment and gain experience while they are in school, with the potential for full-time employment upon graduation.

Also during FY19, FedEx Freight facilitated two career-readiness outreach events called The Boardroom Experience at historically black colleges and universities. The aim was to continue building a diverse talent pipeline for summer internships by providing exposure and experience in career opportunities at FedEx Freight. The program will expand to Hispanic-serving institutions in FY20.

A Diverse and Inclusive Culture

Across our operating companies, FedEx team members participate in business resource teams and affinity groups that help recruit, develop and retain talent, create connections, and build community through targeted programs and events that align with business strategies for maximum impact. Numerous networks are available to team members, including, but not limited to, Women in Leadership, Black Professional's Network, All-Generations, Multi-Ethnic Leadership Community, Asia Network, LGBT & Friends, U.S. Military Veterans, Growing Professionals, Parents Working Together, and many others. During FY19, affinity groups sponsored a variety of events and summits. And in concert with the business resource teams, we held the sixth annual Women in Leadership 360° Summit in two locations, along with 11 watch parties in 10 countries.

Diversity and Inclusion (continued)

We believe that a culturally competent workplace is one where team members can bring their whole selves to work because the workplace has the right accountability, infrastructure, and resources to foster a lasting, inclusive culture. Education, training, and regular communications encourage managers and individual team members to embrace a strategic mindset and a culture where diversity and inclusion are fundamental to the organizational bottom line.

For example, in 2019 FedEx Freight rolled out the Diversity & Inclusion Service Center liaison program, which empowers talented and culture-driven team members to reinforce the diversity and inclusion strategy in the FedEx Freight network. This program connects diversity and inclusion initiatives to front line team members while providing unique opportunities to develop leaders in the company.

FedEx Ground launched two new videos in FY19 which featured team members illustrating how the company maintains a diverse and inclusive culture and exploring what inclusion means. These videos supplement the existing Inclusive Workplace Learning Map course and other resources. FedEx Ground also recognized team members and functional areas with 61 Inclusive Leadership Awards. This annual event is part of an ongoing program that recognizes those who have demonstrated commitment to an inclusive workplace culture. Also during the year, the FedEx Ground Employee Network Council initiative, which aligns employee networks for strong diversity and inclusion outcomes, welcomed two new employee networks –

Men Leading Inclusively and enABLE Network. FedEx Ground now has 11 employee networks that sponsored more than 35 events during the year to engage team members in leveraging diversity and inclusion for networking, career building, and business optimization.

During FY19, FedEx Office implemented a number of programs to foster greater diversity and inclusion awareness, implementation, and tracking:

- Diversity and inclusion awareness roadmap and message map for consistent messaging
- Updates to orientation, job description and team member handbook resources to emphasize diversity and inclusion
- FedEx One intranet site with materials to further team member understanding of how to apply diversity and inclusion principles
- Diversity and inclusion overview video added to new employee orientations
- Diversity and inclusion strategies and tools added to talent review and performance management
- Inclusive leadership and bias training delivered to all human resources departments
- Courageous Conversations, a training session to help leaders learn how to navigate sensitive conversations.

See the [Data Appendix](#) for:

- FedEx global headcount by gender
- U.S. percent workforce diversity
- U.S. percent generational diversity



Team Member Quality of Life

At FedEx, we believe our success depends on the talent, dedication, and well-being of our people. Providing them with competitive healthcare, wellness, retirement, and other benefits supports our team members' quality of life and enables them to perform at their best.

Health and Wellness

We are committed to supporting the physical and behavioral health and well-being of our team members and their families by providing an array of programs that help our people and their loved ones stay at their best level of health, lifelong. In turn, this allows our team members to deliver the best service for our customers. Achieving the best health outcomes for our plan members directly reduces healthcare costs for our business.

High-Quality, Affordable Benefits

Our total benefits package for team members includes competitive and, in many cases, innovative health benefits for eligible full-time and part-time team members and their dependents. In the U.S., where we have approximately 220,000 participating team members, we cover more than 70% of total eligible health and disability costs for part- and full-time employees at the plan level. This set of services includes medical, behavioral, dental, vision, and pharmacy coverage with flexible options for each. According to the IBM Watson Health database, the out-of-pocket costs for FedEx team members are lower than at most other companies. In addition, participating

part-time and full-time team members are eligible for health reimbursement accounts, employee assistance counseling, free generic prescription coverage, company-paid life insurance, and many other benefits.

Access to Healthcare

Team members are increasingly using telehealth tools to connect with medical professionals for personalized healthcare, remotely from their mobile devices or computers. From FY18 to FY19, our team members' use of telehealth jumped 360% and, in 2020, telehealth access became free of charge. Along with our 24-hour nurse line, near-site healthcare facilities – such as the ones close to our FedEx Express headquarters, Memphis hub, and in Irving, Texas – assistance with second opinions, integrated personal health teams, a medical decision support group, and tiered access networks, our team members have a variety of flexible options for their healthcare, whether they live in rural areas or large cities. Team members can also use a digital navigation tool to find doctors, see account balances, and get other healthcare information on their mobile devices. FedEx is among an estimated 40% of large employers that offer this convenience.

Support With Work-Life Balance and Major Events

In addition to family-friendly benefits such as paid maternity and paternity leave and financial assistance with adoptions, FedEx offers a Work-Life Balance Program to all U.S. team members. Members can access specialists and online resources for advice and support on common life events and challenges, such as parenting, childcare, and financial matters. In 2019, a total of 146,847 team members – 45% of eligible U.S.-based team members – participated in work-life balance programs.

Employee Assistance Program

PeopleHelp offers confidential counseling services to employees, eligible dependents, and all household members, regardless of if they are participating plan members, 24 hours a day, 365 days a year. Services provided includes unlimited telephone consultations with a licensed clinician to explore treatment options, identify resources, and develop action plans. In addition to consultations, educational offerings such as webcasts on various topics, online personal health programs, and wellness seminars are available.

Wellness and Stress Reduction

Team member wellness programs, including healthy weight management and tobacco cessation programs, nutritionist support, stress management classes, and other resources, reflect our holistic approach to supporting well-being. Other wellness offerings at some operating companies include free on-site flu shots, on-site mammograms, and fitness challenges. Team members can also access LifeCare for guidance navigating both big and small events, such as finding childcare, handling the death of a parent, or buying a car. Other available resources to help reduce life's stressors include legal assistance, identity theft protection, and home and auto insurance.

360%

team member use of telehealth increased by 360% in FY19

Team Member Quality of Life (continued)

Competitive, Equitable Pay

Across our organization, FedEx is committed to providing a competitive wage to all employees. Every FedEx company conducts periodic benchmarking analyses to ensure our pay remains competitive. In addition, each FedEx company assesses internal pay equity periodically. In each pay analysis, we adjust for job tenure, region, performance, and other variables that can influence pay over time.

Saving for the Future

FedEx offers pension and 401(k) plans to eligible U.S. team members. The pension plans are completely funded by FedEx and the 401(k) plans are partially funded by the company through matching contributions. In FY19, 91% of U.S.-based team members participated in our 401(k) plans. To increase retirement plan participation, we participated in 18 benefits fairs in FY19, and reached more than 22,000 employees and spouses. We also facilitated 123 retirement education seminars that were attended by over 7,800 team members.

In FY19 we made contributions of \$1 billion to our U.S. pension plans – among the best funded in the U.S. FedEx recently closed the U.S. defined benefit pension plans to new non-union employees hired on or after January 1, 2020. The pension plans will remain open to eligible employees who were hired prior to January 1, 2020. Effective January 1, 2021, we will introduce an all-401(k) plan retirement benefit structure with a higher company match of up to 8% for eligible employees across all U.S.-based FedEx companies.



Environment

Multiplying Efficiencies

At FedEx, we are proud of our ability to connect people and possibilities around the world, and to do so responsibly and resourcefully. Within our own operations, innovation is central to multiplying efficiencies, reducing our environmental impacts, and creating value for our business and our stakeholders.



3.1m

We avoided more than 3.1 million metric tons of CO₂e emissions in FY19 from enterprise-wide fuel- and energy-saving initiatives.

Our Approach – Reduce, Replace, Revolutionize

Across the FedEx organization, our Reduce, Replace, Revolutionize approach guides environmental efforts to drive the responsible and efficient use of resources, optimize our business, lower costs, and deliver value in four key areas:

- Aircraft efficiency
- Vehicle efficiency
- Sustainable facilities
- Sustainable materials and recycling

In each of these areas, a philosophy we call Practical Sustainability helps us identify the right initiatives to address our material issues, guided by input from the experts on our Sustainability Impact Teams (SITs). Practical Sustainability emphasizes opportunities to multiply efficiencies, minimize impacts and apply innovative solutions that optimize our business. This means committing to our long-term performance, to transparency in sharing our progress, to innovation in products and operations, and to leadership in next-generation solutions and policies with the power to transform the industry and benefit society.

See [Our CSR Strategy](#) for more information about our material issues. For some of the ways we are innovating to reduce environmental impacts associated with last-mile delivery, urban mobility, and other challenges, see the [Driving Innovation](#) section in the Economy chapter.

Throughout our global enterprise, team members play key roles in implementing our sustainability strategy and achieving our goals. A variety of internal programs provide avenues for FedEx team members to help advance our continued progress at reducing fuel emissions, energy use, and waste in the workplace. Across the enterprise, our longstanding QDM approach drives continuous improvement, fostering quality and efficiency in everything we do.

40%
decrease in CO₂ emissions
intensity (on a revenue basis)
since FY09

At the operating company level, examples include FedEx® Fuel Sense and Eco Drive at FedEx Express, Energy Watch at FedEx Freight, and EarthSmart Champions at FedEx Ground.

Collectively, our sustainability efforts have contributed to an approximately 40% reduction in CO₂ emissions intensity across the enterprise from FY09 to FY19, a period in which revenue grew by 96%.



Reduce

Minimize or eliminate impacts from activities and operations.



Replace

Apply the right solutions in the right applications.



Revolutionize

Discover and utilize cutting-edge technologies and solutions.



Energy and GHG Emission Reduction

FedEx operates a fleet of 679 aircraft and more than 180,000 owned and contracted on-road and non-road vehicles, including some 80,000 company-owned vehicles over which we have operational control.

The fuel used to power this fleet represents a significant operational cost, as well as our most material environmental impact, accounting for almost 6% of operating expenses and 92% of our emissions footprint in FY19.

Our continued growth means we must seek new approaches and available technologies to optimize efficiency in our vehicles, aircraft, and facilities. Through these efforts we have decreased our GHG (greenhouse gas) emissions on a gross revenue basis and adopted a number of strategies to improve efficiency even further:

- Setting ambitious fuel efficiency and emission reduction targets.
- Modernizing our aircraft and vehicle fleet.
- Incorporating alternative fuels and emerging technologies into our fleet and facilities.
- Using more efficient purchased transportation, including interline commercial air carrier and intermodal rail transport.
- Engaging team members and customers in energy efficiency initiatives.
- Advocating for regulatory and policy changes that support emissions reduction, efficiency improvements, and cleaner technology.

We are committed to openly sharing our progress on reducing emissions. In 2019, FedEx received an A- (Leadership level) score on CDP Climate Change Disclosure ranking for sustainability and emissions management efforts, up from B/Management level in 2018. For more detail about our energy efficiency and emission reduction programs, see the latest [FedEx CDP response](#).

See the [Data Appendix](#) for FY19 and year-over-year results on:

- Direct and indirect energy consumption
- Direct and indirect GHG emissions
- Emissions intensity
- Other significant air pollutants
- Fuel, energy, emissions savings

3,140,299

metric tons of CO₂e emissions avoided from enterprise-wide fuel- and energy-saving initiatives in FY19*

FY19 Transportation Efficiency Gains and Cost Savings

FedEx Initiatives	FY19 Cost Savings Estimates	FY19 Emissions Avoided (metric tons CO ₂ e)
Aircraft fleet modernization, FedEx® Fuel Sense operational improvements	\$553m	2,410,270
Fuel-efficient driving, vehicle technology improvements, alternative fuel usage, electric vehicles at FedEx Express	\$76m	255,666
Intermodal rail transport at FedEx Freight	\$84m	281,278

* Includes on-site solar, building lighting retrofits, FedEx Fuel Sense, aircraft fleet modernization, FedEx Express vehicle efficiency, and FedEx Freight intermodal rail usage

Aircraft Efficiency

Goal:

Reduce aircraft emissions intensity by 30% from a 2005 baseline by 2020.

Progress:

24% reduction since 2005 baseline.

Goal:

Obtain 30% of jet fuel from alternative fuels by 2030.

Progress:

The first delivery of alternative jet fuel is anticipated in the second half of 2020.

FY19 Aircraft Modernization and FedEx Fuel Sense Programs

250m

gallons of fuel saved



2.41m

metric tons of CO₂e emissions avoided

Reduce

Minimize or eliminate impacts and fuel use from flight operations through the FedEx® Fuel Sense program.

Replace

Modernize our planes with more efficient aircraft.

Revolutionize

Utilize alternative fuels and industry-leading technologies.

Ensuring that the nearly 700 aircraft in our fleet operate as efficiently as possible requires a combination of strategies from each part of our approach: Reduce, Replace, and Revolutionize. We reduce fuel use in flight operations through the FedEx® Fuel Sense program, replace and modernize our planes with more efficient aircraft, and revolutionize our operations with alternative fuels and industry-leading technologies.

In FY19, this approach achieved strong results. Our aircraft modernization and FedEx Fuel Sense programs saved more than 250 million gallons of fuel and avoided more than 2.41 million metric tons of CO₂e emissions. In addition, where appropriate, we use interline commercial air carrier transport to maximize system and network efficiency, which in turn reduces fuel use, emissions, and costs. This involves collaborating with other airlines to carry FedEx packages on routes where our aircraft have less than a full load, making our air operations in those regions more efficient.



Commitment to Sustainable Aviation and Community Investment

As always, FedEx remains committed to efforts with the potential to make aviation more sustainable. For the last several years, we have participated in the effort to develop the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) program alongside our industry association. CORSIA has been adopted by the International Civil Aviation Organization (ICAO), a specialized agency of the United Nations with the authority to enforce the provisions of the program. It will complement the aviation industry's multi-pronged strategy, which includes development of alternative fuels to reduce emissions on a lifecycle basis and the advancement of engine and airframe technology to improve efficiency.

CORSIA is designed to aid in achieving the international aviation industry's goal of carbon neutral growth starting in 2020, along with other reduction measures, such as infrastructure upgrades, technology, operations, and sustainable aviation fuel. In 2019, we began tracking our emissions from international flights in accordance with the requirements of CORSIA, and we will do so again in 2020. Our data, along with that from other airlines, will be used to set the industry's 2020 emissions baseline. Beginning in 2021, FedEx and other airlines subject to the requirements of CORSIA will be responsible for purchasing and retiring carbon credits to offset emissions in excess of the baseline set in 2020.

CORSIA provides opportunities for more investment in projects that provide co-benefits. The projects to be supported by FedEx will deliver benefits in the communities where they are implemented, such as investment in capturing methane from landfills or buying carbon offsets from farms that generate electricity from waste.

Aircraft Efficiency (continued)

Reduce

FedEx Fuel Sense

Lowering aircraft-related emissions at FedEx Express means achieving a single, but multifaceted objective: reducing our use of jet fuel. Whether by shifting some air shipping to ground shipping, targeting innovative ways to board and burn less fuel, or modernizing our fleet with more efficient aircraft, we continually work to consume less jet fuel. For more about our continued fleet modernization, see page 65.

FedEx Fuel Sense® is a comprehensive fuel conservation program at FedEx Express, representing a suite of initiatives designed to reduce fuel consumption in our aircraft fleet. The Fuel Sense program is managed by the cross-functional Operational Efficiency Steering Committee (OESC) with representatives from across FedEx Air Operations. Since it began in 2006, FedEx Fuel Sense has applied the insights and ideas of aviation team members and experts to create a transformative culture of fuel-saving behavior and systems to help save 764.7 million gallons of jet fuel. In FY19 alone, FedEx Fuel Sense programs saved more than 109.6 million gallons of jet fuel. This is equivalent to the power needed by the entire FedEx aircraft fleet for almost 34 days. These fuel savings also avoided

more than 1,054,418 metric tons of CO₂e emissions, an increase of 15.6% over FY18 savings.

Over 70 different fuel-saving projects are now under the FedEx Fuel Sense umbrella and the number continues to grow as additional projects are identified. Potential programs are identified and implemented through a collaborative effort involving all major departments in FedEx Air Operations including air traffic operations, dispatchers, ramp operations, pilots, aircraft maintenance technicians, and others. FedEx Fuel Sense programs include:

Auxiliary Power Unit (APU) Program: Saves up to \$40 Million

An APU is a small but fuel-hungry jet engine primarily used to power aircraft systems while in the gate. Wherever possible, we substitute ground power instead of operating the APUs, and have set parameters for when the APUs should be powered up and shut down. Operating APUs in the gate is approximately ten times more expensive than electric and four times more expensive than diesel-generated ground power.

Some airports do not have the necessary infrastructure to plug in a Ground Power Unit (GPU) as an alternative to an APU, so we have provided funding for that infrastructure, such as at our Anchorage, Alaska hub. Purchasing appropriate equipment has been key to the program's success as well. For instance, in Memphis, we purchased air conditioning carts that can slightly cool an airplane before the crew arrives. Simple measures such as sun shades in cockpit windows further reduce

the need to start an APU to cool down an airplane, while also encouraging a fuel-saving mindset and habits.

Simplified Fuel Planning: Saves Almost 16 Million Gallons

An important change that originated in the FedEx Fuel Sense program is the Simplified Fuel Policy. This new fuel planning approach, implemented in FY19, encourages communication among the many teams involved in determining the amount of fuel added to each flight. The policy focuses on ensuring the right amount of fuel is added to each flight and has been extremely successful at reducing consumption and costs. Carrying extra fuel adds weight, decreases efficiency, produces more emissions, and increases operating costs, so we reviewed interactions between dispatchers and pilots about how much fuel should be boarded on our aircraft for a given flight. Results showed a lack of clarity about the optimal amount to cover the flight plan as well as contingencies for severe weather or air traffic controller-imposed delays.

The Simplified Fuel Policy includes clear guidance and defined standards about when and how much fuel to add, depending on weather and other operating conditions. In turn, this information gives pilots – who by regulation have full control over the amount of fuel boarded onto an aircraft – the added assurance that their aircraft are sufficiently fueled, thereby avoiding the need to override the plan by adding more. This relatively simple, but innovative, change not only provides consistency in fueling practices, but has also led to savings of almost 16 million gallons of fuel and \$35 million in fuel costs so far.

Fostering a Fuel-Saving Culture

With any new program, ingrained habits and culture are the hardest elements to change. But FedEx Air Operations teams have changed their working culture significantly to make sure fuel is conserved wherever possible. APUs are used selectively and in alignment with our new criteria, dispatchers are more vigilant than ever when planning the amount of fuel to board, pilots trust the plans, and we are sharing their experiences with other aviation staff across our network of 13 Air Express hubs and more than 650 airports. A comprehensive communications program at FedEx Express, including surveys, videos, posters, meetings with pilots and other events, has confirmed that our ground staff and crew members care about saving fuel and delivering the lowest possible costs to customers. Of course, our efforts to conserve fuel and reduce impacts don't end with our own operations. We share our learnings and best practices with other companies so the aviation industry can become more efficient.

9%

Since 2007, FedEx Fuel Sense savings equal 9% of the total aircraft fuel budget

Testing Confirms Innovative Wake Surfing Could Reduce Fuel Use by 10%

FedEx Express and Boeing have completed formation flight tests that confirm the potential for reducing fuel consumption by flying in the wingtip vortex of the lead aircraft. Wake surfing, which emulates the formation flying of birds, could potentially reduce fuel consumption by up to 10%.

Aircraft Efficiency (continued)

Replace

Aircraft Modernization

Thanks to our ongoing modernization program, FedEx maintains one of the world's largest, fastest, and most innovative all-cargo aircraft fleets. Our aircraft modernization strategy continued delivering benefits in FY19, saving 140,587,382 gallons of fuel and avoiding 1,355,852 metric tons of CO₂e. This represents a 28% increase in avoided emissions over the previous year.

We have been working to reduce aircraft emissions since 2005, our baseline year, and announced our first reduction goal of 20% by 2020 in 2008. Three years later, in 2011, we revised this target upwards to 30%. However, as we have previously reported, our progress is falling short of the overall improvements needed to meet our revised 30% reduction goal. As of FY19, our aircraft emissions intensity has decreased by 24% since 2005. Continued higher e-commerce and other shipping volumes, and the need to maintain older aircraft marked for retirement while we await production of more efficient replacements, have presented ongoing challenges toward our goal.

We continue making progress on our overall fleet modernization plans. In September 2019, we announced the retirement of 20 of our MD-10-10 aircraft over FY20 and FY21, which will eliminate that fleet type from our air operations. In the second quarter of FY20, FedEx Express permanently retired 10 Airbus A310-300 aircraft and 12 related engines. We continue to evaluate whether additional aircraft retirements are warranted.

As of February 2020, FedEx Express has pending orders for 15 Boeing 777F aircraft and 48 Boeing 767F aircraft. We already have 84 Boeing 767F aircraft in our fleet, with the remainder scheduled to arrive between 2020 and 2023. Already, we are realizing significant improvements in fuel efficiency because the Boeing 767 Freighters are about 30% more fuel efficient than the MD-10s they replace. The modernization of our overall aircraft fleet lowers costs through enhanced reliability, operational flexibility, reduced maintenance expenses, and improved fuel efficiency.

Our fleet of feeder aircraft, which cover shorter routes, is also being upgraded. We have agreements in place to purchase 50 Cessna SkyCourier 408 aircraft and 30 ATR 72-600F aircraft, which improve fuel efficiency, reliability, and operating costs. The new aircraft will be capable of carrying much heavier cargo, allowing us to provide a single airplane on a route, rather than two on a single route, greatly enhancing efficiency.

For details on our aircraft fuel and emissions savings, see the [Data Appendix](#).

Revolutionize

Aircraft Biofuels

While FedEx® Fuel Sense programs and fleet modernization have lowered fuel use and emissions, we want to reduce our impacts further. Our goal to obtain 30% of jet fuel from alternative fuels by 2030 underscores our commitment to explore all avenues to reducing aircraft emissions. We have collaborated with our industry, government agencies, academia, and alternative fuel suppliers in search of viable, cost-effective alternatives that can not only reduce our own emissions, but support uptake of alternative fuels throughout the aviation industry.

In 2019, industry progress to aviation biofuels reached a milestone when Red Rock Biofuels, which will supply low-carbon, renewable jet fuel to FedEx Express, began constructing a biodiesel refinery in Lakeview, Oregon. The first delivery of alternative jet fuel is anticipated in the second half of 2020. The biofuel, which will be used in our Bay Area, California operations, will be produced using woody biomass from the logging industry, which is normally a waste product. This means that in addition to producing fewer emissions, the alternative jet fuel will also keep waste from being incinerated or landfilled.



Vehicle Efficiency

Goal:

Increase FedEx Express vehicle fuel efficiency by 50% from a 2005 baseline by 2025.

Progress:

40.9% improvement from a 2005 baseline.

Through FY19, these combined efforts resulted in a 40.9% improvement in FedEx Express vehicle fuel efficiency from our 2005 baseline.

See the [Data Appendix](#) for FY19 and year-over-year results on:

- Vehicle fuel use (diesel, gasoline, propane, LNG, CNG)
- Number of alternative fuel vehicles (hybrid, electric, LNG, CNG, LPG, hydrogen fuel cell)
- Fuel saved and emissions avoided through vehicle efficiency efforts



Reduce

Minimize emissions through platooning and intermodal rail.

Replace

Modernize our vehicles with more efficient models.

Revolutionize

Utilize fleet electrification.

Vehicle Efficiency (continued)

Reduce and Replace

Technology and Operations

In each market where we operate, we strive to leverage the best available emission technology for our vehicles. This minimizes the emissions impacts of any remaining legacy vehicles in the fleet. The positive outcomes of this approach are especially notable at FedEx Express, which operates more than 85,000 company-owned and contracted vehicles around the world and has committed to maintaining a robust emission strategy, well ahead of low-emission and zero-emission zones and other regulatory requirements, especially in congested urban centers.

FedEx Freight also continues replenishing its fleet, replacing older tractors and other equipment with newer models that enhance efficiency and safety. In FY19, FedEx Freight replaced 184 older diesel trucks that had reached their end-of-life with cleaner diesel trucks whose engines are 92% more efficient. As with our aircraft modernization program, however, we have had to keep in service some older tractors slated for replacement to accommodate company growth.

Innovative approaches such as platooning, which we continued demonstrating with Volvo Trucks North America in FY19, can increase truck fuel efficiency and improve safety. When two or three trucks can drive closely behind one another, aided by technology, fuel efficiency improves as a result of reduced drag, which is normally responsible for as much as 25% of a truck's fuel use. Our platooning demonstration allows trucks to follow each other in a safe and controlled manner by using automated

vehicle-to-vehicle communication. The lead truck can use radar to detect an upcoming issue and signal to the following trucks for automated responses using collision mitigation and other technology. Our continued collaboration is testing efficiency and optimizing safety under scenarios such as road closures, tire blowouts, inclement weather, and other challenges. Through this and other innovative projects, we are working to both reduce fuel use and revolutionize our fleet.

Intermodal Rail Transport

For FedEx Freight and FedEx Ground, some shipping may be diverted to intermodal rail which is 70% more efficient than transport by road. By leveraging the efficiency of rail for longhaul shipping, we are able to reduce our emissions while maintaining the same level of customer convenience through truck pickup at origination and delivery to the final destination. In FY19, FedEx Freight continued to increase the use of intermodal rail transport and added 659 intermodal trailers as well as tandem-axle tractors needed to support the longer 53-foot trailer and greater weight.

During FY19, the use of intermodal rail transport by FedEx Freight saved an additional 27,450,815 gallons of fuel and avoided 281,278 metric tons of CO₂e emissions. This reflects a 7.8% increase in rail miles for FedEx Freight intermodal shipping during FY19 compared to the previous year.

Drive Me Challenge

The annual FedEx Express Drive Me Challenge in Europe brings together top-performing van, truck, and forklift drivers to compete on behalf of their country and in cooperation with each other. Contestants are judged on fuel efficiency, safety, customer experience, and knowledge of their vehicles. In 2019, the team from Poland won the competition in events that put environmental performance front and center.



Vehicle Efficiency (continued)

Revolutionize

We are committed to revolutionizing our vehicle fleet with alternative fuels and innovative technologies. Incorporating these innovative vehicles plays an important role in reducing our GHG emissions, while also benefiting the broader transportation industry. We are amplifying our efforts toward greater electrification of our fleet and exploring fuel-cell-powered vehicles, among other advanced technologies.

Electric Vehicles

Across our operating companies, we remain committed to adding electric vehicles to our fleet, both in our facility operations and in deliveries. However, while technology has advanced for personal electric vehicles, barriers to electrifying a commercial fleet as large and complex as ours remain significant. We face two main challenges:

- The types of vehicles we need, ranging from longhaul Class 8 trucks to last-mile delivery vehicles, are still not available in the commercial vehicle space in the quantities we need. We are working with manufacturers to address range and capacity limitations.
- Charging infrastructure is not yet sufficient to handle the demands of charging hundreds of vehicles simultaneously. In urban areas, we use available regenerative charging stations, and we are collaborating with power utilities on broader infrastructure solutions.

Despite these limitations, in FY19, we were able to add almost 400 electric vehicles to our global fleet, resulting in more than 2,944 electric vehicles in service by the end of the fiscal year, including forklifts, airport ground service equipment, and delivery trucks. We also anticipate the delivery of 1,000 Chanje V8100 electric vehicles for use in California by FedEx Express during 2020. These vehicles can travel more than 150 miles when fully charged, potentially saving 2,000 gallons of fuel, avoiding 20 metric tons of CO₂e emissions per vehicle each year, while reducing maintenance costs. This represents a significant step in our efforts to continue the electrification of our fleet, especially for urban delivery, and reflects our multi-year commitment to electrification.

Outside the U.S., FedEx Express has tested electric vehicles in China and Europe, with a view to strategically scale the adoption of commercially viable models in those markets. FedEx Express already has about 100 electric vehicles in the Asia-Pacific region. A recent rule promulgated in China requires all charging to take place outside, temporarily affecting our electric vehicle expansion plans in that country.

Next Steps in Fleet Electrification

FedEx Express plans to complete an overarching, proactive electrification strategy and process that can be applied anywhere in the world. Once in place, this strategy will facilitate greater use of electric vehicles and meet differing regulatory requirements from city to city. The process also includes working with utilities to identify the infrastructure upgrades needed to meet the higher electricity

demand, with partners that can build charging infrastructure, and with vehicle manufacturers to ensure availability of parts for service and repair. The final phase is improving on this electrification ecosystem with microgrids that can help to decrease demands on electric substations and enable charging at times that avoid peak energy costs.

FedEx Freight also continues making research and development investments into electrification of the transportation sector, with special focus on truck capacity, range, and cost-efficiency compared to diesel engines. Plans continue at FedEx Freight to incorporate the Tesla Semi electric tractors into the fleet, which will require facility electricity infrastructure upgrades to simultaneously charge a fleet of large electric vehicles.

While FedEx Freight awaits production of the Tesla Class 8 trucks, electric hostlers are being evaluated. Hostlers have an advantage in that they are used only on FedEx premises and therefore avoid the challenges associated with range limitations. In addition, the limited number of hostlers at FedEx facilities makes charging requirements manageable. During FY19, FedEx Freight began pilot testing an electric hostler with positive results. Drivers appreciate the quiet and efficient operation, as well as the zero emissions. Future plans call for integrating the electric hostler with the FedEx Freight Yard Management System for seamless operation.

Where independent service providers are part of our shipping network, we promote the use of electric vehicles and alternative fuels. At FedEx Ground, for instance, an electric vehicle charging pilot is currently underway and will be completed by the end of 2020. Through an arrangement with Charge Point, which owns and maintains the charging equipment, FedEx Ground contracted service providers will be able to charge their electric vehicles at two locations beginning in late 2020. This approach is similar to the model used for service providers who operate propane vehicles, for which FedEx Ground offers a propane fueling facility.

See the [Sustainable Facilities](#) section in the Environment chapter for details on the ways we are beginning to upgrade our infrastructure with new technology and incorporate on-site solar installations to power a growing electric fleet.



Vehicle Efficiency (continued)

Alternative Fuels

Across the FedEx enterprise, we continue using alternative fuels in our fleets, including biodiesel, compressed natural gas (CNG), propane, and hydrogen fuel cells. For instance, FedEx Ground sells biodiesel to contracted service providers for improved environmental performance. In FY19, approximately 72% of all diesel sold to service providers consisted of various biodiesel blends. Use of biodiesel avoided almost 77,000 metric tons of CO₂e emissions in FY19 through a network of fuel islands at most of our 84 locations. Beyond providing pre-blended biodiesel at most of our locations, 27 locations have on-site blending technology. We plan to expand the biodiesel fuel island network throughout the U.S. based on careful evaluation of each geography and extend the saving benefits of the fuel program.

In FY19 we had 217 CNG and LNG vehicles in service, reducing diesel fuel use and emissions. FedEx Freight continues to monitor the development of natural gas vehicles and explore additional opportunities to add more to the fleet. However, the availability of natural gas engines capable of meeting our freight needs is limited. We have also evaluated the applicability of CNG vehicles to FedEx Express and determined that it is not a mainstream fuel in many places, retail infrastructure is lacking in many of our markets, and CNG does not have the potential to significantly improve the FedEx Express fleet efficiency for the smaller size vehicles used and the shorter distances traveled, compared to FedEx Freight.

Hydrogen fuel cell technology offers the potential for low-emission alternatives to traditional engines, and could provide excellent range for longer routes. FedEx Express operates three fuel cell cargo tugs at the Albany, New York airport hub and continues seeking extended-range electric vehicles, but fueling infrastructure remains an impediment.

Alternative Vehicle Fleet

	FY17	FY18	FY19
Total Alternative Fuel Vehicles	2,865	3,873	4,031
Hybrid	463	389	350
Electric	2,109	2,554	2,944
Compressed Natural Gas/Liquefied Natural Gas	220	331	217
Liquefied Petroleum Gas (LPG) (Propane)*	58	583	515
Hydrogen Fuel Cell	15	16	5

* Total does not include propane-powered forklifts. FY18 increase due to inclusion of on-road LPG vehicles at TNT.

Urban Mobility Innovations

As urban centers around the world become increasingly congested, FedEx is testing and applying even more innovative solutions to reduce the use of traditional vehicles and expand electric vehicles, bicycles, autonomous devices, and other last-mile delivery options. This includes developing cutting-edge last-mile delivery solutions that work within urban infrastructure constraints and minimize or eliminate emissions. Roxo™, the FedEx SameDay Bot, and use of drone technology, both tested during FY19, are two examples of last-mile delivery innovations that hold promise for navigating the challenges of urban centers and last-mile delivery. See the [Driving Innovation](#) section in the Economy chapter for more.

Although traffic congestion and emissions are somewhat interdependent, we use different strategies to mitigate them. For instance, in China's largest cities, where traffic can mean sitting at a standstill for hours, cities have an important role to play in upgrading infrastructure. FedEx Express is developing new delivery methods for urban locations that include having multiple foot, bike or small-vehicle couriers work from a single base, aided by innovative technology, to reduce the numbers of delivery vehicles entering and leaving the city. We also continue to evaluate emerging technologies that use artificial intelligence to connect vehicles to traffic lights and other infrastructure for route optimization.

Improving City Logistics in Europe

In Europe, urban mobility is a highly variable issue from one city and country to the next. For example, each city maintains its own requirements to comply with EU emissions standards. In addition, some cities impose pedestrian- or bicycle-only areas. The presence of historic centers with narrow, cobbled, or one-way streets and waterways has brought new challenges in delivering to apartment residents in busy cities. But commonalities can be found. FedEx Express has launched a series of urban logistics pilot programs in six major cities – Amsterdam, Frankfurt, London, Milan, Madrid, and Paris – to identify the best combination of mobility solutions for each type of urban center. These locations were selected in part because they include attributes that make them comparable to as many as 600 other cities across Europe, enabling us to scale the new solutions beyond the initial six pilot locations.

We are testing a variety of innovative options to determine what works best for each city's circumstances, including electric vehicles, autonomous devices, and controlled access to car trunks, as well as options such as foot couriers; cargo bicycles with two, three, and four wheels; bicycles with trailers behind them; and potentially public transit systems to carry packages. The overarching objective is to deliver packages as safely, sustainably, and efficiently as possible using an intelligent logistics system that can be applied in many locations.

Sustainable Facilities

The efficient operation of our 5,000+ air and ground hubs, local stations, freight service centers, and retail locations is critical to achieving our business and sustainability goals.

Goal:

Seek Leadership in Energy and Environmental Design (LEED) certification on all new U.S. FedEx Express buildings and certified facilities.

Progress:

On track, with three additional LEED-certified facilities in FY19.

From efficient facility design and construction to state-of-the-art energy management and waste recycling practices, we are working to make our facilities more sustainable. Our operating companies improve efficiency in many ways, including by certifying facilities to external standards, where viable, that encompass a host of environmental criteria. These include:

LEED

- FedEx Express has 22 LEED-certified facilities in the U.S., including its headquarters in Memphis, Tennessee, covering an area of 275,850 square meters.
- FedEx Express has three LEED-certified facilities outside the U.S., including the FedEx Express International headquarters in Hoofddorp, Netherlands, which is certified LEED Platinum.
- FedEx Ground has six LEED-certified facilities in the U.S.
- The FedEx Office headquarters in Plano, Texas is LEED-certified.
- FedEx Freight brought a new LEED-certified facility online in Wisconsin during 2019, the first for this operating company.

ISO 14001

- FedEx operates 606 facilities, primarily FedEx Express facilities, certified to the ISO 14001 environmental management system standard.
- In addition, some of our international operations also have ISO 50001 certification.

Other Facility Sustainability Programs

The FedEx Ground EarthSmart® Champion program aims to increase employee participation and engagement in sustainability initiatives in every facility. The program continued to grow in FY19, with 640 EarthSmart champions, 490 champion sites and 460 certified buildings. Going forward, FedEx Ground plans to house EarthSmart champion information in

a customized cloud-based system that will make energy-saving and other sustainability information much more accessible to the FedEx Ground network.

The FedEx Freight internal GREEN Site certification program, which recognizes facilities that complete actions like recycling and conserving energy to reduce environmental impacts, included all FedEx Freight sites in FY19. Every site also has at least one volunteer in the Local Environmental Action Facilitator Program. The program has more than 500 environmental action facilitators working locally and another 32 at the district level, sharing knowledge across our network and working with facility leads to implement sustainability initiatives.

Across all FedEx operating companies, our facility specifications include requirements that support sustainability, such as efficient LED lighting. Many facilities also feature daylighting through solar tubes, water-saving plumbing fixtures, and recycled materials where appropriate. In FY19, FedEx Freight also updated its master facility specifications for new build-to-suit facilities to include water bottle filling stations and 20-amp receptacles for employees' e-vehicles. And designated carpool parking to encourage employee carpooling is required at all new FedEx Ground facilities, which can help to reduce emissions from commuting.



Sustainable Facilities (continued)

Reduce and Replace

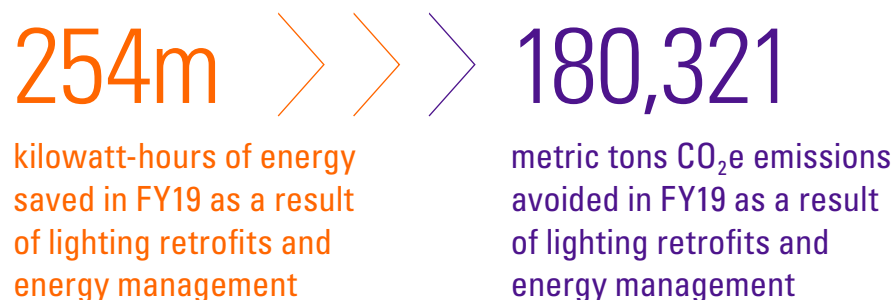
Lighting Retrofits

Energy efficiency is an important component of our sustainable facilities approach, reflecting our commitments to both reduce and replace. As in previous years, lighting retrofits – including upgrading to LED for interior and exterior lights and installing motion sensors and lighting control systems, among other upgrades – make up a large part of our energy efficiency projects. In FY19 we upgraded an additional 17 facilities (16 FedEx Freight facilities and one FedEx Ground facility). Along with previous retrofits, these upgrades saved more than 254 million kWh of electricity and avoided 180,321 metric tons of CO₂e emissions in FY19. Since the program began in 2007, lighting retrofits at 1,130 facilities have saved more than 1.4 billion kWh of electricity.

Our assessments have shown that the combination of LED lighting and motion sensors enhances efficiency as much as sophisticated control systems, so LED remains our primary lighting efficiency measure.

Energy Management Systems

Centralized energy management systems contribute to our efficiency efforts by setting temperature controls to adjust for occupied and vacant building times, controlling lighting and identifying the most energy-intensive buildings and potential energy-saving opportunities. At FedEx Office, an energy management system has been deployed in more than 1,500 stores. The system provides centralized control of HVAC equipment, significantly enhancing energy efficiency and our ability to diagnose and address sub-optimal system performance. During FY19, the energy management system resulted in energy savings of more than 22 million kWh of electricity, avoiding 16,200 metric tons of CO₂e, the equivalent of taking nearly 3,500 cars off the road.



Sustainable Facilities (continued)



Revolutionize Renewable Energy

Goal:

Expand on-site energy generation and continue to procure renewable energy for facilities.

Progress:

On track, with more than 23 million kWh generated in FY19.

Expanding on-site renewable energy generation and procuring renewable energy are ways we revolutionize our facilities. At 26 FedEx locations, renewable and alternative energy systems – including on- and off-site solar, as well as fuel cell technologies – generated over 36 million kWh of clean energy in FY19. These installations reduce GHG emissions and operating expenses, advance our renewable energy goals, and demonstrate industry leadership.

With the addition of one new on-site solar installation during FY19, FedEx on-site solar generation capacity grew to more than 23 million kWh in FY19. This is equivalent to the annual electricity consumption of 2,753 homes.

As renewable energy technology continues to evolve, we seek new ways to revolutionize our energy management approach. This includes greater investments in solar energy and fuel cell technology that we hope will allow us to create our own on-site microgrid pilots, although implementation remains several years away.

In FY19, electricity generated by on-site fuel cells totaled 12.3 million kWh. Along with on-site solar, these revolutionary energy initiatives underscore our ongoing commitment to reducing emissions through best available technologies. FedEx Ground added a 1MW fuel cell in Middletown, Connecticut in FY19. Already, three FedEx facilities are powered by both fuel cells

and solar, and we have begun exploring the possibility of replacing diesel backup generators with on-site solar, fuel cells, combined heat and power technology, and energy storage. Together, these advancements could create a microgrid and provide a more efficient alternative to generators that, while historically necessary, remain largely unused.

In 2019, FedEx Ground reached its internal goal to purchase at least 5% renewable energy for facilities. We continue to closely monitor opportunities to purchase off-site renewable energy, although regulatory and accounting structures present obstacles. We currently purchase off-site renewable energy in Washington State and look for other locations where the practice is viable.

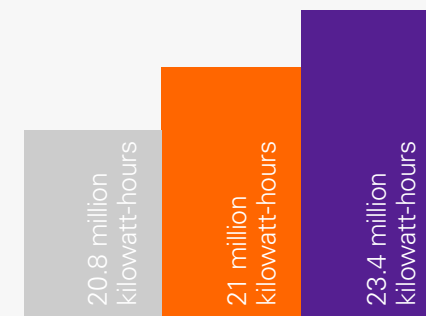
See the [Data Appendix](#) for details on our efficient facilities.

Microgrids and Solar Thermal

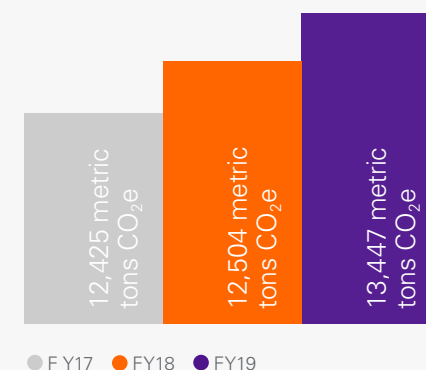
FedEx Ground is also exploring the use of microgrids. This longer-term project aims to increase the resiliency of our operations and support emergency preparedness. Microgrid technology provides our facilities with the flexibility to connect to local grid power or to operate self-sufficiently. Efficiently keeping our facilities cool and safe for team members working in hot climates is another priority.

At a FedEx Ground Florida facility, we are implementing an innovative way to cool trailers and improve team member comfort as they load packages. A roof-mounted solar tube array reduces the amount of compression needed by the air conditioner and improves energy efficiency by as much as 50%.

On-Site Solar Electricity Generation



Emissions Avoided



Sustainable Materials and Recycling

As in the past, FedEx-branded packaging, which includes the recognizable envelopes and corrugated boxes that protect customer shipments in transit, remained the largest volume of material purchased in FY19. We also purchase other types of materials for our operations, such as vehicle maintenance supplies, de-icing fluids, pallets and paper used by FedEx Office.

Responsible Packaging

Minimizing packaging and maximizing recycling volume conserves resources, reduces waste and improves transportation emissions efficiency. FedEx-branded packaging is 100% recyclable and composed of 45% recycled content. The third-party certified content percentage of our packaging materials reached 68% for FY19. This represents an increase of 13 percentage points over FY18.

To reduce the potential for wasted packaging, we have approved packaging specifications and ordering allocations. Quarterly audits of our packaging suppliers further ensure branded packaging meets all specifications and guidelines. The FedEx Sourcing team evaluates each critical packaging supplier annually on environmental management practices, continuously monitoring and improving sustainability programs where possible.

Optimizing packaging by making weight, size and content adjustments helps customers ship more efficiently, such as through dimensional, or dim, weight pricing based on package volume. This allows us to

make the best use of space in our aircraft, vehicles, and distribution centers; improves loading efficiency; and reduces emissions. Dim weight pricing also encourages customers to make packaging adjustments that maximize product density and reduce packaging materials. FedEx Packaging Services works with customers to optimize package size and design, which reduces their costs and environmental impacts. Our packaging engineers assess existing packaging and recommend more efficient designs, followed by performance testing to make sure the redesigned packaging meets customer needs with just the right amount of material. We also work to make sure our customers' packages are delivered free of any damage that could lead to a return and replacement.

Our packaging engineers work closely with customers to meet their design and sustainability objectives, whether that means using less polystyrene foam, less film to wrap an item or more recyclable packaging material. We also use a sustainability checklist to advise customers about curbside recycling limitations, right-sizing, ability to withstand heat and humidity and other considerations. Key to the success of new or modified packaging is making sure it can be efficiently sorted at our facilities. We test all packaging innovations to make sure they will not jam or get damaged on a conveyor. This not only protects customer items, but also avoids additional handling surcharges, keeping customer costs low.

Some of our recent packaging innovation projects include supporting the testing and development of a customized container with a reuse lifespan of two years for temperature-sensitive and perishable items like food and wine, and a modular crate that can accommodate high-value content of different sizes. For more information about our packaging innovations, see the [Economy](#) chapter. For details about the volume and percentages of packaging materials, paper, and other operational materials with recycled content, see the [Data Appendix](#).



Sustainable Materials and Recycling (continued)

Sustainable Paper

After corrugated packaging, paper represents our most used material, and the vast majority of our paper use takes place during printing operations at approximately 2,100 FedEx Office locations. FedEx Office has implemented a variety of strategies to responsibly source, use, and recycle paper.

This includes engaging team members and customers in our sustainable practices, along with a forest-based paper product procurement policy that includes vendor requirements for responsible forest-management practices. We purchase the vast majority of our paper from suppliers who are certified by sustainable forest programs, such as the Forest Stewardship Council (FSC). In fact, 99.8% of all paper purchased by FedEx Office during FY19 was third-party certified, including 89% that was FSC certified.

In addition to purchasing our paper from certified forest programs, we continue to incorporate alternative fibers into our product mix. We continue purchasing “tree-free” products, or those that use alternative fibers, like agricultural residues. We plan to continue researching these alternatives and others to ensure the continued reduction of our environmental footprint associated with paper. In addition to paper, FedEx Office carries sustainable options for our signs and graphics offerings used by large commercial customers, hotels and convention centers. Several FedEx Office signs and graphics product offerings have environmental benefits, including sustainably certified banners and large format rolls, recyclable banners and media boards, and eco-friendly surface graphics, among others.

For more information about our supplier purchasing policies, please see the [Our CSR Strategy](#) chapter. For the percentages of FSC and other third-party certified sustainable paper used by FedEx Office year-over-year, see the [Data Appendix](#).

FedEx Office also aims to make it easy for our customers to reduce their own materials use and increase recycling. FedEx Office® Print Online, for instance, allows commercial customers to print locally, avoiding unnecessary shipping and enabling them to preview projects before production, which reduces wasted pages. Our longstanding paper shredding and recycling service allows customers to bring any documents, including sensitive items such as tax returns, to a FedEx Office location and have them securely and confidentially shredded, then recycled. During FY19, almost 10 million pounds of paper were shredded and recycled. Providing customers with sustainable paper options is also essential, so FedEx Office stocks clearly labeled, sustainably-sourced paper options for purchase.

Waste and Recycling

As our business grows to meet the accelerating demands of e-commerce and other shipping needs, our waste management strategies help ensure we recycle more of the waste produced in our facilities. We also encourage customers to recycle our packaging and are researching options for reusable FedEx-branded packaging as well.

In FY19, 59% of the solid waste generated in our operations was sent to recyclers. Our operating companies use a variety of waste reduction and recycling strategies to maximize waste diversion for their unique operations. For example, in FY19, FedEx Ground diverted 83.5% of waste through an efficient separation and recycling program for cardboard, plastic, and pallets at every FedEx Ground facility in the U.S. Some smaller FedEx Ground facilities send their recyclable items to a larger facility where they are combined and picked up for recycling using a single-vendor approach. This limits the number of facilities visited to pick up recyclables and provides FedEx Ground teams with a single point of contact for added efficiency.

In addition, FedEx Ground reduced waste further by eliminating the core on plastic film – widely used to wrap and secure packages – and replacing it with a reusable core at 35 FedEx SmartPost® locations. Roughly 800,000 cardboard cores will no longer be recycled or sent to landfills each year, which is equal to diverting almost 1.2 million pounds of paper. In addition, this film is 28% thinner than its predecessors, making it easier for team members to handle. Estimated annual cost savings have exceeded \$500,000. During FY19, this project was honored by the Sustainable Purchasing Leadership Council for excellence and innovation in sustainable procurement practices.

For details about the volume of waste generated, recycled and landfilled year-over-year across FedEx operating companies, see the [Data Appendix](#). Included are:

- Solid waste
- Hazardous waste
- Non-hazardous regulated waste
- Universal waste
- Electronic waste



The FedEx Ground Sustainability Journey

In 2013, FedEx Ground unveiled an ambitious set of sustainability goals focused on renewable energy, alternative fuels, energy efficiency, and waste diversion. Since then, FedEx Ground has integrated sustainability in its operations and among service providers, achieving all five goals almost a year ahead of schedule. Strong leadership and engagement through the FedEx Ground EarthSmart Champion Program drove this success and helped to transform the culture. The program has increased sustainability awareness and provided a platform for employees to identify innovative solutions, improve operational efficiencies, and lead change.



Renewable Energy

Goal:

5% renewable energy by 2020.

Progress:

5.4% renewable energy in 2019.

FedEx Ground surpassed this goal by growing the renewable energy infrastructure. Today, the company has 15 locations using solar energy in their operations. These include on-site solar installations, along with one facility in Spokane, Washington that receives all of its electricity from energy produced by a nearby solar farm, and the Maui, Hawaii facility that features a solar-plus-storage system providing almost 100% of the facility's electricity needs.

Alternative Fuels

Goal:

Replace 10% of diesel with alternative fuels by 2020.

Progress:

12.3% of diesel displaced with alternative fuels.

FedEx Ground helps to increase alternative fuel accessibility for our service providers through fuel islands. Our fuel island network has enabled our service providers to maintain a network of more than 180 alternative fuel vehicles.

Energy Efficiency

Goal:

Improve energy efficiency to reduce electricity use 20% by 2020.

Progress:

33% reduction in electricity use.

Energy efficiency is central to our overall sustainability strategy. FedEx Ground helped to champion our energy efficiency efforts and saved 82.6 million kWh of energy through efficiency efforts. Beyond energy savings, these efficiency initiatives have helped to increase team member comfort, safety, and yard visibility.

Waste Diversion

Goal:

Divert 80% of waste from landfill by 2020.

Progress:

81.6% of waste diverted from landfill.

FedEx Ground achieved an impressive waste diversion rate of pallets, plastic, cardboard, and metal due to employee engagement. The FedEx EarthSmart Champion Program provides ongoing engagement, with committed employees throughout the network driving progress on this goal.



Data Appendix

OUR CSR STRATEGY/ECONOMY

BUSINESS PERFORMANCE ⁽ⁱ⁾	FY17	FY18	FY19
Revenue (\$B)	\$60.32	\$65.45	\$69.69
Operating Income (\$M)	\$4,566	\$4,272	\$4,466
Operating Margin	7.6%	6.5%	6.4%
Net Income (\$M)	\$2,997	\$4,572	\$540
Diluted EPS	\$11.07	\$16.79	\$2.03
Capital Expenditures (\$B)	\$5.12	\$5.66	\$5.49

(i) For more information, see our 2019 Annual Report.

STAKEHOLDER VALUE-ADDED TABLE	FY17	FY18	FY19
Dividends Paid to Shareholders (\$M) ⁽ⁱ⁾	\$426	\$535	\$683
Salaries and Employee Benefits (\$B) ⁽ⁱ⁾	\$21.99	\$23.80	\$24.78
Community Investments (\$M) ⁽ⁱⁱ⁾	\$65.30	\$64.12	\$62.40

(i) For more information, see our 2019 Annual Report.

(ii) This includes cash, in-kind and United Way team member contributions.



SUPPLY CHAIN	FY17	FY18	FY19
Total Number of Suppliers Participating in RFx Event	281	386	508
Total Number of Suppliers Asked Sustainability Questions in RFx Event	206	300	436
% Suppliers Screened with Sustainability RFx Questions	73%	78%	86%
Diverse Supplier Spending (\$B)	\$9.1	\$9.6	\$12.3
Minority-owned Businesses (% of total diverse supplier spend)	12%	15%	12%
Women-owned Businesses (% of total diverse supplier spend)	9%	9%	8%
Other Small Businesses (% of total diverse supplier spend)	79%	76%	80%
Minority-owned Businesses (\$B)	\$1.10	\$1.40	\$1.50
Minority Spend by Demographic (%)			
Hispanic	30%	23%	28%
African American	27%	30%	30%
South Asian Indian	13%	4%	5%
Asian	4%	5%	4%
Other/Not Disclosed ⁽ⁱ⁾	26%	38%	33%
(i) This includes Native American, which was <1% of data reported.			
CHARITABLE CONTRIBUTIONS & VOLUNTEERISM	FY17	FY18	FY19
Cash Grants (\$M)	\$49.30	\$47.78	\$53.78
Corporate Charitable Shipping (\$M)	\$5.25	\$6.94	\$7.70
Corporate Marketing and FedEx Express In-kind Donations (\$M)	\$0.90	\$0.42	\$0.93
Total Company Direct Charitable Contributions (\$M)	\$55.45	\$55.14	\$62.41
Team Member Contributions to United Way Campaign (\$M)	\$9.85	\$8.98	\$11.41
TOTAL (\$M)	\$65.30	\$64.12	\$73.82
FEDEX CARES VOLUNTEERISM	FY17	FY18	FY19
Total # FedEx Volunteers	21,650	13,016	24,684
Total # Volunteer Hours	111,200	81,976	105,845



PEOPLE

HEADCOUNT BY GLOBAL REGION	FY17	FY18	FY19
Total Headcount	404,336	426,530	444,770
U.S. (%)	70%	69%	71%
Europe (%)	12%	11%	11%
Asia Pacific (APAC) (%)	7%	7%	7%
Latin America, Caribbean (LAC) (%)	6%	8%	6%
Canada (%)	3%	3%	3%
Middle East, Indian Subcontinent and Africa (MEISA) (%)	2%	2%	2%

Full-time Employees – Global Workforce ⁽ⁱ⁾	N/R	243,226	259,666
Part-time Employees – Global Workforce ⁽ⁱ⁾	N/R	134,000	145,064

Full-time Employees – U.S. Workforce	160,732	169,795	181,940
Part-time Employees – U.S. Workforce	118,879	123,526	132,501

(i) Excludes TNT Express employees.

TEAM MEMBER CAREER DEVELOPMENT	FY17	FY18	FY19
Total Average Training Hours (does not include TNT Express)	19.38	19.07	37.51
Management	22.58	38.68	45.67
Non-management	19.11	17.50	36.33

U.S. WORKFORCE DIVERSITY	FY17	FY18	FY19
Caucasian	50.1%	49.2%	47.7%
Black/African American	28.7%	29.0%	29.4%
Hispanic/Latin	14.5%	15.3%	15.9%
Asian	4.3%	4.0%	3.9%
American Indian/Alaskan Native	0.6%	0.6%	0.6%
Native Hawaiian or Pacific Islander	0.5%	1.3%	0.5%
Other	1.3%	0.5%	2.0%
Minorities in U.S. Management	34.3%	35.5%	36.6%



WORKFORCE GENERATIONAL DIVERSITY	FY17	FY18	FY19
Global Workforce ⁽ⁱ⁾			
Under 30 Years of Age	N/R	29%	26%
30-50 Years of Age	N/R	46%	61%
Over 50 Years of Age	N/R	25%	13%
U.S. Workforce			
Under 30 Years of Age	29%	30%	31%
30-50 Years of Age	41%	42%	40%
Over 50 Years of Age	30%	28%	29%

(i) FY18 excludes TNT Express, FedEx Europe, and MEISA regions.

EMPLOYEE TURNOVER (not including TNT Express)	FY17	FY18	FY19
New Hire Data			
Total New Hires	163,755	200,411	105,788
New Hire Rate	47%	53%	26%
Male % of New Hires	67%	66%	66%
Female % of New Hires	33%	34%	34%
Employee Turnover Data			
Total Turnover	142,805	191,917	120,668
Turnover Rate	41%	51%	30%
Male % of Turnover	67%	65%	65%
Female % of Turnover	33%	35%	35%



GLOBAL HEADCOUNT BY GENDER (not including TNT Express)	FY17	FY18	FY19
Total Employees	349,456	377,226	403,631
Total Male Employees	249,674	269,824	288,340
Male % of Headcount	71%	72%	71%
Total Female Employees	99,782	107,052	115,291
Female % of Headcount	29%	28%	29%
Management Employees	27,200	28,559	30,381
Male % Management Employees	78%	78%	77%
Female % Management Employees	22%	22%	23%
Non-Management Employees	322,256	348,667	373,250
Male % Non-management Employees	71%	71%	71%
Female % Non-management Employees	29%	29%	29%
GLOBAL SAFETY DATA⁽ⁱ⁾	FY17	FY18	FY19
Total Lost Time Injury Rate (per 200,000 hours worked) ⁽ⁱⁱ⁾	3.33	3.34	3.88
North America (U.S./Canada)	3.68	3.89	4.71
Rest of the World (includes TNT Express)	2.51	2.21	2.34
Lost Time Injuries % Male ⁽ⁱⁱⁱ⁾	66%	66%	66%
Lost Time Injuries % Female ⁽ⁱⁱⁱ⁾	34%	34%	34%
Total Number of Employee Fatalities (work-related) ^(iv)	7	7	10

(i) Does not include independent contractors working on behalf of FedEx.

(ii) Per 200,000 hours worked; Lost Time Injury means a nonfatal traumatic injury that causes any loss of time from work beyond the day or shift it occurred; or a nonfatal nontraumatic illness/disease that causes disability at any time. Global LTIR data is based on definitions from the United States Occupational Safety and Health Administration (OSHA).

(iii) For % Male and % Female breakouts: FedEx Express Europe and TNT Express are not included. FedEx Supply Chain division is only included in FY17.

(iv) GRI definition: the death of a worker occurring in the current reporting period, arising from an occupational injury or disease sustained or contracted while in the organization's employ.



ENVIRONMENT

DIRECT AND INDIRECT ENERGY CONSUMPTION (TERAJOULES)	FY17	FY18	FY19
Direct Energy Consumption			
Aircraft Fuel			
Jet Fuel ⁽ⁱ⁾	160,399	168,804	172,446
Vehicle Fuel ⁽ⁱⁱ⁾			
Diesel	36,867	42,989	43,081
Renewable Biodiesel (% of total diesel)	4,067 (11%)	4,019 (9%)	6,975 (9%)
Gasoline	3,489	3,385	3,517
Renewable Ethanol (% of total gasoline)	4.4 (0.13%)	2.3 (0.07%)	2.8 (0.08%)
Propane	870	954	1,030
Liquefied Natural Gas (LNG) & Compressed Natural Gas (CNG)	146	156	149
Facility Use			
Natural Gas	5,727	6,797	7,808
Heating Oil	52	38	33
Total Direct Energy Consumption (terajoules)	207,550	223,123	228,064
Indirect Energy Consumption			
Facility Electricity Use			
Purchased Electricity	7,988	8,461	8,077
Purchased Heating	61	N/R	0
Purchased Cooling	2	2	0.5
Total Indirect Energy Consumption (terajoules)	8,051	8,463	8,077
Total Direct and Indirect Energy Consumption (terajoules)	215,601	231,586	236,142
Other Indirect Energy Consumption			
Contracted Transportation	36,068	38,179	41,969
Total Other Indirect Energy Consumption (terajoules)	36,068	38,179	41,969

(i) Currently none of the jet fuel consumed is sourced from alternative or sustainable feedstocks. See page 65 for progress on our goal to obtain 30% of jet fuel from alternative sources by 2030.

(ii) Includes a small amount of fuel used for emergency generators at some facilities. The terajoules reported for biodiesel and ethanol are based on blended gallons of both fuel types consumed during those fiscal years.



DIRECT AND INDIRECT GHG EMISSIONS (METRIC TONS CO₂e)	FY17	FY18	FY19
Direct Energy Consumption (Scope 1)			
Aircraft Fuel			
Jet Fuel	10,889,010	11,467,497	11,692,918
Vehicle Fuel ⁽ⁱ⁾			
Diesel	2,582,237	3,049,466	3,020,199
Gasoline	241,331	235,226	242,740
Propane	50,535	55,432	59,850
Liquefied Natural Gas (LNG) & Compressed Natural Gas (CNG)	7,625	8,153	7,810
Facility Use			
Natural Gas	278,650	333,844	379,953
Heating Oil	4,211	2,765	2,703
Total Direct Emissions (Scope 1) (metric tons CO₂e)	14,053,599	15,152,383	15,406,173
Indirect Energy Consumption (Scope 2)			
Facility Energy Use			
Purchased Electricity	1,093,006	1,049,902	995,965
Purchased Heating	1,012	N/R	0
Purchased Cooling	91	85	22
Total Indirect Energy Emissions (Scope 2) (metric tons CO₂e)	1,094,109	1,049,987	995,988
<i>Market-Based Scope 2 Emissions⁽ⁱⁱ⁾</i>	<i>1,094,867</i>	<i>1,049,987</i>	<i>995,988</i>
Total Direct and Indirect Emissions (Scope 1 & 2) (metric tons CO₂e)⁽ⁱⁱⁱ⁾	15,147,708	16,202,370	16,402,161
Other Indirect Energy Consumption (Scope 3)			
Contracted Transportation ^(iv)	2,571,006	2,740,531	3,020,239
Team Member Business Travel	71,409	80,434	79,054
Total Other Indirect Emissions (Scope 3) (metric tons CO₂e)	2,642,415	2,820,965	3,099,293
Total Greenhouse Gas Emissions (Scope 1, 2 & 3) (metric tons CO₂e)	17,790,123	19,023,335	19,501,454

(i) Includes a small amount of fuel used for emergency generators at some facilities.

(ii) Based on comprehensive assessment performed for FY17, we determined the difference between Location- and Market-based Scope 2 emissions is de minimis at the present time. Therefore, we are reporting the same value for both metrics in FY18.

(iii) Scope 1 & 2 GHG emissions data was [externally verified](#) by Cventure LLC.

(iv) Includes CO₂e emissions from: (1) fuel sold by FedEx Ground to independent pickup-and-delivery and linehaul contractors through on-site fueling facilities, or purchased by independent linehaul contractors through retail outlets using fleet fuel cards, (2) fuel used by FedEx Freight contractors in Canada, (3) allocated portion of fuel burned by commercial interline aircraft carriers in support of FedEx Express international shipping, and (4) contracted intermodal rail at FedEx Freight and FedEx Ground.



ENERGY & EMISSIONS INTENSITY	FY17	FY18	FY19
Consolidated Revenue (\$M)	\$60,319	\$65,450	\$69,693
Total Energy Intensity (terajoules/\$M)	4.17	4.12	3.99
Total Emissions Intensity (Scope 1 & 2) (metric tons CO ₂ e/\$M revenue)	251.13	247.55	235.35
Total Emissions Intensity (Scope 1, 2, & 3) (metric tons CO ₂ e/\$M revenue)	294.93	290.65	279.82

DIRECT AND INDIRECT GHG EMISSIONS: GHG EQUIVALENCY BREAKDOWN (METRIC TONS CO ₂ e)	FY17	FY18	FY19
Total Direct Energy Emissions (Scope 1) ⁽ⁱ⁾			
Carbon Dioxide (CO ₂)	13,889,862	14,772,355	15,252,870
Methane (CH ₄)	6,862	7,287	5,182
Nitrous Oxide (N ₂ O)	136,202	156,547	138,380
Total Indirect Energy Emissions (Scope 2)			
Carbon Dioxide (CO ₂)	1,087,006	1,042,938	989,008
Methane (CH ₄)	2,397	1,965	2,104
Nitrous Oxide (N ₂ O)	4,705	5,084	4,876
Total Direct and Indirect Energy Emissions (Scope 1 & 2) ⁽ⁱⁱⁱ⁾			
Carbon Dioxide (CO ₂)	14,976,868	15,815,293	16,241,878
Methane (CH ₄)	9,259	9,252	7,286
Nitrous Oxide (N ₂ O)	140,907	161,631	143,256

(i) FY17 and FY18 data does not include TNT Express vehicle fuel emissions as we did not get those emissions broken out by GHGs in those fiscal years. FY18 and FY19 data also does not include vehicle CNG/LNG usage as those GHGs were not broken out separately either in those fiscal years.

(iii) The total values reported for FY17 in last year's report were incorrect due to a calculation error.

OTHER SIGNIFICANT AIR POLLUTANTS (METRIC TONS) ⁽ⁱ⁾	FY17	FY18	FY19
Nitrogen Oxides (NOx) ⁽ⁱ⁾	71,443	75,143	74,526
Sulfur Oxides (SOx) ⁽ⁱⁱⁱ⁾	10,269	10,807	11,050
Particulate Matter (PM10) ⁽ⁱ⁾	800	839	764

(i) NOx and PM10 data does not include vehicle fleet outside the U.S. and Canada.

(iii) SOx data does not include TNT Express vehicle fleet.



FUEL- AND ENERGY-SAVING INITIATIVES	Energy saved (terajoules)			CO ₂ e emissions avoided (metric tons)		
	FY17	FY18	FY19	FY17	FY18	FY19
Energy Saved (terajoules)						
On-site Solar Electricity Generation	75	76	85	12,425	12,504	13,447
Facility Energy Efficiency Initiatives ^(i, ii)	793	828	915	164,018	171,252	179,638
FedEx Fuel Sense (jet fuel)	12,510	13,436	15,571	849,183	912,023	1,054,418
FedEx Express Aircraft Fleet Modernization	12,705	15,591	19,992	862,420	1,058,368	1,355,852
FedEx Express Reduce, Replace, Revolutionize Vehicle Efficiency	3,113	3,401	3,627	219,714	240,171	255,666
FedEx Freight Intermodal Rail Usage	3,408	3,787	4,022	264,296	296,511	281,278
Total Energy Saved/ Emissions Avoided	32,604	37,119	44,211	2,372,056	2,690,828	3,140,299

(i) Facility energy efficiency initiatives includes building lighting retrofits and energy management systems.

(ii) CO₂e calculated using the EPA GHG Calculator. FY19 emissions uses EPA GHG Calculator's updated emission factors

GLOBAL ALTERNATIVE VEHICLE FLEET	FY17	FY18	FY19
Total Alternative Vehicles	2,865	3,873	4,031
Hybrid	463	389	350
Electric	2,109	2,554	2,944
Liquefied Natural Gas (LNG) & Compressed Natural Gas (CNG)	220	331	217
Liquefied Petroleum Gas (propane) ⁽ⁱ⁾	58	583	515
Hydrogen Fuel Cell	15	16	5

(i) Total does not include propane-powered forklifts. FY18 increase due to inclusion of on-road LPG vehicles at TNT.

FACILITIES OVERVIEW	FY17	FY18	FY19
Number of ISO 14001 Certified Sites ⁽ⁱ⁾	650	561	606
Number of FedEx Express LEED Buildings in U.S. ⁽ⁱⁱ⁾	14	19	22
Number of FedEx Freight GREEN Site-designated Facilities	486	490	490
Number of FedEx Ground Sustainability Champion-designated Facilities	248	460	460

(i) The majority of ISO 14001 certified facilities are at FedEx Express. The FY18 decrease is due to the lapse in certifications for former TNT Express sites in the United Kingdom and Ireland that were undergoing recertification. These sites have since been recertified.

(ii) There are other LEED facilities as well: FedEx Express International (3 sites), FedEx Ground (6 sites), FedEx Freight (1 site), and FedEx Office (1 site).



SOLAR ENERGY	FY17	FY18	FY19
Number of On-site Solar Energy Systems Companywide	20	23	24
Solar Electricity Generated On-site (kWh)	20,832,023	21,041,856	23,488,859
Emissions Avoided by Solar Sites (metric tons CO ₂ e)	12,425	12,504	13,447

MATERIALS CONSUMPTION & RECYCLED CONTENT	FY17	FY18	FY19
Packaging Materials ⁽ⁱ⁾			
Total Packaging (metric tons)	66,833	66,495	57,110
% of Packaging from Recycled Content	44%	41%	45%
% of Packaging from Third-party Certified Content	60%	55%	68%
Paper			
FedEx Office Copy and Print Paper (metric tons) ⁽ⁱⁱ⁾	18,137	16,947	16,768
% of Paper from Recycled Content	5%	10%	14%
Other Operational Materials (solids)			
Total Other Operational Materials (solids – metric tons)	20,238	18,879	19,580
% of Other Operational Materials (solids) from Recycled Content	56%	61%	65%
Total Solid Materials Used (metric tons)	110,538	109,630	93,630
Other Operational Materials (fluids – liters)	6,738,515	6,565,694	6,460,394

(i) In addition to cardboard, other materials used in shipping include bubble pack, plastic air pillows, chipboard, Tyvek® envelopes, and packaging tape.

(ii) The vast majority of paper usage at FedEx is for commercial copy and print services at our FedEx Office operating company in the U.S. Therefore we are only reporting FedEx Office Copy and Print paper usage, as we consider paper usage at other operating companies to be immaterial.

FEDEX OFFICE PAPER CERTIFICATION (%)⁽ⁱ⁾	FY17	FY18	FY19
Forest Stewardship Council (FSC)	87.6%	88.0%	88.8%
Other Third-party ⁽ⁱⁱ⁾	12.0%	11.7%	10.9%
Non-certified	0.4%	0.3%	0.2%

(i) This refers to the paper used for printing operations at FedEx Office, which is the vast majority of our paper use across the enterprise.

(ii) Includes SFI/PEFC, Tree Free, ISO 14001, Green Seal, Wind Power, and Carbon Neutral.



WASTE AND RECYCLING (metric tons)⁽ⁱ⁾	FY17	FY18	FY19
Total Waste Generated	287,219	291,059	453,629
Sent to Recyclers	203,550	228,311	266,981
% Sent to Recyclers	71%	78%	59%
Landfilled	83,669	62,748	186,648
Total Solid Waste (non-regulated/trash)	275,988	280,715	361,299
Sent to Recyclers	198,353	223,003	258,543
% Sent to Recyclers	72%	79%	72%
Landfilled	77,635	57,712	100,143
Total Hazardous Waste (regulated)	1,023	892	1,990
Sent to Recyclers	338	172	417
% Sent to Recyclers	33%	19%	21%
Landfilled	686	721	1,573
Total Non-hazardous Regulated Waste (regulated)	9,486	8,583	89,422
Sent to Recyclers	4,137	4,267	7,103
% Sent to Recyclers	44%	50%	8%
Landfilled	5,348	4,315	82,319
Total Universal Waste ⁽ⁱⁱⁱ⁾	38	37	40
Sent to Recyclers	38	37	40
% Sent to Recyclers	100%	100%	100%
Landfilled	0	0	0
Total Electronic Waste	684	832	878
Sent to Recyclers	684	832	878
% Sent to Recyclers	100%	100%	100%
Landfilled	0	0	0

(i) Waste at many of our facilities is difficult to track because it is collected by haulers contracted by a landlord or local municipality, or commingled with other tenants' waste in shared facilities such as airports and strip malls, and as such has not been included in this data.

(iii) Universal waste encompasses certain hazardous waste items, including batteries and mercury-containing lamp bulbs, as defined by U.S. EPA regulations.



ENVIRONMENTAL COMPLIANCE	FY17	FY18	FY19
Number of Significant Spills ⁽ⁱ⁾	134	154	171
Number of Monetary Violations From External Agencies	2	3	3
Total Amount of Monetary Violations	\$1,119	\$35,840	\$5,280

(i) Defined as spills of hazardous materials like oil, fuel, and chemicals that are reportable to the appropriate environmental regulatory agency, such as the U.S. National Response Center. Data only includes operations in the U.S.

Cautionary Note

Certain statements in this report may be considered forward-looking statements, such as statements relating to management's views with respect to future events and financial performance. Such forward-looking statements are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from historical experience or from future results expressed or implied by such forward-looking statements. Potential risks and uncertainties include, but are not limited to, changes in fuel prices; evolving or new U.S. domestic or international government regulation; our ability to meet certain goals relating to aircraft emissions, vehicle fuel efficiency, alternative fuels, and renewable energy, and aircraft and vehicle fleet modernization; challenges inherent with the development of new technologies; our ability to realize the cost savings expected from certain initiatives and other factors which can be found in FedEx Corp.'s and its subsidiaries' press releases and FedEx Corp.'s filings with the Securities and Exchange Commission. Any forward-looking statement speaks only as of the date on which it is made. We do not undertake or assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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