



Multiplying Opportunities

Delivering a positive impact for the communities where we work and serve

2018 Global Citizenship Report



Every day, we multiply opportunities, creating a world of possibilities.

At FedEx, we use our size, scale and network to multiply positive outcomes for businesses, people and communities.

Around the world, we multiply economic growth by providing businesses with global access to customers and markets. We multiply efficiencies and innovations that deliver more with fewer resources and environmental impacts.

We multiply potential for our people through a safe, inclusive workplace and career development opportunities. And, we multiply the good work of community organizations through collaborations, contributions and volunteering.



A close-up, profile view of Kat Crabill, a woman with glasses and a blue earring, focused on her work. She is using a torch to heat a small metal object on a workbench. In the background, there are jars filled with colorful plastic scraps and various tools.

Just ask Kat Crabill.

Kat is one of the 2017 FedEx Small Business Grant Contest winners. Based in Hawaii, Kat spins plastic trash into small business gold and counts on FedEx to safely deliver her treasures to customers on the mainland.

From products and services that help businesses run more efficiently to mentoring workshops and grants, we support the economic empowerment that begins with a good idea and an entrepreneurial spirit.

\$9.1b
in diverse supplier
spending

>104,000

small businesses have
benefited from FedEx
Know and GrowSM
training to date

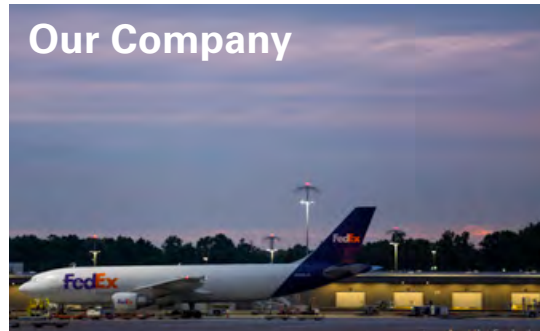
53,139

people employed
by independent
businesses working
with FedEx Ground



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About this Report

Our tenth annual Global Citizenship Report covers FedEx strategies, goals, programs and progress across three key areas: Economy, Environment and People. Unless otherwise noted, data covers each of our operating companies and all geographies in our 2017 fiscal year, which ended May 31, 2017.

The scope of the FY17 report content and data includes TNT Express, unless otherwise noted. Because TNT was acquired late in FY16, that entity is not included in any of the reported data for FY16 or FY15, with the exception of relevant FY16 financial data.

This report was prepared in accordance with the Global Reporting Initiative (GRI) G4 Guidelines, Core option, and contains Standard Disclosures from the GRI Sustainability Reporting Guidelines, which are listed in the GRI [Index](#).



OUR COMPANY

FedEx delivers solutions to connect people and possibilities around the world.

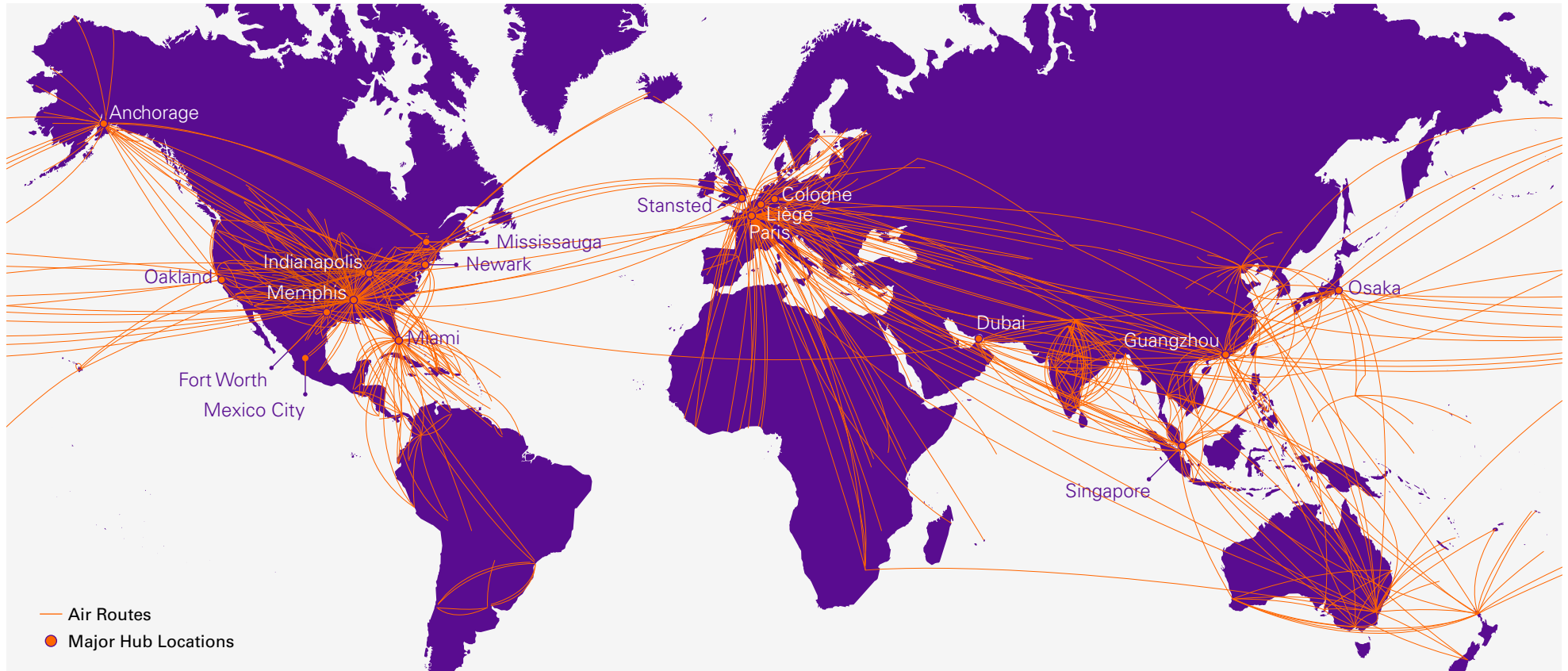
Operating in more than 220 countries and territories, we help to support local, regional and national economies, while addressing some of the world's most pressing challenges through our unique portfolio of transportation, e-commerce and business solutions.

Our operating companies serve millions of FedEx customers each day, enabling optimal service quality, reliability and focus. These companies compete collectively, operate independently and are managed collaboratively, under the global FedEx brand.





FedEx Express Global Network



Our more than 425,000 team members help us connect 220+ countries and territories and more than 99% of the world's GDP.

FedEx Express*

17

Major Hubs

>700

Airports Served

>2,300

Facilities

>660

Aircraft

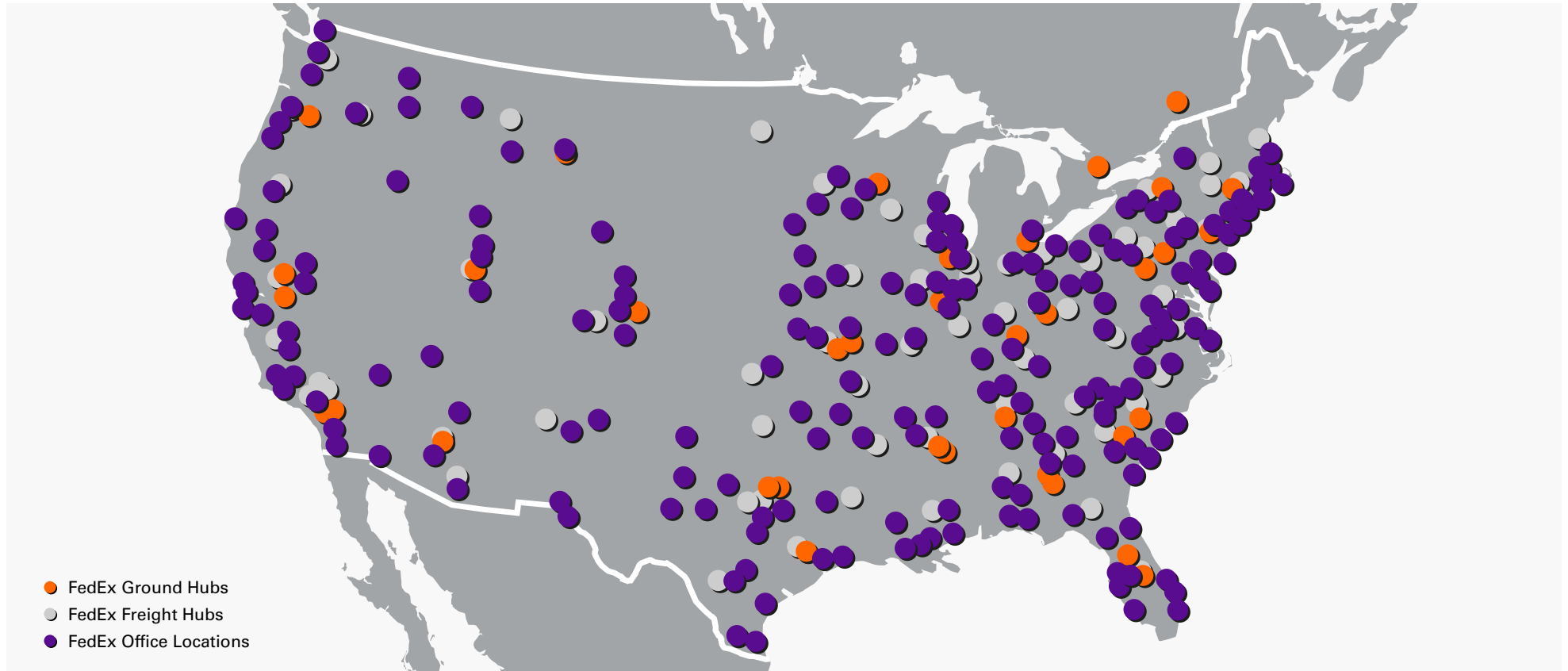
>90,000

Motorized Vehicles

*Includes TNT and FedEx Trade Networks



FedEx Ground, FedEx Freight and FedEx Office Networks



FedEx Ground

>550

Facilities

>60,000

Motorized Vehicles

>37

Hubs

FedEx Freight

~370

Service Centers

>20,000

Motorized Vehicles

67

Hubs

FedEx Office

~1,900

Locations



Our Company

Business Performance

In FY17, we exceeded \$60 billion in revenues for the first time. This financial milestone represented a \$9.9 billion increase and a 20 percent growth rate over FY16. We also saw 3.8 percent growth in average daily package volumes for FedEx Express and FedEx Ground in FY17 as well as a 2.8 percent increase in average daily less-than-truckload shipments for FedEx Freight.

The continued integration of TNT Express (TNT), a strategic acquisition in late FY16, strengthened the organization even further in FY17 as we incorporated their expertise and reach into the FedEx enterprise for the benefit of our customers and our business.

Adding Value to Stakeholders and Society

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.

For more information on our corporate structure, see <https://about.van.fedex.com/our-story/company-structure/>

Stakeholder Value Add

	FY15	FY16	FY17
Dividends paid to shareowners (millions)	\$227	\$277	\$426
Salaries and team member benefits (billions)	\$17.11	\$18.58	\$21.54
Diverse supplier spend (billions)	\$6.7	\$9.2	\$9.1
Community investment (millions)	\$53.06	\$57.29	\$65.30



Awards and Recognition

FORTUNE

Best Workplaces for Diversity: #13

FORBES Magazine

Top Regarded Companies: #37

CSR Global RepTrak

World's Most Reputable Companies for CSR: #43

WBENC

Top Corporation for Women Business Enterprises

Human Rights Campaign

Corporate Equality Index 100 Rating: #85

Points of Light Civic 50

Most Civic Minded Companies

Solar Energy Industries Association

Top Corporate Solar Users in the U.S: #14

FORTUNE

World's Most Admired Companies: #9

FORBES/Reputation Institute

Global 100 Most Reputable Companies: #56

FORTUNE

Best Companies to Work For: #94

Black Enterprise

Top Companies for Diversity

CR Magazine

100 Best Corporate Citizens: #63



Chairman's Letter

The FedEx multiplier effect: How we deliver more opportunities for everyone

"Going viral" is a common phrase today — describing the phenomenon of a photo, tweet, or link swelling through the internet with great speed and huge viewership.

Perhaps FedEx was one of the first companies to go viral. We established such a fast and broad network — both physical and digital — that we have multiplied the benefits of our size and scale for individuals and organizations around the world. In fact, today we connect 99 percent of the global GDP.

Our strong financial performance over the past few years gives us the resources to make sure the FedEx "multiplier effect" continues to expand the horizons of businesses, communities, and the environment.

Multiplying growth for business and society

We stand at the nexus of world trade and support its ability to create jobs and foster prosperity for countries and cultures everywhere. After all, 95 percent of consumers live outside the U.S., and we serve virtually all of them.

We firmly support global trade and consider all our more than 425,000 FedEx jobs to be trade jobs. We know how important trade is to businesses small and large. For example, a small business called Nurdle in the Rough transforms ocean plastic pollution into beautiful jewelry. It relies on FedEx to deliver the items to customers worldwide and broaden the company's participation in global trade, all while providing a social good. Small businesses grow when they connect to the world.

As e-commerce continues to expand around the world, FedEx collaborates with retailers such as Walgreens in the U.S. and 7-Eleven in Asia to make it easier for customers to pick up and ship packages. In America, 80 percent of citizens live within five miles of FedEx hold locations such as grocery and drug stores as well as FedEx Express

and FedEx Office facilities. We continue to explore new delivery models, technologies, aircraft, and vehicles to better serve customers' needs as they travel the world's physical and digital pathways.

As long-time navigators of urban landscapes everywhere, we are working with the World Resources Institute to share our transportation expertise with major cities in Brazil and India on such topics as bus electrification and route optimization that get people to school and jobs with greater efficiency, less environmental impact, and increased safety.

Of course, in our mission to connect people and possibilities, we believe in contributing resources directly. In fiscal year 2016 we committed to giving \$200 million to 200 communities by 2020 as part of our FedEx Cares global giving initiative. As of the end of FY17 we have made great progress: \$101.66 million in cash grants to a total of 134 communities. We're well on our way to achieving our goal.

We also faced one of the most challenging years in our history in terms of natural disasters. With four major incidents in the span of one month in 2017, FedEx pledged \$3 million in cash and transportation to victims of hurricanes and earthquakes, delivering water treatment systems, blankets, clean-up kits and other supplies. In addition, our charitable shipping program donated space for more than 4.5 million pounds of goods, totaling 79,000 shipments.

Multiplying efficiency efforts

Transportation fuel represents 92 percent of our emissions footprint, and with our Reduce, Replace and Revolutionize approach, we constantly seek new ways to maximize efficiencies, minimize impacts, and foster innovative solutions.



Frederick W. Smith
Chairman and CEO

“Our strong financial performance over the past few years gives us the resources to make sure the FedEx ‘multiplier effect’ continues to expand the horizons of businesses, communities, the environment, and people.”



Chairman's Letter

Efficiency efforts at FedEx Express and FedEx Freight saved more than 44.5 million gallons of vehicle fuel, and avoided more than 457,000 metric tons of CO₂e emissions in FY17.

On the jet fuel side, in FY17 our aircraft fleet modernization and FedEx® Fuel Sense programs saved 177.3 million gallons of fuel and avoided more than 1.7 million metric tons of CO₂e emissions, over 16 percent more emissions avoided than the previous fiscal year.

We're continuing our investments in sustainable energy:

- We're adding electric vehicles to our fleet and had more than 2,860 alternative-fuel, electric, and hybrid-electric vehicles by the end of FY17.
- Across various FedEx operating companies, we're using hydrogen fuel cells and biodiesel where we can, and are always looking for additional alternative fuel types to become more efficient and sustainable.
- We added two more on-site solar-energy systems at FedEx Ground facilities last fiscal year, bringing our company-wide total to 20.
- FedEx Freight has reserved 20 Tesla Semi trucks which, when produced, could deliver a better experience to truck drivers while increasing safety and reducing cargo-transport costs.

Multiplying people potential

Every day, our more than 425,000 team members around the world are committed to delivering our Purple Promise to customers — to make every FedEx experience outstanding. Their dedication has made us one of the most admired companies in the world. For that we thank them!

To multiply the potential of our team members, we provide training, career development, and innovative benefits as well as a diverse, inclusive, and safe workplace. At the end of FY17, team members could choose among 21,000 online courses through the FedEx Learning Center, and throughout the year they each participated in an average of almost 20 hours of formal training.

In the past fiscal year, we also began changing our performance management system to a coaching-based approach. It provides ongoing manager input and improves the team member experience.

Because we value the diverse backgrounds and perspectives of our team members, we have established internal programs and best-in-class external programs to recruit, develop, retain, and nurture a diverse workforce. Among our efforts are diversity and inclusion training to new employees and to managers. FedEx also sponsors a companywide Diversity and Inclusion Corporate Council to strengthen the roots of diversity within FedEx.

Of course, we also multiply possibilities for people beyond FedEx, especially those seeking employment. We've contributed \$4.4 million to programs that provide avenues to employment to disadvantaged youth since FY16. More than 100,000 young people have enjoyed training or connections to job opportunities through our FedEx Cares Employment Pathways programs.

Safety is another way we multiply benefits for our communities, customers, and team members. Since it's a core value for us, we prioritize safety on the roads, in the air, in our facilities, and in the communities we serve. For example, we achieved nearly 13 percent improvement in our preventable, recordable vehicle-accident rate in FY17.

And through our work with SafeKids Worldwide, in FY17, we:

- Invested more than \$3 million in road safety initiatives and committed \$10 million over four years to the organization;
- Provided safety expertise and hands-on support delivered by nearly 1,200 team members to more than 1 million children in 711 cities around the globe.

Overlaying all of these efforts is our commitment to maintaining the highest ethical and professional standards. Proper business conduct encourages loyalty among team members, suppliers, and customers and fosters a rewarding relationship between FedEx and communities where we operate.

Connecting is what we do at FedEx, and we make connections happen reliably, millions of times a day. The more connections we generate, the more options we multiply for individuals and businesses everywhere — so people see the world not within the confines of a narrow geography but as an ever-growing universe of opportunities. We believe this report opens a window to that universe.

Frederick W. Smith
Chairman and CEO



Our CSR Approach

In an increasingly fast-paced and interdependent world, connecting people with goods, services, ideas and technologies creates opportunities. Across more than 220 countries and territories, FedEx is making these connections, which in turn generates jobs, fosters economic prosperity and lifts communities to higher standards of living.

Our global corporate social responsibility (CSR) approach supports these opportunities and redefines how the world is connected for the benefit of economies, the environment and people.

Corporate Social Responsibility Strategy and Implementation

We set enterprise-level strategies to deliver our global CSR goals and commitments, and each operating company reports on a core set of metrics. Though many FedEx CSR programs and policies are designed for, and implemented at, the operating company level, our shared purpose unites and guides these efforts.

We prioritize our material environmental and social issues as well as the areas where we can use our most valuable assets — our global transportation networks, logistics expertise and the passion of our team members — to reduce risks and provide the greatest possible benefits to society.

Our Corporate Social Responsibility Focus Areas



Economy

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 markets, thereby helping to raise standards of living. And, as one of the world's most admired brands, we strive to serve as a role model in the communities we serve by providing economic opportunities to small businesses and people in need.



Environment

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.



People

By engaging and empowering our 425,000-plus team members and providing them with safe, inclusive workplaces and continued career development, they have opportunities to thrive and to help us make every FedEx experience outstanding. Each FedEx operating company provides programs and resources to best meet the needs of their team members, while maintaining a shared culture, an emphasis on quality-driven management and an enduring commitment to the Purple Promise.



Material Issues

Our first CSR materiality assessment was completed in 2014; see the materiality matrix on page 8 in our [2014 report](#) for the full list of material issues. In FY16, we sought additional input from our external stakeholders through a survey and roundtable engagement session with industry groups, customers, investors, sustainability experts, nonprofits and government agencies. Engaging with these external stakeholders, as well as with our team members, to identify the key issues that affect our business enables us to manage associated risks, as well as capitalize on potential opportunities.

This feedback process confirmed that emissions from our transportation fleet and operations are still among our greatest areas of impact. We plan to conduct another materiality analysis in 2018 and use the results to continue evolving our CSR focus areas, risks, goals and approaches. We also plan to evaluate the relevance of the United Nations Sustainable Development Goals and their potential role in shaping our future CSR and business strategies.

Across our operations, we plan for the short- and long-term to mitigate potential negative impacts on revenue, costs, reputation and business continuity. The FedEx Board of Directors and its committees oversee the company's risk management activities, with management having day-to-day responsibility for assessing and managing risk exposure. For information about these responsibilities, please see our [2017 Proxy Statement](#).

For more about how we address CSR risks and impacts, see the [Economy](#), [Environment](#) and [People](#) chapters of this report.

Highest Ranked Material Issues

All of our top material issues are measured and managed across our owned and operated businesses.

	Material Issue	Our Approach
Governance	Ethics, bribery and corruption	<ul style="list-style-type: none"> • Global governance, ethics and compliance policies, programs and training activities • Alert Line for reporting ethical concerns • Corporate Integrity & Compliance department coordinates compliance activities to provide enterprise-wide consistency, share best practices and provide tools for training and implementation
	Data security and privacy	<ul style="list-style-type: none"> • Technology security initiatives • Information technology risk management and technology disaster recovery plans • Online Customer Protection Center, bringing fraud awareness to our customers and providing resources to help customers identify, report and mitigate risks • Internal privacy policies and procedures to protect the personal data of customers and employees • Information Security Awareness programs
	Business preparedness, resiliency and disaster response	<ul style="list-style-type: none"> • Contingency plans for events such as disasters or social unrest • Participation in national and regional emergency management organizations that coordinate responses to disasters • Disaster relief aid through in-kind shipping
Environment	Aircraft and surface vehicle fleet energy usage and associated GHG emissions	<ul style="list-style-type: none"> • Fuel efficiency and emission reduction targets • Aircraft and vehicle fleet modernization and operational improvements • Sustainable alternative fuel strategies • Advocacy for regulatory and policy changes that support fuel efficiency and emission reduction standards
People	Driver and workplace safety	<ul style="list-style-type: none"> • Team member workplace safety training and awareness programs • Driver safety programs, training and awareness campaigns • Fleet and facility enhancements with state-of-the-art safety systems and equipment



Stakeholder Engagement

Connecting with Our Stakeholders

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 workshops, interviews and surveys.

Advocating for Sound Policy

FedEx advocates for public policies in the U.S. and overseas that support the economic future of our company, our shareowners and our team members through membership in industry trade associations.

To further our continued progress toward our CSR goals, we also support selected environmental initiatives. In FY17, for example, we supported the recommendation of the United Nations International Civil Aviation Organization (ICAO) Committee on Aviation Environmental Protection in establishing global aircraft carbon dioxide emissions standards for large aircraft. To learn more, please view our [perspectives on policies](#) and our approach to [public policy engagement](#).



Alliances for Industry Progress

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

- U.S. Environmental Protection Agency, SmartWay® Program
- European Express Association
- U.S. Federal Aviation Administration
- U.S. Department of Energy, National Highway Traffic Safety Administration and National Clean Fleets Partnership
- International Air Transport Association and Airlines for America
- American Trucking Associations
- International Civil Aviation Organization
- Sustainable Purchasing Leadership Council
- Rocky Mountain Institute Business Renewables Center
- Securing America's Future Energy (SAFE)
- The Electrification Coalition
- Commercial Vehicle Safety Alliance
- American Society of Safety Engineers
- American Industrial Hygiene Association



Governance

Long named one of the world's most admired companies, FedEx maintains a culture of integrity that reflects our commitment to the highest ethical and professional standards. Our enduring focus on ethical behavior, safety and customer satisfaction — which are embedded in our corporate mission statement — is supported by strong oversight, policies and procedures.

Board of Directors

The FedEx Board of Directors oversees our global operations. Led by Chairman and Chief Executive Officer Frederick W. Smith, the Board is composed of thirteen members, including twelve who are independent, four who are women and two who are minorities. Independent directors chair our four standing committees:

- Audit Committee
- Compensation Committee
- Information Technology Oversight Committee
- Nominating & Governance Committee

For more information on the Board's roles and responsibilities, see our [Investor Relations](#) website.

Code of Business Conduct and Ethics

Our [Code of Business Conduct and Ethics](#), the foundation of our corporate integrity and compliance program, is introduced by our Chairman, Frederick W. Smith. In his introduction, Mr. Smith reminds employees that "adhering to the highest ethical and professional standards is an important part of delivering our Purple Promise to make every FedEx experience outstanding. Integrity is the key to our culture and our future success."

The Code of Conduct sets a high standard for team member conduct worldwide. New hires are trained on its provisions, which cover, among other things, workplace health, safety and environment, human rights, money

laundering prevention, harassment and discrimination, conflicts of interest and gifts and entertainment. The Code is now available in 33 languages, and additional translations of both the Code and related policies and procedures are under way to make them even more accessible to our global network of team members.

Corporate Integrity and Compliance Department

Each FedEx operating company operates 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. The Department, led by our Global Chief Compliance & Governance Officer, provides best practices, tools and guidance to serve the global compliance needs of the business.

FedEx encourages employees to report any potential legal or ethical violation to management, legal, human resources or the 24-hour FedEx Alert Line service managed by the Corporate Integrity and Compliance Department. In communications and training, employees are regularly reminded of the importance of speaking up.

Anti-Corruption Policies

Everywhere we operate, FedEx is committed to complying with all anti-corruption laws and prohibits bribes of any type. Our [Global Anti-Corruption Policy](#) and related Anti-Corruption Compliance Procedures provide detailed guidance to team members. Training at the time of onboarding and again within three years 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, such as customs and border personnel, on behalf of FedEx. Our third-party oversight program includes due diligence, annual certifications of compliance, training and other practices to mitigate risks.

Ethics, Integrity and Anti-Corruption Training

Live and online training on the Code of Conduct, anti-corruption, antitrust, conflicts of interest and other compliance areas are key components of our corporate integrity and compliance program. Ensuring our compliance program is embedded in a newly acquired company is also a key focus. For example, FedEx provided face-to-face compliance training for nearly 10,000 TNT employees across 35 countries during FY17. Additionally, more than 12,000 TNT employees were enrolled in online compliance training during that same time period.

Combating Trafficking

FedEx shares the zero tolerance policies adopted by the U.S. and other governments to combat slavery or the trafficking of persons for any purpose. We prohibit trafficking-related activities and expect the same of our suppliers and contractors. In addition, FedEx Freight has joined Truckers Against Trafficking, an organization that trains drivers to identify potential signs of human trafficking. See the [FedEx Policy Combating Trafficking in Persons](#) for more about our commitment on this issue.



Governance

Data Security and Privacy

Protecting the privacy of our customers, vendors and team members is critical to our ability to maintain their trust. We take precautions to safeguard all sensitive information and ensure a safe and secure online environment, including customer transactions. Our [Customer Protection Center](#) highlights our [Privacy Policy](#) alongside resources to help customers identify, report and mitigate risks. For more information, please see our [2017 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 with the least impact as possible, while ensuring team member safety — our top priority.

To support our internal process, FedEx participates 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 FedEx gain the earliest possible re-entry to affected areas, so we can continue to serve our customers while keeping our team members safe.

Global Corporate Social Responsibility Governance

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

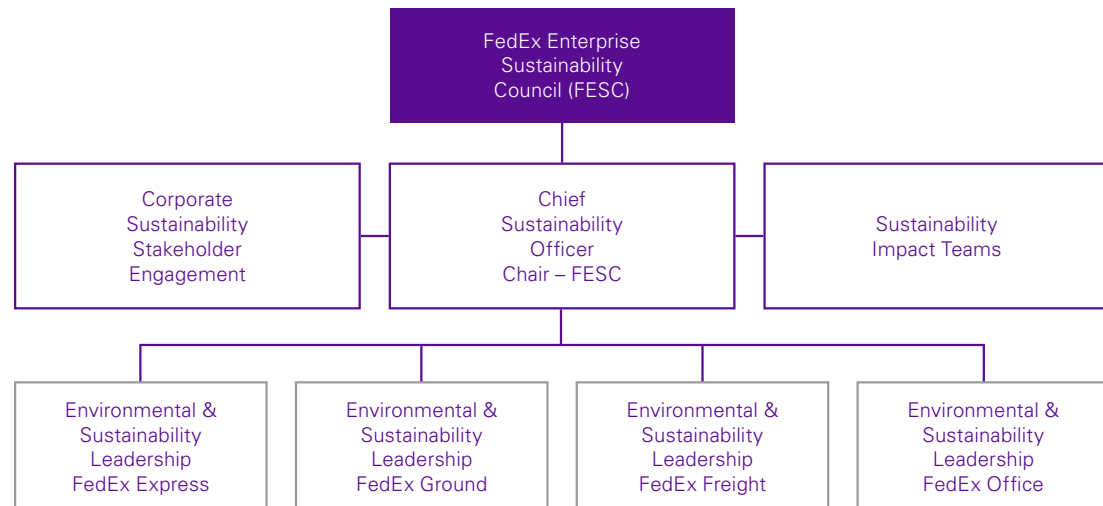
Our global CSR governance also encompasses a variety of functions and departments dedicated to our people. Human Resources (HR) departments in each FedEx operating company manage HR priorities, including team member career development, engagement and health and wellness. The Corporate HR department coordinates

efforts across operating companies and manages executive development, team member benefits and diversity strategy.

In addition, the [Diversity & Inclusion \(D&I\) Council](#) includes members across operating companies who coordinate company-wide D&I initiatives. When it comes to safety, each FedEx operating company sets workplace goals and implements the Safety Above All philosophy through policies and programs that are relevant to their specific operations.

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




For more about our governance structure and practices, see our [Investor Relations](#) website.





Goals and Progress

In FY17, we made continued progress toward our social and environmental goals.

Goals	Progress	Additional Outcomes
Investment in communities		
Invest \$200 million in 200 communities around the world by 2020 (FedEx Cares goal was set in 2016)	 <p>\$101.66 million since 2016 134 communities since 2016, including 37 additional communities in FY17</p>	Team members also provided 111,200 volunteer hours in FY17.
Aircraft emissions		
Reduce aircraft emissions intensity 30% from a 2005 baseline by 2020	 <p>22.2% reduction from a 2005 baseline</p>	Our aircraft modernization and FedEx® Fuel Sense programs avoided more than 1.7 million metric tons of CO ₂ e emissions in FY17.
Vehicle fuel efficiency		
Increase FedEx Express vehicle fuel efficiency 50% from a 2005 baseline by 2025	 <p>Improved fuel efficiency by 2.9 percentage points during FY17, contributing to a 37.9% improvement from a 2005 baseline</p>	<p>219,714 metric tons of CO₂e emissions avoided in FY17. Increased efficiency due to:</p> <ul style="list-style-type: none"> • Upgrading our vehicle fleet and implementing innovative technologies, including use of alternative fuels; and • Improving operations through routing and automation.
Alternative fuels		
Obtain 30% of jet fuel from alternative fuels by 2030	The first delivery of commercially viable and available alternative jet fuels is anticipated in 2020	
LEED-certified facilities		
Seek LEED (Leadership in Energy and Environmental Design) certification on all new U.S. FedEx Express buildings	<p>Two new LEED-certified facilities in FY17</p> <p>14 total LEED-certified facilities at the end of FY17, totaling 218,698 square meters</p>	<p>FedEx Express also has three LEED-certified facilities outside the U.S.</p> <p>FedEx Office has one LEED-certified facility, and FedEx Ground has six, all of which are in the U.S.</p>
Renewable energy		
Expand on-site energy generation and continue to procure renewable energy for facilities	<p>Two new solar installations in FY17</p> <p>20 total on-site solar installations at end of FY17</p>	<p>20.8 million kWh generated in FY17.</p> <p>12,425 metric tons of CO₂e emissions avoided in FY17.</p>



ECONOMY

Every day, we multiply growth by connecting people and possibilities.

Our network spans across six continents, enabling economic growth and social progress for individuals, communities and businesses both large and small. The more connected the world is, the more it prospers, and FedEx helps to forge these connections.

\$336.5m

in costs saved through efficiency efforts

>\$6.4b

in revenues from customers requesting emissions data

\$60.3b

in revenues, a 20% increase over FY16



ECONOMY

Our Approach

We invest in strategies and programs that sustain a robust and growing business as we serve our customers and communities. This means leveraging innovative and customer-focused efficiency, collaborating with diverse suppliers in an evolving supply chain, enabling entrepreneurship and building better communities through giving and hands-on support. Collectively, this approach enables people to thrive, communities to flourish and our business to grow.

Business Performance

The continued and significant growth of e-commerce, along with the need for faster and more efficient supply chains, all shaped our business strategy in FY17. During the fiscal year, FedEx revenues exceeded \$60 billion for the first time. This represents a 20 percent growth rate over FY16. And more than \$6.4 billion of that revenue came from customers who wanted to know more about the emissions generated from shipping their goods.

Growing our business responsibly, resourcefully, efficiently and in a forward-thinking manner not only drives the long-term success of our company, but also benefits our team members and our millions of other stakeholders. Through the positive impacts of our financial performance, FedEx creates income and opportunities for customers, team members, shareowners and suppliers, while creating societal value for communities across more than 220 countries and territories. For more about how our investments are multiplying opportunities for FedEx team members, see [People](#).

Financial Highlights

	FY15 ^(a)	FY16 ^(b,c)	FY17 ^(b,d)
Revenue (billion)	\$47.5	\$50.4	\$60.3
Operating Income (million)	\$1,867	\$3,077	\$5,037
Operating Margin	3.9%	6.1%	8.4%
Net Income (million)	\$1,050	\$1,820	\$2,997
Diluted Earnings per Share	\$3.65	\$6.51	\$11.07
Capital Expenditures (billion)	\$4.3	\$4.8	\$5.1

- (a) Results for FY15 include a loss of \$2.2 billion (\$1.4 billion, net of tax, or \$4.81 per diluted share) associated with our mark-to-market pension accounting, impairment and related charges of \$276 million (\$175 million, net of tax, or \$0.61 per diluted share) resulting from the decision to permanently retire and adjust the retirement schedule of certain aircraft and related engines at FedEx Express and a charge of \$197 million (\$133 million, net of tax, or \$0.46 per diluted share) to increase the legal reserve associated with the settlement of a legal matter at FedEx Ground to the amount of the settlement.
- (b) Results include a mark-to-market gain of \$24 million (\$6 million, net of tax, or \$0.02 per diluted share) in FY17 and a loss of \$1.5 billion (\$946 million, net of tax, or \$3.39 per diluted share) in FY16.
- (c) Results for FY16 include provisions related to independent contractor litigation matters at FedEx Ground for \$256 million, net of recognized immaterial insurance recovery (\$158 million, net of tax, or \$0.57 per diluted share), and expenses related to the settlement of a U.S. Customs and Border Protection notice of action in the amount of \$69 million, net of recognized immaterial insurance recovery (\$43 million, net of tax, or \$0.15 per diluted share). Total transaction, financing and integration-planning expenses related to our TNT Express acquisition, as well as TNT Express's immaterial financial results from the time of acquisition, were \$132 million (\$125 million, net of tax, or \$0.45 per diluted share) during FY16. In addition, FY16 results include a \$76 million (\$0.27 per diluted share) favorable tax impact from an internal corporate legal entity restructuring to facilitate the integration of FedEx Express and TNT Express.
- (d) Results for FY17 include TNT Express integration expenses and restructuring charges of \$327 million (\$245 million, net of tax, or \$0.91 per diluted share). Results for FY17 also include \$39 million (\$24 million, net of tax, or \$0.09 per diluted share) of charges for legal reserves related to certain pending U.S. Customs and Border Protection matters involving FedEx Trade Networks and \$22 million (\$13 million, net of tax, or \$0.05 per diluted share) of charges in connection with the settlement of, and certain expected losses relating to, independent contractor litigation matters at FedEx Ground.



Operating Efficiency

Operating efficiently benefits the company, our stakeholders and the environment in many ways. We achieve greater fuel efficiency, reduce emissions and lower costs through programs such as aircraft fleet modernization, vehicle upgrades, innovative technologies and alternative fuel initiatives. Over the years, we have also implemented numerous efficiencies through FedEx® Fuel Sense, our far-reaching program to identify and implement fuel saving ideas in our aviation operations.

Aircraft and vehicle fuel usage make up 92 percent of our emissions footprint and 5 percent of operating expenses, so fuel efficiency measures deliver value. During FY17, our FedEx Express vehicle fuel efficiency increased by 37.9 percent over our 2005 baseline. This includes a 2.9 percentage point improvement since FY16. Our aircraft fleet modernization and FedEx Fuel Sense programs saved \$285.5 million and avoided more than 1.7 million metric tons of CO₂e emissions.

Efficiency measures and upgrades throughout our operations during FY17 saved more than 32,600 terajoules of energy and avoided more than 2.3 million metric tons of CO₂e emissions. This is equivalent to the emissions from more than half a million passenger cars in one year.

“In FY17 we avoided more than 2.3 million metric tons of CO₂e emissions across the enterprise. This is equivalent to the emissions from more than half a million passenger cars in one year.”

FY17 Efficiency Gains and Cost Savings

Goal	FedEx Initiatives	FY17 Cost Savings Estimates (\$)	FY17 Emissions Avoided (metric tons of CO ₂ e emissions)
Reduce aircraft emission intensity 30% from a 2005 baseline by 2020	Aircraft fleet modernization, FedEx® Fuel Sense operational improvements	\$285.5 million	1,711,603
Increase FedEx Express vehicle fuel efficiency 50% from a 2005 baseline by 2025	Fuel-efficient driving, vehicle technology improvements, alternative fuel usage	\$51 million	219,714

Savings estimated compared to business-as-usual scenarios, and using average FY17 fuel costs. For information about our fuel efficiency initiatives, see [Environment](#).

Aircraft

1,711,603 metric tons of CO₂e emissions avoided in FY17.

That's equivalent to the carbon sequestered by more than



2,000,000

acres of U.S. forests in one year.

Vehicles

219,714 metric tons of CO₂e emissions avoided in FY17.

That's equivalent to avoiding the CO₂e emissions from almost



33,000

homes' electricity use in one year.



Customer-Focused Collaboration

Record-breaking growth in e-commerce continues to shift the logistics landscape. With double digit increases in online shopping each year, the number of packages being shipped as well as the number of delivery points have reached new heights. At the same time, customers are looking for more flexibility in handling their shipping needs. To address these parallel challenges while delivering the exceptional service our customers have trusted for 45 years, we are evolving our business model. This includes reevaluating traditional approaches to package drop-off and pickup and finding innovative ways to reduce the impacts of last-mile delivery. For instance, we are implementing more opportunities for self-service by growing FedEx retail locations and collaborating with third-party retailers to provide even more customer convenience.

- Greater convenience
- Better security
- Decreased miles driven
- Fewer emissions
- Reduced road congestion
- Less noise
- Lower operating costs

Multiple Stores, Multiple Benefits

A new alliance between FedEx and Walgreens, one of the largest drugstore chains in the U.S., is just one example of how we are expanding our network of shipping locations, strengthening our customer connections, and leveraging our collaborations. The alliance also streamlines our last-mile delivery capabilities, which in turn improves environmental efficiency.

Where, When, How Customers Want Deliveries

Our collaboration with Walgreens offers customers a staffed, secure, personalized shipping option at 7,600 Walgreens locations in all 50 states. And since many Walgreens stores have extended hours and are open on holidays, customers have even more flexibility in deciding when and where they drop off and pick up their FedEx Ground and FedEx Express packages.



Saving Fuel, Lowering Emissions

Eliminating just the “last mile driven” — the difference between delivering packages to multiple addresses compared to a central location — could help us avoid emissions by more than 18,000 metric tons of CO₂e emissions each year. This is equivalent to the emissions generated by more than 3,800 passenger cars driven for a year. For more ways we are boosting efficiency and reducing impacts, see [Environment](#).



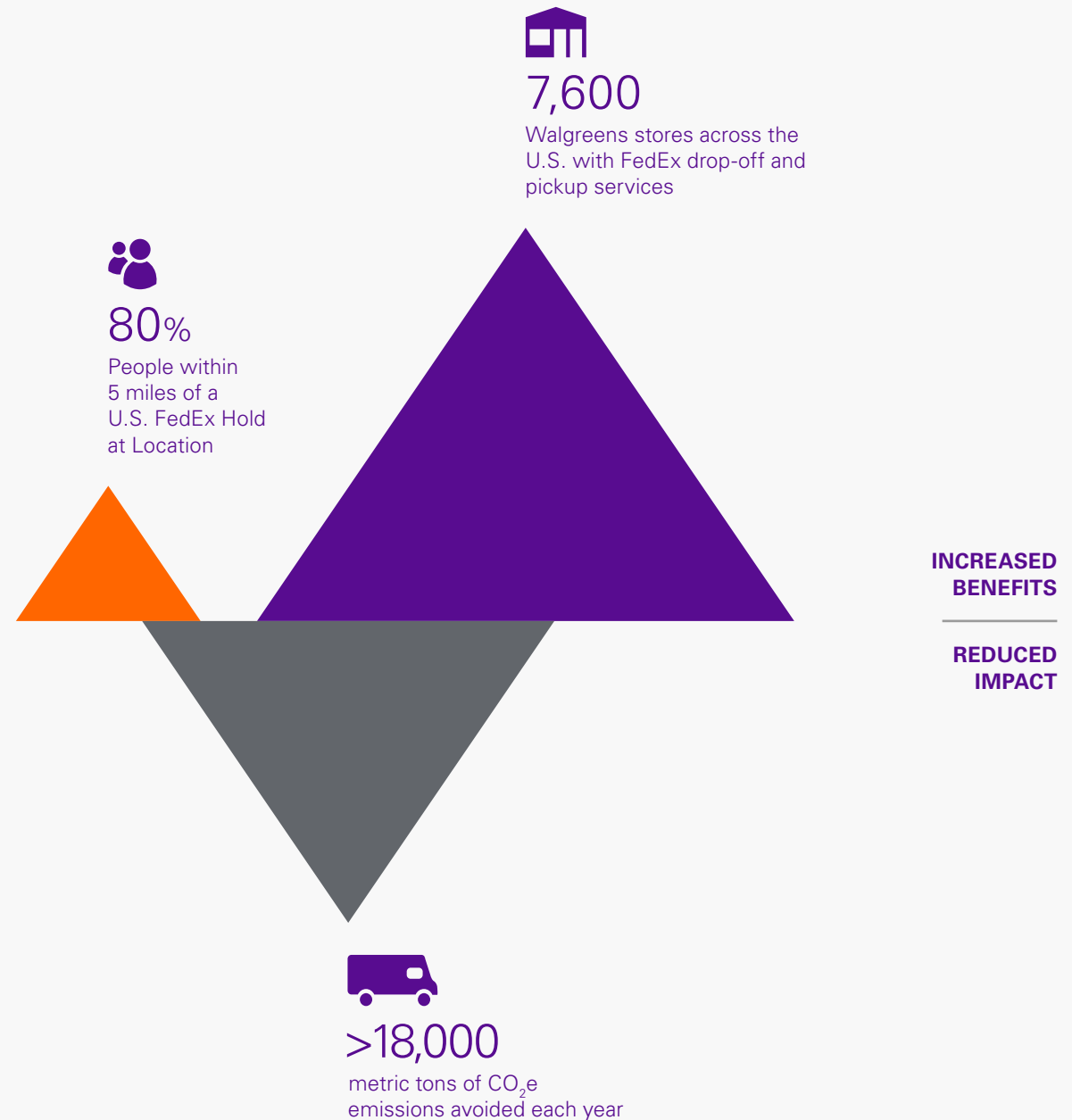
Customer-Focused Collaboration

There's More than One Place to Ship a Package

Our Walgreens alliance is the latest option in our continued expansion of FedEx OnSite, a network of retail sites offering FedEx pickup and drop-off services. In addition to Walgreens, U.S. customers can find FedEx OnSite in more than 600 Kroger and Albertsons grocery stores and can redirect packages to a FedEx OnSite location or other FedEx Hold at Location, including approximately 1,900 FedEx Office locations. Expanding upon the network of retail collaborations, [500 new FedEx Office locations](#) are planned to open within Walmart stores in the U.S.

Expanding in Asia

Our global retail service network has also expanded in Asia, where FedEx Express and 7-Eleven, the largest convenience store chain in Hong Kong and Taiwan, have teamed up to offer even more 24/7 shipping options, including FedEx iShip drop-off service at 7-Eleven stores in Taiwan, and package self-collection at more than 5,000 7-Eleven stores across Hong Kong and Taiwan. Additionally, FedEx Self-Service Lockers at 70 Hong Kong locations provide more customer choice in package pickup. Consumers can take advantage of these secure delivery locations by using FedEx Delivery Manager®, now available in Australia, China, Japan, Malaysia, New Zealand, Singapore, South Korea and Taiwan.





Reverse Logistics and the Circular Economy

Almost one-third of e-commerce purchases are returned, and handling reverse logistics efficiently to minimize environmental impacts is important to our customers — and to FedEx. Similarly, as a product reaches the end of its intended life cycle, it should also be handled responsibly. The emerging circular economy aims to keep products, components, and materials at their highest utility and value at all times through regeneration or reuse. This increasingly means closing the manufacturing, use and disposal loop by repairing or refurbishing items for reuse and keeping waste out of landfills.

Maximizing Value from Returns

As an industry leader in reverse logistics, FedEx Supply Chain transforms the returns process from a necessary cost of doing business into a strategic advantage. Our reverse logistics operations serve as a conduit for customers focusing on the circular economy. This is most evident in our operations that serve the technology and retail sectors, where goods can be refurbished for resale, disassembled for key parts and components, or recycled. Not only do these services avoid landfill disposal, they also maximize value from returned products for our customers and contribute to their sustainability progress as well.

Life Cycle Approach

By leveraging the vast FedEx transportation networks, we bundle shipping with reverse logistics services to provide customers with a holistic solution for handling products throughout their life cycle. Our growing retail convenience network, which includes grocery stores and pharmacies, as well as thousands of FedEx Hold at Location sites, positions us to play a key role not only in reverse logistics, but in the circular economy by making it even easier for customers to ship returns and businesses to restore or reuse returned products. Consumer returns can now be processed at FedEx Office, where returned items are

consolidated and sent to FedEx Supply Chain for processing and delivery to the vendor. This not only adds convenience for customers who want to return a product, but it also eliminates unnecessary packaging and increases efficiency in handling and transportation.

Environmental Benefits

At several FedEx Supply Chain facilities serving the technology industry we receive returns, perform diagnostics and identify the proper disposition for the return, which could include refurbishment, return to vendor or recycling. Several operations also leverage ISO 14001 certification to drive the best environmental management practices throughout the facility.

Global Expansion

Making the shift to a circular economy is not without its challenges. Recruiting and retaining tech-focused talent in a competitive job market and achieving outstanding cost efficiency to meet customer expectations requires a well-defined strategy. The FedEx Quality Driven Management methodology, combined with our strong focus on the customer and our reverse logistics expertise, position FedEx Supply Chain for growth. Going forward, the realignment of FedEx Supply Chain as part of FedEx Trade Networks also provides the roadmap to expanding reverse logistics services in markets around the world.





Leading in a Global Supply Chain

FedEx operations connect 99 percent of the global gross domestic product and billions of people across six continents. With such tremendous reach, we can multiply economic growth and social progress for communities and businesses around the world. We use our extensive, reliable and efficient logistics network to help customers access international markets, succeed in an increasingly non-linear and digital supply chain and deal with transnational shipping requirements.

FedEx Cross Border: helps businesses navigate the rapidly changing e-commerce landscape via an integrated check-out process and delivery system for shipments traveling across national borders.

FedEx® Fulfillment: allows customers to focus on their core business while we manage warehousing, fulfillment, inventory, transportation management, reverse logistics and other functions.

Shanghai Express and Cargo Hub

The new FedEx Shanghai International Express and Cargo Hub located at Shanghai Pudong International Airport provides greater connectivity and convenience to overseas markets for customers in eastern China, particularly those shipping to the U.S. and Europe. The 134,000 square-meter facility includes a dedicated Customer Care Center as well as cold chain facilities to support the healthcare industry, one of the fastest growing sectors in the Asia Pacific region. With a fully automated sorting system, the new facility can process up to 36,000 packages and documents per hour, using technology to keep customers up-to-date and reduce their logistics costs. Dedicated China Customs and China Entry-Exit Inspection and Quarantine areas improve the customs clearance process.

Supporting Global Trade

One of the most important issues facing business leaders today is the role of trade in the global digital economy. Trade opens new markets and opportunities for businesses, customers and consumers worldwide. According to the [2017 FedEx SME Trade Index](#), more than 80 percent of U.S. small business owners view global trade as helping the economy and providing opportunities and jobs. FedEx advocates for an ambitious trade agenda that contributes to opportunities for our customers and our company.

In FY17, FedEx sponsored the Asia-Pacific Economic Cooperation CEO Summit, a platform to discuss trade reform with Asia's business and government leaders in support of lowering barriers and simplified trade rules in a modern digital economy. We also made it a priority to focus on the North American Free Trade Agreement negotiations related to customs simplification and trade facilitation to help address the rise in global e-commerce. Raising de minimis levels will make it easier and faster to ship low-value goods across borders.

We continued to support the World Trade Organization's Trade Facilitation Agreement (TFA) that was ratified in 2017, which will help reduce administrative costs for small and medium-sized companies — the businesses most affected by complicated customs procedures around the world.



www.youtube.com/watch?v=ouQLheAgmyc

FedEx® Space Desk

How does a rocket reach its launch pad? What packaging protects a satellite for shipping? Answering these and other questions for the aerospace industry is [the FedEx Space Desk](#), a centralized logistics and information hub for shipping sensitive equipment and materials bound for use in space. The FedEx Space Desk is the cornerstone of FedEx Space Solutions, a turnkey shipping solution that provides logistics support to organizations shipping space-bound satellites, technology and other space assets. A new "white-glove" service helps space industry customers move highly sensitive and critical equipment using the right combination of supplies, packaging techniques and shipping services.



Our Global Supply Chain

Just as we help our customers navigate their supply chains for success in global markets, we also collaborate with our suppliers for mutual success. We expect our suppliers — including equipment manufacturers, fuel companies, transportation service providers and many others — to uphold the principles in our [Code of Business Conduct and Ethics](#) and aspire to meet our other CSR policy commitments.

Managing Supply Chain Risk

Across our global business, we work to identify and manage critical supply chain risks through robust, enterprise-wide policies and procedures. FedEx 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 critically dependent to our business success. Our Sourcing organization's Supplier Relationship Management team leads efforts to improve those suppliers' sustainability practices.

Supplier sustainability risk screening criteria in new business requests also allow us to evaluate new and potential suppliers on performance in environmental, social, labor and human rights areas, including child and forced labor. Our Sourcing team conducts regular supplier screenings to evaluate sustainability performance and work with suppliers on any necessary improvements. During the 2017 fiscal year, 73 percent of FedEx suppliers participating in new business requests were screened for social and environmental performance, more than 1 percentage point higher than the previous year.

Our Diverse Suppliers

We strengthen our supply chain by proactively sourcing from small, minority- and women-owned businesses. In FY17, we procured \$9.1 billion in goods and services from diverse suppliers. Of the \$9.1 billion spent, 9 percent was with women-owned businesses.

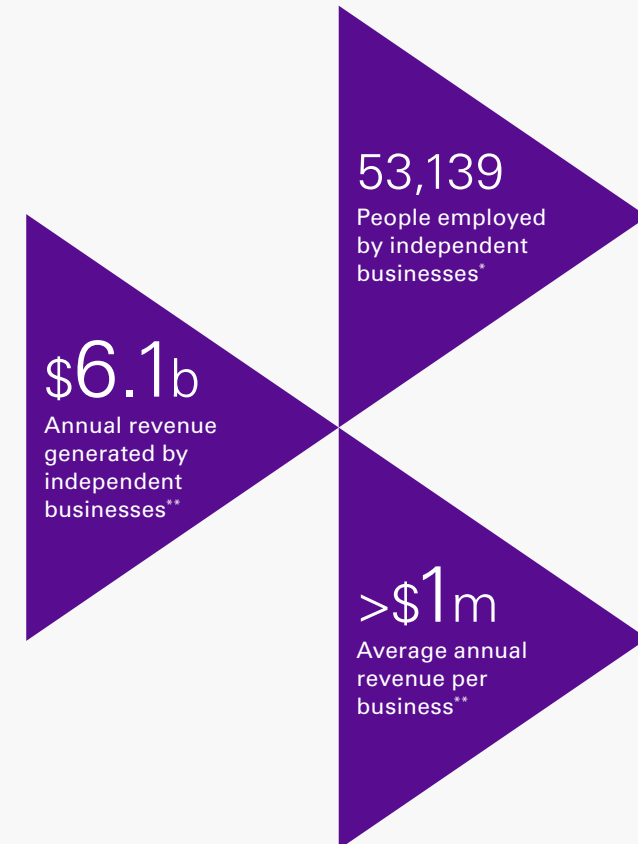
For details, see the [Data Appendix](#).

Independent Service Providers

FedEx Ground, FedEx Express, FedEx Freight and FedEx Custom Critical rely on independent businesses for certain pickup-and-delivery and/or line-haul transportation services. These contracts support small businesses and local economies, employing thousands of people worldwide.

FedEx Ground contracts with nearly 6,000 service providers throughout the U.S. and Canada, supporting both large and small businesses. In FY17, FedEx Ground named three businesses that provide outstanding contract transportation services as [FedEx Ground Entrepreneurs of the Year](#): K&L Demo Transport, Black Hills Transfer, and Secord Enterprises. The distinction recognizes them for growth, customer service, safety excellence, community involvement and ethics.

Independent Service Providers at FedEx Ground



* As of March 2018

** Based on calendar year 2017



Empowering Entrepreneurship

FedEx started operations 45 years ago with a visionary entrepreneur who had an innovative idea, and has successfully led and executed on that vision into the present. During this time, our support for business, including small business, has never wavered. Today, the FedEx Entrepreneur Advisory Board formalizes our commitments to small business by providing opportunities for entrepreneurs to strategize with FedEx about the ways we can better serve them. From providing products and services that help small businesses run more efficiently — like our Packaging Help Hub — to mentoring, workshops and grants, we support the economic empowerment that begins with a good idea and an entrepreneurial spirit.

Small Business Grant Contest

The [FedEx Small Business Grant Contest](#), started in the U.S. in FY13, awards grants and other prizes to help small entrepreneurs grow their businesses. Over the past five years, the contest has grown around the world, and in FY17 it expanded to India, Italy and China, for a total of ten countries. This year's winners included a number of enterprises dedicated to sustainability, such as:

- U.S. grand prize winner Sword & Plough makes bags and accessories from military tents, sleeping bag covers, bullet casings and other military surplus. In addition to donating 10 percent of profits to veteran organizations, this woman-owned business has helped support 65 part-time and full-time veteran jobs and has recycled thousands of pounds of military surplus.
- Terra Klay sells artisanal black clay pottery made by tribal women in India, where the company has made an impact on the lives of 20 artists and their families by giving them a means to earn income.
- Manisha Dhatri of Varun Agro Processing Foods supports local farmers and uses surplus tomatoes in a ketchup production unit. Her business also plans to train local farmers in sustainable farming techniques.
- Ana by Karma Limited sells handmade scarves to help Bhutanese women make a living and reinvests profits into training programs for the weavers and their children.



Sword & Plough
2017 Grand Prize Winner

FedEx Know and GrowSM

FedEx Know and Grow offers information, resources, and education events for current and potential customers interested in learning more about exporting, importing and international business growth. During FY17, the number of people participating in training, including both face-to-face and through online resources such as the Export Roadmap, Compliance Checklist and Beyond Borders webinar series, grew 219 percent to 17,876. This substantial increase from FY16 to FY17 is due to a new ability this year to track and report on the number of times customers accessed our training materials online. More than 104,000 small businesses have benefited from FedEx training to date.

219%
growth in participation
in FedEx Know and
GrowSM training
in FY17



Community Giving: FedEx Cares

Goal:

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

(FedEx Cares goal was set in 2016)

Giving back is deeply rooted in the FedEx culture. FedEx Cares, our community volunteering and financial investment strategy, helps us put our resources to work and make a difference. It brings our purpose, connecting people and possibilities, to life in the communities we serve through monetary donations, in-kind shipping services and team member volunteering. FedEx Cares focuses on five areas where we can deliver valuable, tangible benefits to people and communities to address some of the world's problems in a thoughtful way.

Progress Toward our Giving Goal

Two years ago, FedEx committed to investing \$200 million in 200 communities around the world by 2020. In FY17, the second year of our commitment, we invested \$49.3 million in charitable cash, \$5.25 million worth of in-kind shipping and \$900,000 Corporate Marketing and FedEx Express in-kind giving. We also provided support to 37 additional communities. To date, we have contributed \$101.66 million in contributions toward a total of 134 communities globally — more than halfway to our 2020 goal. In addition to our giving goal, our team members contributed \$9.9 million during our annual United Way campaign.

For more information about our community volunteering, see [People](#).





FedEx Cares: Our Pillars

Our five pillars of FedEx Cares are as follows. More information about them can be found in the relevant sections of Economy, Environment and People.

For more information about our community giving, visit the [FedEx Cares](#) website.



Global Entrepreneurship

FedEx is committed to giving women and minority entrepreneurs everywhere the tools they need to succeed.

Read more in [Economy](#)



Delivering for Good

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

Read more in [Economy](#)



Sustainable Transportation

Scaling solutions and investing in new ideas to improve mobility, reduce congestion, and decrease pollution in communities around the world.

Read more in [Environment](#)



Employment Pathways

Connecting teens and young adults in underserved populations to skills and career training that lead to greater access to jobs and opportunity, especially in the fields of technology and logistics.

Read more in [People](#)



Road Safety

Leveraging our safety expertise to reduce road crash fatalities by improving road conditions and educating drivers and pedestrians – especially child pedestrians – around the world.

Read more in [People](#)



Community Giving: Global Entrepreneurship

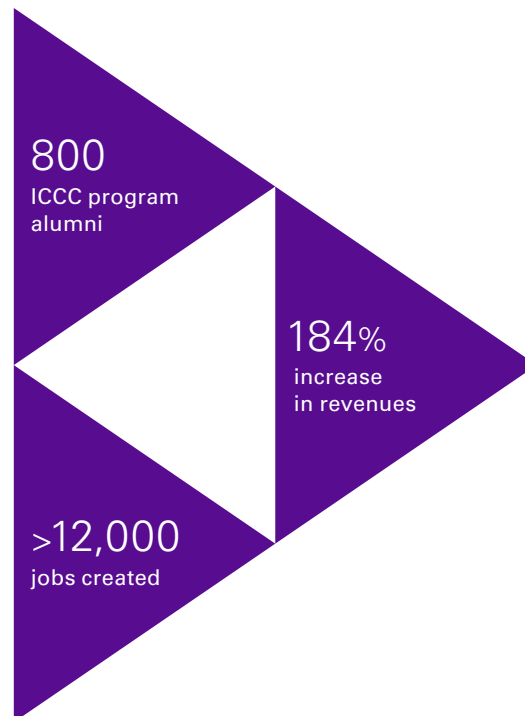
Economic empowerment is also one of five pillars within our FedEx Cares community investment strategy. Globally, small and medium-sized enterprises represent 45 percent of formal, permanent, full-time employment and more than 70 percent of net job growth in low- and middle-income countries. Women- and minority-owned businesses in particular face disproportionate challenges to economic empowerment. Through our community investments, we enable entrepreneurs of all backgrounds and ages access to the tools, networks, strategies, training, capital and other business solutions needed to transform an idea into a successful enterprise.

FedEx and Accion

FedEx and Accion, the largest nationwide nonprofit lending network in the U.S., are working together to connect entrepreneurs with the capital and the knowledge they need to build a better future. FedEx and Accion are helping small business owners increase revenue and a majority of these businesses create two to three new jobs as early as one year after receiving a loan. FedEx also works with Accion in Colombia, providing digital learning resources for low-income, low-literacy entrepreneurs, especially women, who live in more remote areas and cannot attend in-person training.

Inner City Capital Connections

FedEx sponsored the Inner City Capital Connections (ICCC) program at the FedEx Institute of Technology on the University of Memphis campus, providing mentoring to nearly 90 participating companies representing 13 industries in the Memphis area. This cohort represented 87 percent minority-owned and 34 percent women-owned businesses. Since participating in this effort, 27 entrepreneurs have gone on to create 139 jobs. Overall, the 800 program alumni have created more than 12,000 jobs, raised \$1.4 billion in capital and grown revenues an average of 184 percent since the program began in 2005.



<https://www.youtube.com/watch?v=gFj-GipNh00>

GROW: Supporting Women-Owned Businesses

FedEx works with Vital Voices to support 65 women-owned businesses in Latin America and the Caribbean, the Middle East and Africa through the GROW program. On average, women entrepreneurs participating in GROW increase their sales by 42 percent. One participant, Dr. Castellanos De Muñoz, joined the Vital Voices VV Grow Fellowship because she wanted to grow her business, empower women, and to help people in her community who could not afford hearing aids. Watch the video to learn more.



Community Giving: Delivering for Good

Delivering for good means doing what we do best for those who need it most. When disaster strikes, we mobilize the FedEx global fleet and logistics expertise to provide supplies quickly to support people in need as they deal with the immediate aftermath of disaster and when they begin rebuilding their communities. Even when there's no emergency, FedEx transports other precious cargo safely, from student robots to historic artifacts. In FY17, our in-kind shipping program donated space for more than 4.5 million pounds of goods, totaling 79,000 shipments.



FIRST Robotics Competition

In FY17, we delivered more than 3,000 kits of robotics parts to high school teams competing in *FIRST* competitions around the world, in addition to delivering all 800 robots for the *FIRST* World Championships held in the U.S.

Disaster Relief

Our extensive network allows us to reach communities when few others can, providing vital resources to help neighborhoods, schools, businesses and economies get up and running as quickly as possible and provide a pathway for recovery. Our work begins well before a disaster hits, by prepositioning relief supplies and sharing insight into our own response, recovery and management planning with relief organizations. Among others, we work with Direct Relief, International Medical Corps, American Red Cross, Heart to Heart International and others to deliver emergency supplies.

2017 Relief Efforts

2017 saw intense storms that made landfall with tremendous force, along with earthquakes, wildfires, flooding and other disasters. When four of these disasters struck in the span of just one month — including Hurricanes Harvey, Irma and Maria as well as earthquakes — we delivered essential resources to communities and businesses in Texas, Florida, Puerto Rico, Mexico and elsewhere. FedEx pledged \$3 million in cash and in-kind shipping to victims of the hurricanes and earthquakes, delivering water treatment systems, blankets, clean-up and comfort kits and other supplies.

- Hurricane Irma, Florida: 80 tons of medical supplies, water and meals.
- Hurricane Maria, Puerto Rico: 75 tons of supplies, including water, food and toiletries.
- Hurricane Harvey, Texas: delivered more than 20,000 meals, enough to feed 1,000 people three meals a day for a week.
- Multiple earthquakes in Mexico: water treatment systems that could provide clean drinking water for 30,000 people a day, 120 tons of relief aid and volunteering by 800 FedEx team members.



Delivering the Gift Of Sight

For more than 30 years, FedEx has supported ORBIS, a Flying Eye Hospital that treats patients for sight-robbing diseases. FedEx pilots volunteer to fly the ORBIS aircraft around the world on its missions, and FedEx mechanics maintain the plane. ORBIS has performed more than 23 million medical and optical treatments to eradicate avoidable blindness in developing nations.



ENVIRONMENT

Every day, we multiply efficiencies, improving performance and lowering costs.

FedEx connects people and possibilities around the world, and we aim to do so responsibly and resourcefully by multiplying efficiencies and innovations that deliver more with fewer resources and environmental impacts.

This takes the form of what we call practical sustainability, which we define as strategic and transformational stewardship that adds tangible value to benefit our stakeholders, our business, communities and the planet.

13.4%

reduction in total emissions intensity from FY16 (Scope 1, 2 and 3 metric tons CO₂e/\$M revenue)

>2.3m

metric tons of CO₂e avoided through energy savings initiatives



ENVIRONMENT

Our Approach

Reduce, Replace, Revolutionize

We continually seek new ways to maximize operational efficiency, minimize impacts and find innovative solutions through our [Reduce, Replace, Revolutionize](#) approach to sustainability. We reduce or eliminate impacts from activities and operations. We replace assets that can be improved, using the right solutions in the right applications. And, we revolutionize operations by discovering and applying new innovative technologies.

This approach provides structure, consistency and support to programs that deliver cost savings and more efficient use of resources in four key areas:

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

Across all four priorities, our focus on reducing, replacing and revolutionizing allows us to use the building blocks of performance, transparency, innovation and leadership to embed sustainability into the way we do business. The FedEx team member-led EarthSmart® program delivers ideas for environmental improvements. Our EarthSmart framework, now in its ninth year, embeds sustainability into the way we operate and how we serve customers — through innovation and workplace culture. Each FedEx business unit leverages EarthSmart in unique ways to address the impacts and opportunities most relevant to its operations, with EarthSmart providing structure, consistency and support to environmental programs that deliver cost savings and more efficient use of resources. Ultimately, EarthSmart strives for groundbreaking environmental stewardship that can be shared with others.



Aircraft efficiency



Vehicle efficiency



Sustainable facilities



Sustainable materials and recycling



Energy and GHG Emissions

Emissions from our transportation fleet, both on the ground and in the air, as well as those associated with our facilities, are our greatest areas of environmental impact, as transportation fuel represents 92 percent of our emissions footprint. As we continue to handle record numbers of customer packages each year, we prioritize technologies and initiatives that improve efficiency in our vehicle and aircraft fleets, as well as in our facilities. This includes:

- Setting ambitious fuel efficiency and emission-reduction targets.
- Modernizing our aircraft and vehicle fleet, using innovative technologies and making operational improvements to routing, automation and other procedures.
- Incorporating alternative fuels into our fleet.
- Finding new ways to engage team members and customers in energy efficiency initiatives, from identifying energy-saving alternatives in our buildings to right-sizing customer packaging to maximize space and optimize loads.
- Advocating for regulatory and policy changes that support societal benefits like emissions reduction, efficiency improvements and cleaner technology.

See the [Data Appendix](#) for FY17 and year-over-year results on:

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



Reducing Emissions and Improving Livelihoods

The FedEx Carbon-Neutral Envelope Shipping program supports low-carbon development projects around the world, offsetting some of the carbon emissions created and emitted in shipping FedEx Envelopes for customers. These projects not only reduce greenhouse gas emissions, but also improve quality of life in the communities where they are based.

In FY17, more than 198 million carbon-neutral FedEx envelopes were delivered to customers, offsetting nearly 75,000 metric tons of CO₂e emissions. In that fiscal year, we invested in eight carbon offset projects across the world that positively affect diverse communities in China, India, Mexico, Peru, the U.S. and Zambia. These projects produced emissions reductions on four continents, while supporting better health, training and education, renewable energy, energy efficiency and habitat protection.

Since the program began, we have shipped over a billion carbon-neutral envelopes for our customers. Our participation is one more example of the ways we support communities around the world.

>2.3m

metric tons of
CO₂e avoided
in FY17 throughout
our operations



Aircraft Efficiency

Goals:

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

Obtain 30% of jet fuel from alternative
fuels by 2030

To make sure the 660-plus aircraft in our fleet operate as efficiently and environmentally responsibly as possible, we apply the three-part Reduce, Replace, Revolutionize approach: implementing a multitude of fuel efficiencies in flight operations through our global FedEx® Fuel Sense program (Reduce), upgrading and modernizing our planes (Replace) and exploring use of alternative fuels and technologies (Revolutionize).

Since 2005, our aircraft emissions intensity has decreased by more than 22 percent, although our aircraft emissions intensity improvements effectively remained unchanged in FY17 due to higher shipping volumes. A key challenge has been the need to maintain some older aircraft that have been earmarked for retirement while we await production of more efficient replacements.

Reduce

FedEx® Fuel Sense

Our long-standing FedEx Fuel Sense program identifies efficiencies across aviation operations by drawing on the insights and ideas of front-line team members and experts who contribute to a culture of fuel-saving behavior. A total of 54 projects have been identified since the program began in 2006, and 561 million gallons of jet fuel have been

saved since then as well. Collectively, FedEx Fuel Sense programs saved almost 88 million gallons of jet fuel in FY17, and avoided almost 850,000 metric tons of CO₂e emissions. For more about the ways our team members contribute to the FedEx culture of efficiency, see [People](#).

Replace

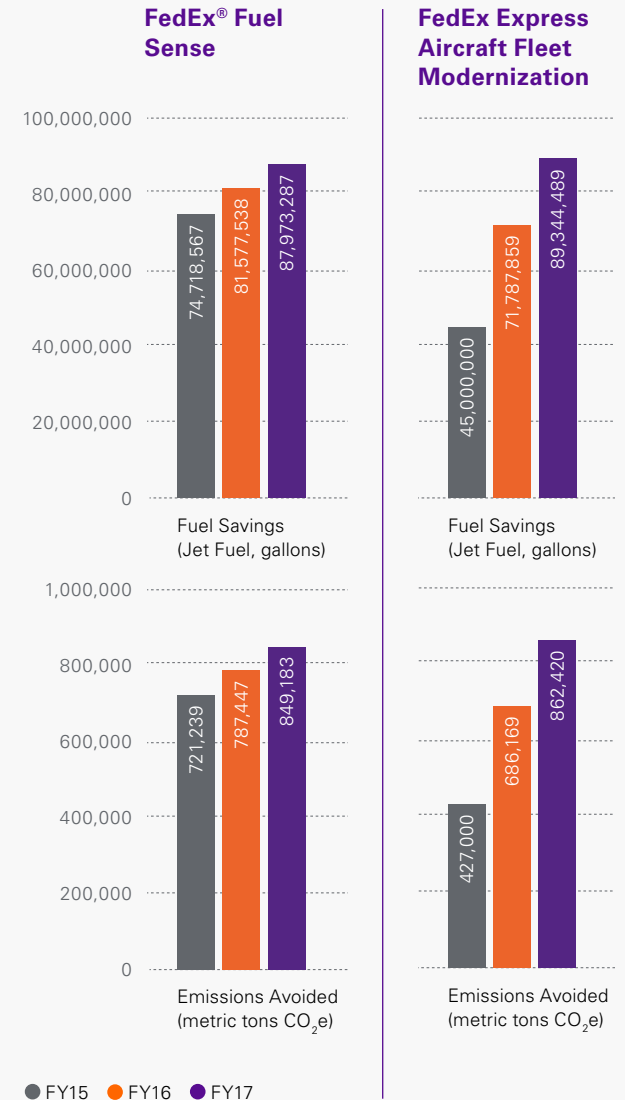
Aircraft Modernization

Our aircraft modernization program, a priority that reflects the ongoing evolution of our aircraft efficiency and emissions reduction strategy, now contributes even more significantly to our continued reduction in energy use and emissions. At the end of FY17, the first of three phases of aircraft replacement was complete. By replacing older aircraft with newer models, such as the Boeing 767-300 Freighters, which are about 30 percent more fuel efficient than the MD10s they replace, we not only save fuel and reduce emissions, but also enhance operational flexibility and operating margins. In FY17, the aircraft fleet modernization program saved 89.3 million gallons of jet fuel, avoiding more than 860,000 metric tons of CO₂e emissions, almost 26 percent more emissions avoided than the previous fiscal year.

In addition to large jets, our feeder aircraft fleet will also be upgraded in the coming years. These represent aircraft operated by another company. These smaller propeller planes cover shorter routes. While their overall emissions and efficiency gains are smaller than those of larger aircraft, upgrading these planes helps to reduce our Scope 3 emissions.

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

Aircraft Efficiency





Aircraft Efficiency

Revolutionize

Aircraft Biofuels

Our fleet modernization and FedEx® Fuel Sense initiatives have reduced emissions, but we want to do even more, which is why we set a goal to obtain 30 percent of jet fuel from alternative fuels by 2030. In FY15, we entered into an agreement with Colorado-based Red Rock Biofuels, which will ultimately produce at least 48 million gallons of alternative jet fuel over an eight-year period. Construction of the fuel refinery is planned to begin in July 2018, and the first delivery of commercially viable and available alternative fuels is anticipated in 2020.

Boeing ecoDemonstrator

FedEx and Boeing collaborated to test more than 35 technologies aboard a specially equipped FedEx-owned 777 Freighter, the sixth Boeing ecoDemonstrator aircraft tested to date. We worked with Boeing for two years to identify the technologies for testing. Some of the technologies have been designed to reduce emissions and noise, while also offering the potential to improve gate-to-gate efficiency and other operational goals. The plane went into service in the FedEx fleet during FY18 flying international routes, before being returned to Boeing to serve as the ecoDemonstrator testbed. After Boeing's final testing is completed in mid-2018, the airplane will be delivered to FedEx for continued service.

Go behind the scenes and see how Boeing built the ecoDemonstrator for FedEx: <http://about.van.fedex.com/blog/boeing-777-ecodemonstrator/>



In April 2018, the Boeing ecoDemonstrator became the first aircraft to fly 100% on biofuel.

Toward Carbon-Neutral Growth

We continue supporting and adopting other efficiency initiatives, including industry-wide efforts. For instance, we are working to meet the requirements of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) program developed by the International Civil Aviation Organization (ICAO), a specialized agency of the United Nations. Like a number of U.S. airlines, we actively supported our industry association in helping ICAO develop the CORSIA program for international flights, which aims to assist airlines in meeting the industry goal of carbon-neutral growth after 2020.

Beginning in January 2019, our aircraft emissions monitoring will establish the baseline for 2021 and beyond. FedEx is preparing for implementation of CORSIA, while we also continue to make advances in operations and our use of technology while supporting global aviation infrastructure improvements as well.



Vehicle Efficiency

Goal:

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

The FedEx global ground transportation fleet is large — more than 170,000 on- and off-road vehicles, of which approximately 80,000 are company-owned vehicles over which we have operational control. As with aircraft efficiency, our Reduce, Replace, Revolutionize approach guides our efforts to lower fuel consumption and emissions, with the three elements serving as a foundation to deliver results:

1. **Reduce** miles driven and fuel used through efficiencies such as optimizing route structure.
2. **Replace** older elements of our vehicle fleet with the most up-to-date and sophisticated technology viably available, like having the right sized vehicle with the right engine on the right route.
3. **Revolutionize** our fleet through timely testing and adoption of available and possible innovations, such as electric and alternative fuel technologies, where applicable.

See the [Data Appendix](#) for FY17 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 and Replace

Automatic transmissions, low-rolling resistance tires, trailer skirts that minimize drag, and state-of-the-art diagnostic equipment all help drivers improve efficiency on the road. The FedEx Eco-drive program also provides specialized training and environmentally friendly driving tips to make the most of every mile. By applying our Reduce, Replace, Revolutionize approach to the FedEx Express vehicle fleet, in addition to the use of intermodal rail at FedEx Freight, we saved more than 44.5 million gallons of fuel, and avoided 457,474 metric tons of CO₂e emissions in FY17. And with a 37.9 percent vehicle fuel efficiency increase at FedEx Express in FY17 over our 2005 baseline (2.9 percentage point improvement over FY16), we are well on our way to meeting our 2025 goal.

FY17 Vehicle Efficiency



For more about how our vehicle efficiency initiatives reduce fuel costs, see [Economy](#).



Vehicle Efficiency

Revolutionize

Alternative Fuel Vehicles

We believe that wider adoption of alternative-fuel, electric and hybrid electric vehicles will play a key role in reducing our global emissions. This offers the opportunity for near-term adoption, while we work toward the implementation of more advanced technologies like hydrogen fuel cells over the longer term.

	FY15	FY16	FY17
Total Alternative Fuel Vehicles	1,892	2,724	2,865
Hybrid Electric	447	527	463
Electric	1,176	1,817	2,109
Compressed Natural Gas/Liquefied Natural Gas	122	195	220
Liquefied Petroleum Gas (LPG) (Propane)	92	144	58
Hydrogen Fuel Cell	55	41	15

Electric Vehicles

In FY17, we added 292 electric vehicles to our fleet, resulting in more than 2,100 electric vehicles in service by the end of the fiscal year. Most of that increase was due to growth in electric ground support equipment for FedEx Express at airports, as well as increased use of electric forklifts at FedEx Freight. As electric vehicle technology continues to improve and battery costs decrease, we see electric vehicles as a promising alternative to traditional fuel vans and trucks. In addition, FedEx Freight recently announced plans to order 20 Tesla Semi fully-electric trucks, which are scheduled to begin production in 2019.

Following several years of electric vehicle demonstration projects, FedEx Express is now looking to move on to the next phase of our electric vehicle deployment strategy. Due to capacity limitations in some public electrical grids however, this next phase of our electrification strategy involves working closely with electric utilities and governments in key markets to make sure the system can support the large-scale use of electric vehicles.

Concurrently, we are focusing on our own facilities to make sure they are equipped to manage the demands of charging many electric vehicles at once. This entails exploring options for fast, reliable charging of various battery systems, and the role our on-site solar installations can play in providing renewable energy to power an electric vehicle fleet.

Compressed Natural Gas

Some of our operating companies, such as FedEx Freight, continue sourcing compressed natural gas (CNG) equipment for short-haul city use. FedEx Freight added 79 CNG road and city vehicles in FY17 to reduce diesel fuel use and emissions, bringing the total in service at that operating company to 105. Incorporating more alternative fuel vehicles has also required that we add or upgrade infrastructure to accommodate CNG, educate drivers about the CNG fueling process and review routes to accommodate CNG capacity limits.

Hydrogen Fuel Cells

Hydrogen fuel cell technology also might offer low-emission alternatives to traditional engines, and could provide excellent range for longer routes. Through a U.S. Department of Energy grant, FedEx Express is currently evaluating a medium-duty fuel cell vehicle with an extended range. Already, we operate 15 fuel cell tractors at our Memphis airport hub.

Biodiesel

FedEx Ground provides biodiesel to contracted service providers to improve environmental performance. In FY17, the biodiesel provided through our network of fuel islands avoided almost 60,000 metric tons of CO₂e emissions. At 23 locations, we have our own bio-blending capabilities, which allows us to provide the same level of fuel quality as retail sites, and we are expanding the fuel island network throughout the U.S. and Canada. We continue to explore the feasibility of offering additional alternative fuel types as we work to reduce our environmental impacts.

Innovations for Urban Mobility

Continued operational innovation is also key to addressing growing global challenges to urban mobility. As the number of vehicles on the road in many cities has outpaced infrastructure, FedEx is exploring options for minimizing the number of vehicles we have on the road. For instance, we are exploring innovative approaches that would allow us to transport a large batch of packages to one area of a city, then use small electric vehicles or tricycles to deliver them to their final destinations. This would help to minimize the number of larger delivery vans and trucks in congested city centers.

Electrification Coalition

FedEx Chairman and CEO, Frederick W. Smith, serves on the Electrification Coalition, a nonpartisan, not-for-profit group of U.S. business leaders committed to promoting policies and actions that facilitate the deployment of electric vehicles on a mass scale.

For more information, see <http://www.electrificationcoalition.org/>



Sustainable Facilities

Goal:

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

With more than 5,000 operating facilities, including air and ground hubs, local stations, freight service centers and retail sites, maintaining efficient operations is essential. We emphasize efficiency in energy use, facility design and construction, paper and other materials used and waste management. Throughout our network, we have workplace sustainability initiatives that provide pathways for team members to adopt energy-saving habits and devise innovative approaches, with the input of energy experts to test and implement new efficiency initiatives.

Energy Efficiency

As in previous years, lighting retrofits remain a priority, and in FY17 we upgraded an additional 28 facilities. Collectively, all facilities upgraded through this program helped us save 220,390,449 kWh of electricity and avoid 164,018 metric tons of CO₂e emissions in FY17. Since the program began in 2007, lighting retrofits at 1,085 facilities have saved more than 1 billion kWh of electricity.

In FY17, FedEx Office began piloting an energy management system that allows for more efficient climate control and monitors the health of office equipment, with the goal of ultimately reducing energy and repair costs.

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

Building Lighting Retrofits

220,390,449 kilowatt-hours
energy saved.

That's equivalent to the carbon
sequestered by more than



193,000

acres of U.S. forests in one year.

164,018 metric tons CO₂e
of emissions avoided.

That's equivalent to avoiding the
CO₂e emissions from more than



24,000

homes' electricity use for one year.



Sustainable Facilities

Certified Facilities

Our operating companies also look for energy savings and improved efficiency beyond more efficient lighting. Certifying our facilities to external standards is one way to take a more comprehensive look at our performance across a number of environmental criteria.

During FY17, FedEx Express completed two more LEED-certified facilities in the U.S., bringing the total number to 14 and covering an area of 218,698 square meters. FedEx Express also operates three LEED-certified facilities outside the U.S., including the FedEx International Centre (formerly TNT Centre) in Hoofddorp, the Netherlands. In addition, FedEx Ground has six LEED-certified facilities in the U.S., and the FedEx Office Headquarters in Plano, Texas is also LEED-certified. Also during the fiscal year, FedEx Freight began work on its first LEED facility, which is expected to open in Sheboygan, Wisconsin in FY19.

The number of FedEx Express facilities certified to the ISO 14001 environmental management system standard grew to 649 in nearly 50 countries during FY17, primarily as a result of our acquisition of TNT. In addition, one FedEx Supply Chain facility in the U.S. is ISO 14001-certified.

Other Facility Sustainability Programs

The FedEx Ground sustainability champion program, which is designed to increase employee participation and engagement in sustainability initiatives, grew significantly in FY17, adding 214 champion sites. Since implementing the program, 574 sustainability champions have volunteered to lead new sustainability initiatives and programs at 81 percent of the nearly 600 FedEx Ground facilities in the U.S. and Canada.

The FedEx Freight GREEN Site internal certification program, which recognizes facilities that complete certain actions to reduce environmental impacts, like recycling and conserving energy, saw the number of GREEN Sites more than double in FY17 over FY16 to extend GREEN Site Level 1 certification to all FedEx Freight locations.

Facility Efficiency

Number of ISO 14001 Certifications (FedEx Express)^(a)

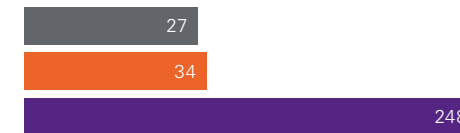


Number of LEED Buildings in U.S. (FedEx Express)^(b)

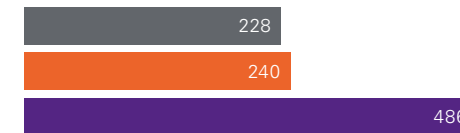


● FY15 ● FY16 ● FY17

Number of Sustainability Champion Designated Facilities (FedEx Ground)



Number of GREEN Site-Designated Facilities (FedEx Freight)



(a) Includes TNT. In addition, FedEx Supply Chain operates an ISO 14001-certified facility in the U.S.

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

FedEx Ground Sustainability Champion Program

93%
of FedEx Ground facilities completed internal building certification checklists during the first submittal period in 2017

83%
of FedEx Ground sustainability champions are recognized by colleagues as a sustainability advocate

50%
more FedEx Ground team members have joined the sustainability intranet community than before the champions program was implemented



Renewable Energy

Goal:

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

We continue investing in state-of-the-art, on-site renewable and alternative energy systems, including solar and fuel cell technologies that contribute to power efficiency savings at 23 FedEx facilities. Collectively, these installations generated more than 30.5 million kWh of clean energy in FY17, reducing GHG emissions and operating expenses, moving us closer to our renewable energy goals and demonstrating industry commitment and leadership.

On-Site Solar Energy

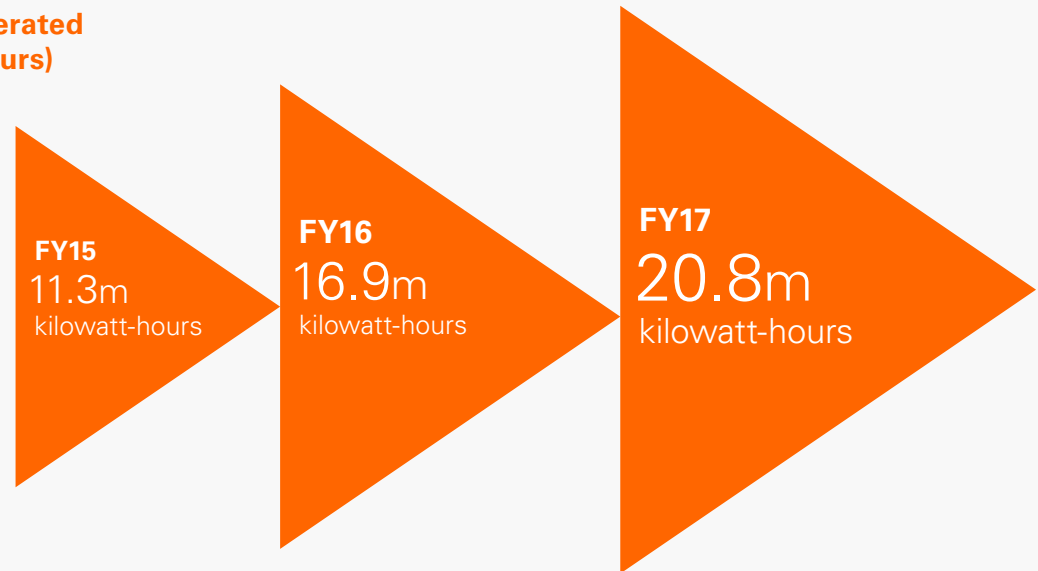
We brought online two new on-site solar energy systems at FedEx Ground facilities in FY17, bringing the total to 20 across the enterprise. Collectively, these systems generated more than 20 million kWh of clean energy in FY17, avoiding 12,425 metric tons of CO₂e emissions. Again during FY17, we were named by the Solar Energy Industries Association as one of the top corporate solar users in the U.S.

Off-Site Renewable Energy

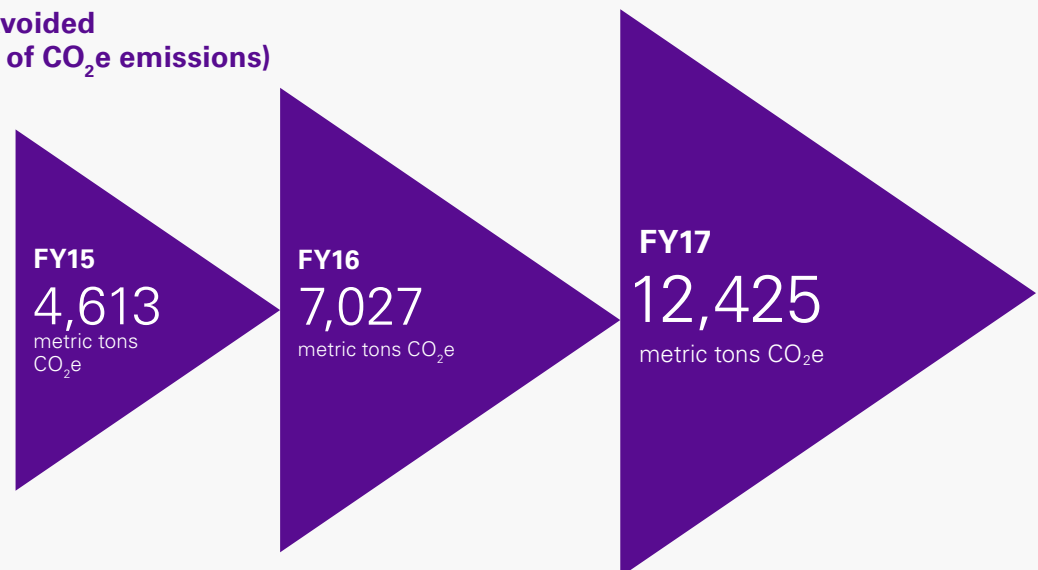
In FY17, we continued to work with the Business Renewables Center, a member-based platform that streamlines and accelerates corporate purchases of offsite, large-scale wind and solar energy, and are in the process of articulating a viable, cost-effective strategy.

On-Site Solar Electricity Generation

Energy Generated (kilowatt-hours)



Emissions Avoided (metric tons of CO₂e emissions)





Materials and Recycling

Responsible Packaging

FedEx branded packaging — the familiar envelopes and corrugated boxes provided to our customers and used to secure shipments in transit — makes up our largest volume of material used. To minimize the potential for wasted packaging, we work diligently to make sure packages are delivered free of any damage that could lead to a return and replacement. In addition, as the number of global shipments continues to grow, so does the volume of recycled packaging we provide. By working closely with suppliers in FY17, we sourced almost 3,300 more metric tons of recycled packaging than in FY16, focusing on increasing recycled content.

For details about the volume and percentages of packaging materials, paper, and other operational materials with recycled content, see the [Data Appendix](#).

More Efficient Packaging through Dimensional Weight Pricing

Engaging and supporting our customers in shipping packages more efficiently is central to our shared progress on sustainability. FedEx Express and FedEx Ground apply what is known as dimensional, or dim, weight pricing. This practice sets the transportation price based on package volume — the amount of space a package occupies in relation to its actual weight — with dim weight calculated by using the length, width and height of a package. The approach allows us to make the best use of space in our aircraft, vehicles and distribution centers; improves loading efficiency for planes, trucks and vans; and reduces associated emissions. Dim weight pricing also encourages our customers to make packaging adjustments that maximize product density and reduce paper, corrugated board and filler materials to support the sustainability of their operations.

Lower Costs and Impacts with FedEx Packaging Services

Optimizing package size and design can reduce costs for our customers and minimize environmental impacts, so [FedEx Packaging Services](#) offers custom engineering guidance and on-site support to commercial customers who want to right-size their packaging. Our specialty engineers assess existing packaging and recommend more efficient designs, followed by laboratory performance testing to make sure the redesigned packaging meets customer needs with just the right amount of material. Customers submit a sample package including all the packaging materials and contents in the exact configuration they want to use, FedEx tests the package for strength, as well as integrity and durability, and provides results in 4 to 5 business days.

During FY17, the FedEx Packaging Lab conducted more than 5,000 small parcel tests and 324 freight tests. Our engineers also completed nearly 2,000 on-site customer consultations and provided 63 new designs to improve customer packaging, protect against product damage and offer dim weight savings.



https://www.youtube.com/watch?v=1qw4i_4bUcw

FedEx Packaging Lab

See how the FedEx Packaging Lab provides FedEx customers with solutions for more efficient packaging.

2,000

on-site customer
consultations
completed

5,000

small parcel tests
conducted by FedEx
Packaging Lab



Materials and Recycling

Sustainable Paper

After corrugated packaging, paper represents our most used material, so FedEx operating companies have implemented a variety of strategies to responsibly source, use and recycle paper. Across the FedEx enterprise, the majority of our paper use takes place during printing operations at FedEx Office stores. With approximately 1,900 FedEx Office locations, providing customers with sustainable paper options is essential. We stock clearly labeled, sustainably sourced paper options, which we encourage customers to choose.

The FedEx Office forest-based product procurement policy includes vendor requirements for responsible forest-management practices as well as recycled-content standards. In FY17, the paper available to customers at FedEx Office locations contained 54 percent post-consumer waste recycled content.

FedEx Office applies a holistic approach to responsibly sourcing, using and recycling paper, as well as to managing operations. This includes leveraging communications to engage team members and customers in our sustainable practices, along with a forest-based product procurement policy that encourages manufacturing of innovative, sustainable paper products.

We purchase the vast majority of our paper from certified sustainable forest programs, such as the Forest Stewardship Council (FSC). In fact, 99.6 percent of all paper purchased by FedEx Office during FY17 was third-party certified, including nearly 88 percent that was FSC certified. In addition to purchasing our paper from certified forest programs, we are looking to reduce tree pulp consumption overall. We have already begun 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 paper footprint.

For more information about our supplier purchasing policies, please see [Economy](#).

For the percentages of FSC and other third-party-certified sustainable paper used by FedEx Office year over year, see the [Data Appendix](#).

Engaging our Customers

At FedEx Office and other operating companies, we strive to make it easy for our customers to participate in reducing their own materials use and increasing recycling. A few of our solutions include:

- **Print Online** — helps our commercial customers print locally to avoid unnecessary shipping, and allows them to preview projects before production, which reduces wasted pages.
- **Paper Recycling** — FedEx Office offers paper recycling for customers who bring their paper in to be shredded confidentially and then recycled by a third party.

Waste and Recycling

As our business grows to meet the accelerating demands of e-commerce and other shipping needs, our waste management strategies will help ensure we recycle more of our own waste and encourage customers to recycle our packaging. Already, 91 percent of FedEx branded packaging is recyclable, and 56 percent is made from recycled content. In FY17, 72 percent of the solid waste generated in our operations was sent to recyclers.

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

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

Collaborating on Closed Loop Recycling

Each year, FedEx Ground uses approximately 635 metric tons of small parcel sort bags in hub operations. Over time, they become unusable, so we joined forces with Petoskey Plastics, a supplier of innovative plastic materials, to create a closed loop program that would recycle 100 percent of the parcel sort bags and eliminate them from the waste stream.

At the heart of the program is a recycled — and recyclable — three-layer bag that consists of 36 percent recycled content, including bags previously used at FedEx Ground facilities. Since we launched the program 10 years ago, these innovative bags have been put into use throughout the FedEx Ground network. And by working closely with our supplier to share timely information about usage needs and other factors, we have created a program that lays the groundwork for potential expansion into other FedEx operations.



Community Giving: Sustainable Transportation

By 2050, some 70 percent of the world will live in cities, potentially leading to a significant increase in vehicles, gridlock, diminished air quality and other challenges. Around the world, FedEx is working with communities to help them grow responsibly by drawing on our expertise in transportation and logistics, as well as forging long-term alliances with organizations that design cities for a better future. Working with the World Resources Institute's Ross Center for Sustainable Cities (WRI Ross Center) through grant funding, knowledge sharing, research and assessment, pilot projects and skills-based volunteering, FedEx is supporting sustainable, safe and innovative transportation solutions for 36 cities in four countries.

In the coming years, electric buses will be central to sustainable urban transportation systems. They are quieter than traditional buses, produce less air pollution, offer better service quality, and when coupled with renewable energy projects, reduce even more emissions throughout their lifecycle.

Brazil: Belo Horizonte, a state capital with 2.5 million residents, has set ambitious targets for adopting electric buses, thanks to the Vehicles and Fuels Fleet Selection Tool, which was developed with support from FedEx. The city will transition 40 percent of its fleet from diesel to electric by 2030.


India: Using FedEx routing expertise, Bangalore has reduced daily passenger wait and travel times by two hours in the largest bus network in India, which serves 150,000 passengers a day. Research and assistance helped the city set emissions targets and secure funding for 150 electric buses.

China: In Zhuzhou, a planned 23 km bus rapid transit (BRT) system will reduce travel time by 50 percent and serve more than 70 percent of the city's transit users.

In a broader initiative, FedEx is supporting guidelines to help Chinese cities maintain electric fleets throughout their life cycle.

Mexico: Building on previous contributions by FedEx safety experts toward training for Mexico City's bus drivers, efforts have begun to establish a baseline for bus traffic incidents and measure the impact of safety training. WRI Ross Center is also adapting the FedEx Vehicles and Fuels Bus Selection Tool to support improved vehicle technology in Mexican cities.

For more about the ways our transportation experience benefits communities around the world, see [Economy](#).

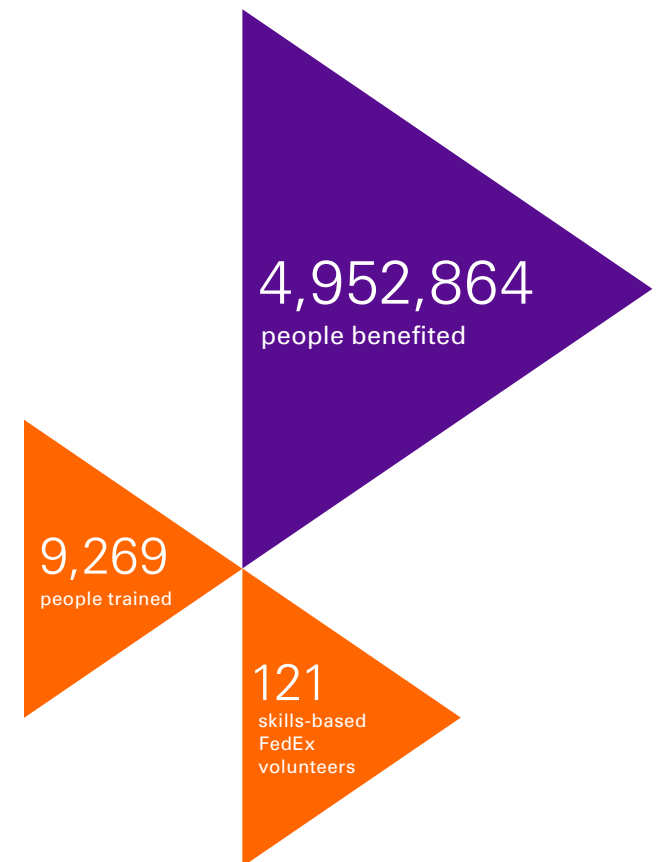


<https://www.youtube.com/watch?v=OgamxDu6b1U&t=62s>

**Working with Communities
to Make Transportation Smarter**

Watch this video to hear stories from some of the people whose lives have been touched by our work with WRI.

WRI Ross Center Impacts to Date Since 2010





PEOPLE

Every day, we multiply the potential of our people.

Our more than 425,000 team members around the world embody the can-do spirit that has made us one of the most admired and reputable companies in the world.

They are united by their commitment to the Purple Promise — to make every FedEx experience outstanding — and committed to our success in connecting people and possibilities around the world. In return, we provide our team members with a safe, inclusive and rewarding workplace environment where everyone has opportunities to grow and thrive.

94%
of U.S.-based team members participated in our 401(k) plans

19.4 hrs
of formal training, average per employee



PEOPLE

Our Approach

Each FedEx operating company provides programs and resources to best meet the needs of their team members, while maintaining a shared culture, an emphasis on quality driven management and an enduring commitment to the Purple Promise. Collectively, our approach includes:

- Innovative internships and customized learning options for development
- Alliances with people-focused organizations to provide team members with best-in-class benefits
- Initiatives that further embed diversity and inclusion into our culture
- A quality driven management approach and best practices in workplace safety

Throughout our business, the workplace culture celebrates extraordinary efforts. In FY17, 18 team members received the annual Purple Promise Chairman's Award for their exceptional dedication, collaboration and innovation.





Team Member Career Development

Our culture emphasizes strong training and development programs at all career levels, helps employees leverage the vast job opportunities available across our operating companies and promotes managers from within.

Training and Development

Key to retaining top talent is investing in our team members' continued learning and development. In FY17, each employee participated in an average of 19.38 hours of formal training. Much of this came through the online FedEx Learning Center, where team members can access more than 21,000 courses that cover skills essential to their, and the company's, continued growth. Collaborations with universities and other learning institutions provide even more avenues for team member development, as does tuition assistance. In FY17, more than 5,650 employees received a total of \$12.7 million in tuition assistance to further their education.

Additional training and development initiatives include:

- EXCEL DRIVE and Global Leadership Corps to develop current and prospective leaders across the company
- FedEx Ground instructor-led training for area managers, operations managers and others
- Webinars for FedEx Supply Chain facility supervisors
- Courses, videos and book summaries provided by third parties for use by FedEx Services

For information about our anti-corruption, anti-discrimination and related training, see [Governance](#). For management and non-management training hours, see the [Data Appendix](#).

Specialized Learning for our Tech Talent

The FedEx Institute of Technology at the University of Memphis recently launched the Agile Academy, a multi-course training program tailored to FedEx IT employees and taught by faculty from the University of Memphis, Boston University and University of Sydney. Employees have taken the courses to further develop their skills in specific technologies, as well as in project management and testing. Future plans include scaling the program to other key FedEx sites in the U.S.

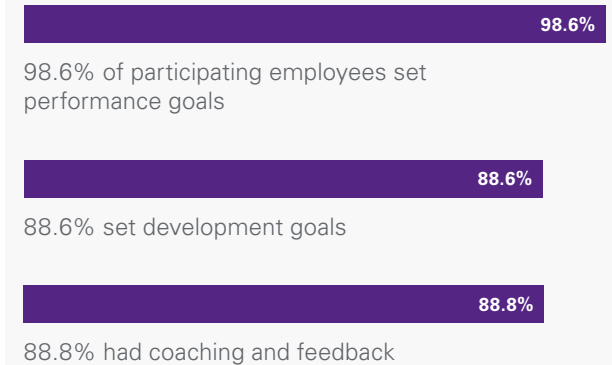
Performance Management

During the 2017 fiscal year, 97 percent of employees participated in traditional, ratings-based performance reviews. FedEx Ground, FedEx Corporate and FedEx Services began refining how we assess employee performance to provide a path to more frequent feedback. This shift to ongoing coaching and feedback provides even greater opportunities for employees to drive their performance and career development. Already in the 2017 fiscal year, 3,200 FedEx Services employees participated in the coaching-focused performance process. By the end of FY18, more than 6,700 employees at FedEx Services and Corporate will make the shift to coaching-focused performance management, with clearly defined goals and expectations connected to consistent coaching conversations between management and their team members.

Gaining Ground in Coaching

In FY17, FedEx Ground launched Gaining Ground, a proactive performance management program in which employees drive the goal-setting and conversations, and feedback is frequent and qualitative. Goals are strategically aligned with department and organizational goals, giving employees an even stronger connection to the success of the company. To support the change, FedEx Ground launched eight training modules for employees and managers and will continue to build deeper skill and knowledge levels over the next three years.

In First Year of Gaining Ground (FY17):





Team Member Career Development

Recruitment and Retention

Every day, we work to earn and maintain the loyalty of our team members. Over the years, we have created a workplace culture that aims to support their aspirations, while enhancing the communities we serve around the world through job opportunities. To attract talent, we use a combination of technology-based sourcing and local outreach through community events, job fairs and trade school education sessions. Our Summer 2017 College Connections program included 155 interns, more than 56 percent of whom went on to positions at FedEx.

FedEx Ground moved to a more proactive hiring strategy in FY17 by implementing Talent Networks. These customized career microsites allow people to create a profile for future interest in FedEx Ground positions. Talent Networks provide the option of submitting a resume, learning about specific career areas at FedEx Ground, signing up for job/email alerts and searching for current openings. The individual's information is also retained in a back-end database that can be accessed when a position does become available.

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, access to professional skills development and other support to assist in managing career endings and continued employability in the broader market.

In FY17, we retained 88 percent of our full-time U.S. team members, the same rate as in FY16. Globally, FedEx hired 163,755 full- and part-time team members in FY17, while 142,805 left the company in this period. Most of these positions involved part-time hourly workers, including package handlers.

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

Growing our Workforce from Within

We prioritize promoting team members from within and regularly post positions internally before advertising them publicly.

For information about the ways we build a diverse and inclusive workplace, see [Diversity & Inclusion](#).



Global Leadership Corps

Global Leadership Corps is a four-month learning program for selected FedEx employees to experience additional networking and development opportunities. In FY17, 28 team members participated, spending time in either Brno, Czech Republic or Warsaw, Poland. They provided hands-on guidance and expertise to non-profits that support employment for youth and people with disabilities, alleviate poverty and discrimination, foster sustainable development and assist people with Alzheimer's disease, among others. Through these diverse experiences, participants had opportunities to improve leadership, communication and teamwork skills, while building cultural awareness and advancing our FedEx Cares initiatives.

88%
of full-time U.S.
team members
were retained

45%
of FedEx Services
hires in FY17
were internal



How We Engage Our People

We strive to enable our team members to build successful careers and have a rewarding work experience through education and training, as well as through various approaches to feedback, discussion and ongoing engagement.

Listening to Team Members

This includes listening to our team members through annual surveys, employee networks and direct feedback to management so we can improve the team member experience and strengthen our business. For instance, FedEx Freight regularly holds roundtable meetings to encourage open discussions with small groups of employees. In FY17, more than 3,000 FedEx Freight employees took part in 119 of these meetings.

FedEx Ground also rolled out a new engagement survey process — the Employee Experience Questionnaire. Implemented in collaboration with Gallup, the new questionnaire offers greater insight into the overall engagement of our team as measured against Gallup's robust and heavily researched database, areas of strengths and the areas on which we should be focusing greater efforts to provide an even better employee experience. During FY17, the first year, 70 percent of employees participated. Twenty-five FedEx Ground engagement champions have also trained more than 8,800 management team members to encourage others to make the most of this opportunity to share feedback.

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; but 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, which represent a small number of 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.

In addition to our pilots at FedEx Express, FedEx Supply Chain, Inc. 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.



8,800

FedEx Ground
management
team members
trained in sharing
feedback

>3,000

FedEx Freight employees
took part in roundtable
meetings in FY17



Community Giving: Employment Pathways

Helping Young People Enter the Workforce

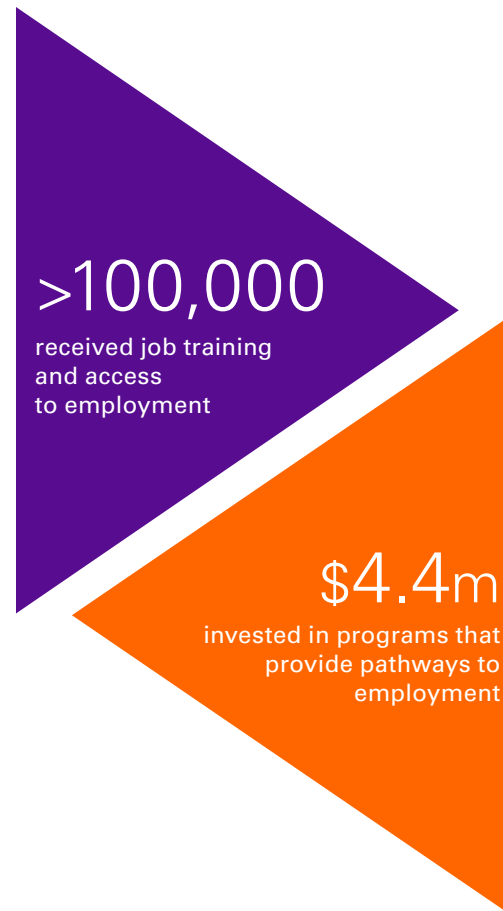
One-third of the U.S. unemployment rate is due to the gap between skills and open jobs. With our extensive reach, we help pave the way for young people in underserved communities to develop the skills, resources and job access they need to enter the workforce. Employment Pathways is our commitment to creating routes to economic opportunity for these populations. This commitment stems from our deep belief that the diverse backgrounds of our team members make us successful, so we want to help even more people learn the skills they need to succeed in the workplace.

This pillar of FedEx Cares supports success through three pathways: education, job training and access to employment. Through our investments, we are helping underserved youth navigate the college application process, train for high-demand jobs such as in tech and logistics, and access employment through credential programs. Because our nation's veterans also face barriers to employment, FedEx supports Hiring Our Heroes Hiring Fairs across the country, and our operating companies participate at various locations. Together, all of these pathways enable economic mobility and healthier communities. And, since we began focusing on Employment Pathways in 2016, the program has expanded significantly.

For more information see [Economy](#).

For more about the ways we are expanding access to employment for underserved and marginalized populations, see [Diversity & Inclusion](#).

Employment Pathways Impacts to Date since FY16



Innovative Diversity & Inclusion Programs

FedEx supports avenues to employment for youth who are out of school and do not have college degrees. Our Pathfinder Program, a new initiative in FY17, creates entry-level career paths for young people in the U.S., with an emphasis on IT positions. The program was inspired by the First Job Compact proposal set forth by the White House and the Department of Labor in 2016, which encouraged communities and businesses to connect out-of-school, out-of-work youth and young adults to their first jobs. We piloted the program in June 2017 with six young people and since then, three have been hired as full-time, permanent employees. We will continue to collaborate with non-traditional talent sources in FY18 to place youth into jobs at FedEx.

The FedEx Services Diverse Intern Access Initiative effort increased the number of diverse applicants and hires during the summer 2017 intern program by promoting job postings to diverse organizations and universities. This outreach led to 81 percent of participants receiving full-time offers.

Two innovative FedEx Supply Chain programs, Project Us and Getting Hired, build paths to employment for individuals with disabilities, including seniors and veterans. Through ongoing Project Us collaborations with local agencies, skills assessments, coaching and job placement, FedEx helps people transition to the workforce, despite physical and other challenges. Getting Hired also advances the careers of millions of skilled, qualified workers with disabilities. FedEx Supply Chain participates in virtual career fairs to help link people to positions, provides interview training and sponsors National Disability Awareness Month efforts.



Team Member Quality of Life

Our people are the foundation of our success and the key to our future. We empower them to create the innovative solutions our customers depend on, support the communities we serve and help us operate more sustainably. By investing in competitive health care, well-being and retirement benefits, and fostering a safe and inclusive workplace, we help our team members perform at their best.

Health and Wellness

FedEx offers health programs and competitive health benefits for eligible full-time and part-time team members and their dependents. We cover most healthcare costs for our U.S. team members, including medical, dental and vision coverage. Team members can also access a 24-hour nurse line, integrated personal health teams and a medical decision support group free of charge. Maternity and flexible work options are available to help employees manage work-life balance. FedEx also provides short- and long-term disability and life insurance benefits to eligible team members.

Team member wellness programs, including healthy weight management and tobacco cessation programs, stress-management classes, access to health club services and other resources, reflect our holistic approach to supporting well-being. In FY17, 82,833 team members took part in our Healthways Well-Being Program, which includes one-on-one coaching and practical tools that inform smart health choices. In collaboration with Premise Health and Walgreens, we also piloted a new diabetes

management program. And, the new Choose Well portal has received more than 2 million page views since June 2017, making it even easier for team members to access health care information.

In addition to family-friendly benefits such as maternity leave and financial assistance with adoptions, FedEx offers a Work-Life Balance Program to all U.S. team members. Team members can access specialists and online resources for advice and support on common life events and challenges, such as parenting, child care and financial matters. In FY17, the program had approximately 123,000 active registered users, 20,000 more than the previous year.

Convenient Health Centers

Dedicated FedEx health centers operated by Walgreens and Premise Health now operate at two locations in Memphis near the largest FedEx Memphis-area work facilities. The health centers provide a variety of health services all in one place, including primary care, lab services, physical therapy, and a full service pharmacy. During FY17, there were more than 16,000 provider visits at the health centers and 61,515 prescriptions filled at the pharmacies.

See [Economy](#) for more about our alliance with Walgreens Saving for the Future.

Saving for the Future

We encourage eligible U.S. team members to save for retirement through our pension and 401(k) plans. In FY17, 94 percent of U.S.-based team members participated in our 401(k) plans. To encourage greater retirement plan participation, we held 24 benefits fairs, 78 on-site presentations and 32 webinars, and made personal contact with more than 7,000 team members and spouses in FY17. FedEx Express Canada also has a pension program and other savings vehicles, such as Tax-Free Savings Accounts and Registered Retirement Savings Plans, with 97.3 percent of team members participating.

FedEx announced major investments in our team members following the recent U.S. Tax Cuts and Jobs Act. We committed to more than \$200 million in increased compensation, about two-thirds of which will go to hourly team members, as well as a voluntary contribution of \$1.5 billion to our tax-qualified U.S. domestic pension plans. As a result, we were ranked second among all companies reviewed by JUST Capital for our commitment to invest the projected tax savings toward employees and jobs. In addition, FedEx Express was ranked fourth for pay and benefits among all companies reviewed by Indeed.

For more about some of our benefits, please see the [Data Appendix](#), as well as the information at [Great Place to Work](#).

Top 25

Glassdoor named FedEx in its top 25 highest-rated companies for vacation and paid time off based on a survey of U.S. employees.



Diversity & Inclusion

The diversity of backgrounds, perspectives and experiences our team members bring to the company is integral to our success as we continue reaching new customers at home and abroad. Diversity and inclusion at FedEx connects people and possibilities to deliver a better future for team members, customers, suppliers and communities.

We do this by leveraging internal programs and best-in-class external resources to recruit, develop and retain diverse team members and nurture an inclusive environment. In addition, FedEx provides diversity and inclusion awareness training to new hires and management personnel. We also offer educational materials on diversity and inclusion awareness to team members. As just one example, during FY17 FedEx Services distributed the Diversity & Inclusion Officer Toolkit, which equips and enables our leaders to champion diversity and inclusion with their teams.

Each operating company maintains a diversity and inclusion team that also participates in an enterprise-wide Diversity & Inclusion Corporate Council. This group meets monthly to further embed diversity and inclusion into our organization. Internal teams support workplace inclusion through a variety of culture and employee resource groups, including African American, Hispanic, Asian, Women, Cancer Support, Multifaith, LGBT and Friends, Multiethnic Leadership, AllGen (generational diversity) and U.S. Military Veterans. For instance, during FY17, FedEx Express and FedEx Office held diversity and inclusion forums during Black History Month and Hispanic Heritage Month through the affinity groups.

Diversity and inclusion-focused initiatives were far-reaching in FY17, including sponsorships and participation in a number of conferences designed to support women's leadership. We launched our second year of sponsorship for the Babson College Women Innovation Now Lab, an eight-month program for women entrepreneurs, and FedEx Services held its fourth annual Women in Leadership Summit. FedEx Ground hosted a Multicultural Leadership Symposium that brought together more than 100 team members to address inclusive leadership and explore career advancement. And, eight senior FedEx leaders from various regions participated in the International Women's Forum.

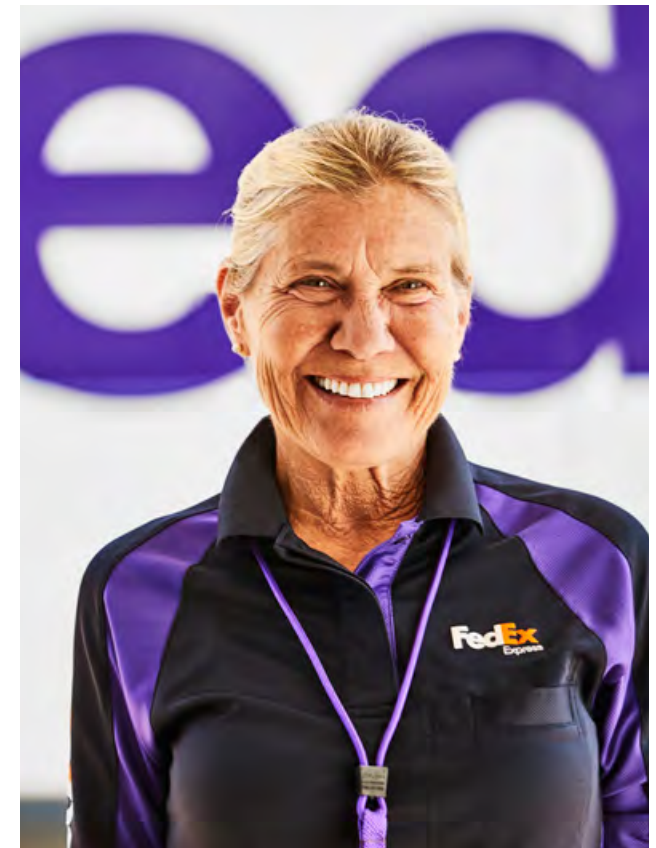
See the [Data Appendix](#) for:

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

A Workplace Free of Harassment and Discrimination

We strive to create an open and welcoming workplace environment for all employees. This includes fostering a workplace environment in which employees can come forward to make a claim without fear of retaliation. We take harassment claims seriously and treat each incident with confidentiality and sensitivity. Our [Code of Business Conduct and Ethics](#), Equal Employment Opportunity Policy, training and related resources help team members and managers understand our expectations for maintaining a welcoming workplace that is free of harassment and discrimination.

“Diversity and inclusion at FedEx connects people and possibilities to deliver a better future for team members, customers, suppliers and communities.”





Community Giving: Volunteering

Volunteerism is at the core of [FedEx Cares](#), which connects the compassion and skills of our team members with the resources of leading non-profits to address some of society's most pressing problems. FedEx Cares provides the global volunteering structure aligned with our business strengths, while more locally, our team members determine how best to support communities in need based on locally relevant priorities for charitable service and giving.

In FY17, 21,650 FedEx volunteers team members generously contributed 111,200 hours of their time — equivalent to 13,900 eight-hour days — and their expertise to more than 500 organizations. Many of these projects were identified and led by team members themselves.



19%

increase in
volunteer hours
over FY16

111,200

volunteer hours contributed
by FedEx team
members in FY17



At the FedEx Ground Pittsburgh headquarters, 150 team members celebrated a day of service with Rise Against Hunger

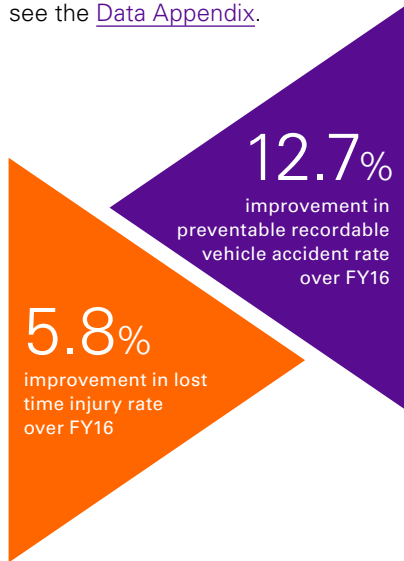
Celebrating Diversity in our Communities

In the months leading up to April 4, 2018, the 50th anniversary of the assassination of Dr. Martin Luther King, Jr., FedEx joined with The National Civil Rights Museum in Memphis, the King Center in Atlanta, and other organizations in commemorating this anniversary. FedEx team members were also encouraged to commit 50 acts of kindness or service between January 15 and April 9, 2018. Among other events, more than 700 FedEx volunteers in 11 cities spent the 2018 MLK Day of Service packaging 190,000 meals to support Rise Against Hunger. For additional ways team members commemorated Dr. Martin Luther King, Jr., see our [FedEx Cares](#) website.



Safety Above All

“Safety above all” has been a powerful guiding principle at FedEx since our inception. It translates into action through proactive workplace education, continual review to add safety improvements, use of exacting safety standards and protocols and investments in equipment and technology. Collectively, these approaches deliver year-over-year improvements in the two key safety metrics we use to track performance — Lost Time Injury Rate and Preventable Recordable Vehicle Accident Rate. For more about our FY17 and year-over-year safety performance, see the [Data Appendix](#).



Keeping Team Members Safe

Making sure we continue identifying and implementing best practices in safety for our team members on the road, in the air and in our facilities, takes many forms, starting with training on management safety programs, procedures and safe work methods, as well as defensive driving and hazard awareness.

Managers also use various systems to help ensure safety, including field web report monitoring on safety measurements, safety observations, safety review boards, a safety oversight committee, and safety management systems. Additionally, we look for ways to include innovative technology to increase safety, such as the new LiveSafe mobile app. This app allows U.S. team members to share safety information with FedEx safety and security teams and see where they are in relation to emergency services.

Road Safety Innovations

FedEx Express, FedEx Freight, and FedEx Ground have implemented collision avoidance and lane departure technology on trucks, outward-facing cameras, collision mitigation, electric on-board recorders, electric logging devices, and other safety technology.

- FedEx Express has installed a slip-and-trip simulator to train team members about preventing falls at the Indianapolis hub.
- FedEx Freight has used outward-facing cameras and telematics to implement a driver consultation program for onboard triggering events.
- FedEx Ground established a new safety technology contracting standard for linehaul contracted service providers. Depending on the vehicle, the standard includes on-board video recorders, forward collision and lane departure warnings, forward collision avoidance mitigation systems and speed limiters.

40-Year Safe Driving Awards

We are proud that thousands of our drivers have logged millions of miles without accidents during their careers. In FY17, for the first time ever, FedEx Express honored three 40-year safe driving award recipients. These dedicated employees have contributed to the strong safety culture we maintain today through their exceptional service, dedication, and longstanding commitment to safety.

Safe Driving Championships

FedEx drivers (employees and contracted service provider personnel) regularly participate in state and national truck driving championships — rigorous competitions that test the skills of drivers with impeccable safety records. Eighteen FedEx drivers earned national truck driving champion honors in FY17, including a lifetime award and a grand champion, among many others. A total of 173 FedEx drivers — representing FedEx Freight, FedEx Express and FedEx Ground — took home first place honors in state truck driving championships. Six earned top honors in the state fleet safety awards, and one earned the national grand trophy in safe driving.

Air Safety

Our policies and procedures, along with our deep understanding of our operating system, help us mitigate risk in our air operations. Some of our safety advancements during FY17 include:

- U.S. Federal Aviation Administration officials moved our Safety Management System, which FedEx uses to manage aviation safety risk, into the final phase of acceptance. The system's principles are being embedded into operational decisions to continue to identify and act on risk at every level of operations.
- FedEx Express brought in professors from the Massachusetts Institute of Technology to train key personnel in our air carrier functions using systems theoretical process analysis and causal analysis, which enables teams to identify aviation failure risks before they happen.
- As part of our strategic alliance with the University of Southern California, faculty introduced our air carrier leadership to high-reliability organization practices, which build resilience into our system, allowing us to identify and manage risk before we have an event that can injure someone or damage equipment.



Community Giving: Road Safety

Our commitment to road safety not only includes vehicles with state-of-the-art safety technology and safe driving practices, but knowledge sharing and financial support of coalitions that work to make roads safer for other drivers and pedestrians. In FY17, we invested more than \$3 million in road safety initiatives and committed \$10 million over four years to Safe Kids Worldwide. For almost 20 years, our work with Safe Kids Worldwide has improved pedestrian safety.

During FY17, the program reached more than 1 million children in 711 cities in ten countries, and 1,178 FedEx team members provided safety expertise and hands-on support.

In addition to working with Safe Kids Worldwide, FedEx supports several other road safety organizations around the world. For more, see our [Road Safety Report](#).

>1m
children in 711
cities in ten
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Worldwide

1,178

FedEx team members
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in FY17





GRI Index

GRI G4 Indicator Disclosure

Location/Explanation

GENERAL STANDARD DISCLOSURES

STRATEGY AND ANALYSIS

G4-1	Statement from most senior decision maker	Chairman's Letter (pg. 9–10)
G4-2	Key impacts, risks and opportunities	Chairman's Letter (pg. 9–10) Our Company (pg. 5–16) Economy (pg. 17–29) Environment (pg. 30–42) People (pg. 43–53)

ORGANIZATIONAL PROFILE

G4-3	Name of the organization	FedEx Corporation
G4-4	Primary brands, products and services	Our Company (pg. 5–16) FedEx 2017 Form 10-K Our Services
G4-5	Location of the organization's headquarters	942 South Shady Grove Road Memphis, Tennessee 38120
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	FedEx 2017 Form 10-K
G4-7	Nature of ownership and legal form	Publicly traded corporation
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	Our Company (pg. 5–16) FedEx 2017 Form 10-K
G4-9	Scale of organization	FedEx 2017 Form 10-K
G4-10	Total workforce by employment contract and gender	People>Diversity & Inclusion (pg. 50)
G4-11	Percentage of total employees covered by collective bargaining agreements	People>How We Engage Our People (pg. 47)
G4-12	Describe the organization's supply chain	Economy>Leading in a Global Supply Chain (pg. 23) Economy>Our Global Supply Chain (pg. 24)



GRI G4 Indicator Disclosure		Location/Explanation
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	<p>Our Company (pg. 5–16)</p> <p>Economy>Our Approach (pg. 18)</p> <p>Economy>Customer-Focused Collaboration (pg. 20–21)</p> <p>FedEx 2017 Form 10-K</p> <p>FedEx 2017 Proxy Statement</p> <p>The scope of the FY17 report content and data includes TNT Express, unless otherwise noted. Because TNT was acquired late in FY16, that entity is not included in any of the reported data for FY16 or FY15, with the exception of relevant FY16 financial data.</p>
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	<p>FedEx 2017 Proxy Statement</p> <p>Our standard management practices consider many factors, including potential positive and negative societal impacts, when making strategic business decisions.</p>
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	<p>Economy>Our Approach (pg. 18)</p> <p>Economy>Community Giving (pg. 26–29)</p> <p>Environment>Community Giving: Sustainable Transportation (pg. 42)</p> <p>People>Community Giving: Employment Pathways (pg. 48)</p> <p>People>Community Giving: Road Safety (pg. 53)</p> <p>Environment>Energy and GHG Emissions (pg. 32)</p> <p>In addition, we utilize the World Resources Institute/World Council for Sustainable Business Development's The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).</p>
G4-16	<p>Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization:</p> <ul style="list-style-type: none"> – Has positions in governance bodies – Participates in projects or committees – Provides substantive funding beyond routine membership dues; or – Views membership as strategic 	<p>Our Company>Material Issues (pg. 12)</p> <p>Economy>Leading in a Global Supply Chain (pg. 23)</p> <p>Economy>Community Giving (pg. 26–29)</p> <p>Environment>Community Giving: Sustainable Transportation (pg. 42)</p> <p>People>Community Giving: Employment Pathways (pg. 48)</p> <p>People>Community Giving: Road Safety (pg. 53)</p> <p>We also hold memberships in the following associations:</p> <ul style="list-style-type: none"> – Global Environmental Management Initiative – U.S. Chamber of Commerce – The Business Roundtable – The Conference Board – Americans for Modern Transportation



GRI G4 Indicator Disclosure		Location/Explanation
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	All entities included in the organization's consolidated financial statements or equivalent documents and whether any of these entities is not covered by the report	<p>Economy (pg. 17–29)</p> <p>FedEx 2017 Form 10-K</p> <p>The scope of the FY17 report content and data includes TNT Express, unless otherwise noted. Because TNT was acquired late in FY16, that entity is not included in any of the reported data for FY16 or FY15, with the exception of relevant FY16 financial data.</p>
G4-18	Explain the process for defining the report content and the Aspect Boundaries and how the organization has implemented the Reporting Principles for Defining Report Content	<p>About this Report (pg. 4)</p> <p>Our Company>Material Issues (pg. 12)</p>
G4-19	All the material Aspects identified in the process for defining report content	Our Company>Material Issues (pg. 12)
G4-20	The Aspect Boundary within the organization for each material Aspect	<p>Our Company>Material Issues (pg. 12)</p> <p>The information in this report applies to FedEx Corporation and all operating companies and affiliated companies globally within the reporting period, unless otherwise stated.</p> <p>The scope of the FY17 report content and data includes TNT Express, unless otherwise noted. Because TNT was acquired late in FY16, that entity is not included in any of the reported data for FY16 or FY15, with the exception of relevant FY16 financial data.</p>
G4-21	The Aspect Boundary outside the organization for each material Aspect	<p>Our Company>Material Issues (pg. 12)</p> <p>Each material Aspect covers all FedEx owned and operated businesses.</p>
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements	In FY17, FedEx did not issue restatements of information provided in previous reports, unless otherwise noted.
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	The scope of the FY17 report content and data includes TNT Express, unless otherwise noted. Because TNT was acquired late in FY16, that entity is not included in any of the reported data for FY16 or FY15, with the exception of relevant FY16 financial data.
STAKEHOLDER ENGAGEMENT		
G4-24	A list of stakeholder groups engaged by the organization	Our Company>Material Issues (pg. 12)
G4-25	The basis for identification and selection of stakeholders with whom to engage	<p>Economy (pg. 17–29)</p> <p>FedEx 2017 Form 10-K</p>
G4-26	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	Our Company>Material Issues (pg. 12)



GRI G4 Indicator Disclosure		Location/Explanation
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. The stakeholder groups that raised each of the key topics and concerns	Our Company>Material Issues (pg. 12) Our Company>Stakeholder Engagement (pg. 13) Full Report
REPORT PROFILE		
G4-28	Reporting period for information provided	About this Report (pg. 4)
G4-29	Date of most recent previous report	2017 FedEx Global Citizenship Report (published in April 2017)
G4-30	Reporting cycle	Annual (Fiscal Year)
G4-31	The contact point for questions regarding the report or its contents	csr@fedex.com
G4-32	Report the 'in accordance' option the organization has chosen; the GRI Content Index for the chosen option and the reference to the External Assurance Report, if the report has been externally assured	About this Report (pg. 4)
G4-33	The organization's policy and current practice with regard to seeking external assurance for the report	The contents of the 2018 report have not been externally assured.
GOVERNANCE		
G4-34	The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	Our Company>Governance (pg. 14–15) Environment (pg. 30–42) FedEx 2017 Proxy Statement
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	Our Company>Material Issues (pg. 12) Our Company>Governance (pg. 14–15) FedEx 2017 Proxy Statement
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	In 2017, FedEx appointed a dedicated Chief Sustainability Officer as the executive-level position with responsibility for reporting on economic, environmental and social topics. Our Company>Governance (pg. 14–15) FedEx 2017 Proxy Statement
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body	Our Company>Governance (pg. 14–15) Environment>Our Approach (pg. 31)
G4-38	Report the composition of the highest governance body and its committees by: *Executive or nonexecutive, *Independence, *Tenure on the governance body, *Number of each individual's other significant positions and commitments, and the nature of the commitments, *Gender, *Membership of under-represented social groups, *Competences relating to economic, environmental and social impacts, *Stakeholder representation	FedEx 2017 Proxy Statement



GRI G4 Indicator Disclosure		Location/Explanation
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement)	Our Company>Governance (pg. 14–15) FedEx 2017 Proxy Statement
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	FedEx 2017 Proxy Statement
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders	Our Company>Governance (pg. 14–15) FedEx 2017 Proxy Statement FedEx Code of Business Conduct and Ethics
G4-44	A. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment B. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice	FedEx 2017 Proxy Statement
G4-45	A. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes B. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities	Our Company>Governance (pg. 14–15) FedEx 2017 Proxy Statement
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	Our Company>Governance (pg. 14–15) FedEx 2017 Proxy Statement FedEx 2017 Form 10-K
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	FedEx 2017 Proxy Statement FedEx 2017 Form 10-K
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	Our Company>Governance (pg. 14–15) Chairman's Letter (pg. 9–10)
G4-49	Report the process for communicating critical concerns to the highest governance body	Our Company>Governance (pg. 14–15) FedEx Code of Business Conduct and Ethics



GRI G4 Indicator Disclosure		Location/Explanation
G4-51	<p>A. Report the remuneration policies for the highest governance body and senior executives</p> <p>B. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives</p>	FedEx 2017 Proxy Statement
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization	FedEx 2017 Proxy Statement
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	FedEx 2017 Proxy Statement (Partially reported)
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	FedEx 2017 Proxy Statement (Partially reported)
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country	FedEx 2017 Proxy Statement (Partially reported)
ETHICS AND INTEGRITY		
G4-56	The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	<p>Our Company (pg. 5–16)</p> <p>People (pg. 43–53)</p> <p>FedEx Code of Business Conduct and Ethics</p> <p>CSR Website</p>
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	<p>Our Company>Governance (pg. 14–15)</p> <p>FedEx Code of Business Conduct and Ethics</p>
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	<p>Our Company>Governance (pg. 14–15)</p> <p>FedEx Code of Business Conduct and Ethics</p>



GRI G4 Indicator Disclosure		Location/Explanation
CATEGORY: ECONOMIC		
MATERIAL ASPECT: ECONOMIC PERFORMANCE		
G4-EC1	Direct economic value generated and distributed	Economy (pg. 17–29) FedEx 2017 Form 10-K
G4-EC2	Financial implications and other risks and opportunities for the organization’s activities due to climate change	Our Company>Material Issues (pg. 12) Environment>Energy and GHG Emissions (pg. 32) 2017 CDP Climate Change Questionnaire Response FedEx 2017 Form 10-K
G4-EC3	Coverage of the organization’s defined benefit plan obligations	People>Team Member Career Development (pg. 45–46) FedEx 2017 Form 10-K
G4-EC4	Financial assistance received from government	In FY17, FedEx did not receive significant financial assistance from governments.
MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS		
G4-EC7	Development and impact of infrastructure and services supported	Economy (pg. 17–29) Environment>Aircraft Efficiency (pg. 33–34) Environment>Vehicle Efficiency (pg. 35–36) Environment>Efficient Facilities (pg. 37–38)
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Economy (pg. 17–29)
MATERIAL ASPECT: PROCUREMENT PRACTICES		
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Economy>Our Global Supply Chain (pg. 24)
CATEGORY: ENVIRONMENTAL		
MATERIAL ASPECT: MATERIALS		
G4-EN1	Materials used by weight or volume	Data Appendix Environment>Materials and Recycling (pg. 40–41)
G4-EN2	Percentage of materials used that are recycled input materials	Data Appendix Environment>Materials and Recycling (pg. 40–41)
MATERIAL ASPECT: ENERGY		
G4-EN3	Energy consumption within the organization	Data Appendix Environment>Energy and GHG Emissions (pg. 32)



GRI G4 Indicator Disclosure		Location/Explanation
G4-EN4	Energy consumption outside of the organization	Data Appendix Environment>Energy and GHG Emissions (pg. 32)
G4-EN5	Energy intensity	Data Appendix Environment>Energy and GHG Emissions (pg. 32)
G4-EN6	Reduction of energy consumption	Data Appendix Environment>Energy and GHG Emissions (pg. 32)
MATERIAL ASPECT: WATER		
Water is not considered a material issue for FedEx.		
MATERIAL ASPECT: BIODIVERSITY		
Biodiversity is not considered a material issue for FedEx.		
MATERIAL ASPECT: EMISSIONS		
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Data Appendix Environment>Energy and GHG Emissions (pg. 32)
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Data Appendix Environment>Energy and GHG Emissions (pg. 32)
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Data Appendix Environment>Energy and GHG Emissions (pg. 32)
G4-EN18	Greenhouse gas (GHG) emissions intensity	Data Appendix Environment>Energy and GHG Emissions (pg. 32)
G4-EN19	Reduction of greenhouse gas (GHG) emissions	Data Appendix Environment>Energy and GHG Emissions (pg. 32)
G4-EN21	NO _x , SO _x , and other significant air emissions	Data Appendix Environment>Energy and GHG Emissions (pg. 32)
MATERIAL ASPECT: EFFLUENTS AND WASTE		
G4-EN23	Total weight of waste by type and disposal method	Data Appendix Environment>Materials and Recycling (pg. 40–41)
G4-EN24	Total number and volume of significant spills	Data Appendix Environment (pg. 30–42)
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Data Appendix Environment>Materials and Recycling (pg. 40–41)



GRI G4 Indicator Disclosure		Location/Explanation
MATERIAL ASPECT: PRODUCTS AND SERVICES		
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Environment (pg. 30–42)
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	Environment>Materials and Recycling (pg. 40–41)
MATERIAL ASPECT: COMPLIANCE		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Data Appendix Environment>Materials and Recycling (pg. 40–41)
MATERIAL ASPECT: TRANSPORT		
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	Environment (pg. 30–42)
MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT		
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Data Appendix Economy>Our Global Supply Chain (pg. 24)
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Economy>Our Global Supply Chain (pg. 24) Environment>Materials and Recycling (pg. 40–41)
CATEGORY: SOCIAL		
LABOR PRACTICES AND DECENT WORK		
MATERIAL ASPECT: EMPLOYMENT		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	Data Appendix People>Team Member Career Development (pg. 45–46)
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	People>Team Member Quality of Life (pg. 49)
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY		
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	People>Safety Above All (pg. 52)
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	People>Safety Above All (pg. 52) (Partially reported)
MATERIAL ASPECT: TRAINING AND EDUCATION		
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Data Appendix People>Team Member Career Development (pg. 45–46)



GRI G4 Indicator Disclosure		Location/Explanation
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	People>Team Member Career Development (pg. 45–46)
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Data Appendix People>Team Member Career Development (pg. 45–46)
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	People>Diversity & Inclusion (pg. 50) FedEx 2017 Proxy Statement Data Appendix
MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES		
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Data Appendix Economy>Our Global Supply Chain (pg. 24)
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Economy>Our Global Supply Chain (pg. 24)
MATERIAL ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS		
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	Our Company>Governance (pg. 14–15) (Partially reported)
HUMAN RIGHTS		
MATERIAL ASPECT: NON-DISCRIMINATION		
G4-HR3	Total number of incidents of discrimination and corrective actions taken	Our Company>Governance (pg. 14–15) People>Diversity & Inclusion (pg. 50) (Partially reported)
MATERIAL ASPECT: CHILD LABOR		
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Our Company>Governance (pg. 14–15) Economy>Our Global Supply Chain (pg. 24) (Partially reported)
MATERIAL ASPECT: FORCED OR COMPULSORY LABOR		
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Our Company>Governance (pg. 14–15) Economy>Our Global Supply Chain (pg. 24) (Partially reported)



GRI G4 Indicator Disclosure		Location/Explanation
MATERIAL ASPECT: ASSESSMENT		
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	Our Company>Governance (pg. 14–15) Economy>Our Global Supply Chain (pg. 24) (Partially reported)
MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT		
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Our Company>Governance (pg. 14–15) Economy>Our Global Supply Chain (pg. 24)
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Our Company>Governance (pg. 14–15) Economy>Our Global Supply Chain (pg. 24)
SOCIETY		
MATERIAL ASPECT: LOCAL COMMUNITIES		
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Economy (pg. 17–29) (Partially reported)
MATERIAL ASPECT: ANTI-CORRUPTION		
G4-SO4	Communication and training on anti-corruption policies and procedures	Our Company>Governance (pg. 14–15) Our Company>Material Issues (pg. 12) FedEx Code of Business Conduct and Ethics
MATERIAL ASPECT: PUBLIC POLICY		
G4-SO6	Total value of political contributions by country and recipient/beneficiary	Our Company>Governance (pg. 14–15) Policy on Political Contributions (Partially reported)
MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOR		
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	FedEx 2017 Form 10-K (Partially reported)
MATERIAL ASPECT: COMPLIANCE		
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	FedEx 2017 Form 10-K (Partially reported)



GRI G4 Indicator Disclosure		Location/Explanation
MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY		
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Economy>Our Global Supply Chain (pg. 24)
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	Economy>Our Global Supply Chain (pg. 24)
PRODUCT RESPONSIBILITY		
MATERIAL ASPECT: CUSTOMER PRIVACY		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Our Company>Governance (pg. 14–15) FedEx 2017 Form 10-K (Partially reported)
MATERIAL ASPECT: COMPLIANCE		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	FedEx 2017 Form 10-K (Partially reported)

Multiplying Opportunities



FedEx Corporation

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