

# 2021 ESG Report



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## About this ESG Report

The FedEx 2021 ESG Report discusses our environmental, social, and governance (ESG) strategies, goals, and programs. Unless otherwise noted, this report reflects ESG progress and performance for each of our operating companies and all geographies in our 2020 fiscal year (FY20), which ended May 31, 2020 (references to FY relate to the 12-month period ended May 31 of the year referenced).

Key performance highlights are included in each chapter, while detailed performance data, including our year-over-year performance, is included in the [Data appendix](#). Our Scope 1 and 2 greenhouse gas (GHG) emissions data were [externally verified](#) by Cventure LLC.

This report references indicators from the Global Reporting Initiative (GRI) Standards. In addition, this report contains disclosures in alignment with the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD). Please visit the [Reporting Framework Index](#) for more information about these disclosures.

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# Chairman's letter



At FedEx, keeping the world connected—in good times and during periods of great need—is who we are and what we do every day. As you will find in the following report, through our environmental, social, and governance (ESG) strategies, FedEx has connected the communities where we live and work in remarkable ways.

Since the pandemic began, FedEx has kept global industrial, healthcare, and at-home supply chains moving, with safety as our top priority. To promote safety, we've implemented additional protocols, communications, and operational changes as we continue our essential operations. From January 2020 to March 2021, FedEx Express shipped more than 80 kilotons of personal protective equipment globally, all while accommodating historic e-commerce volumes. We rigorously planned for the transport of COVID-19 vaccines into communities in need, and on December 14, 2020, at 5:53 a.m. ET, FedEx Express courier Christine Arigo delivered the first COVID-19 vaccine in the United States.

As of the end of March, FedEx is delivering COVID-19 vaccines, related ingredients, and supplies to more than 25 countries around the world, and we are prepared to transport these critical shipments for as long as it takes to eradicate COVID-19.

**Environment:** As part of our longstanding mission to connect the world responsibly and resourcefully, we recently announced a bold new goal to achieve carbon neutral global operations by 2040. To get there, we will focus on three key areas: vehicle electrification, sustainable energy, and natural carbon sequestration. In pursuit of truly sustainable air operations, we've pledged substantial support to help establish the Yale Center for Natural Carbon Capture. This new center will accelerate research into methods of carbon sequestration at scale, with an initial focus on helping to offset greenhouse gas emissions equivalent to current airline emissions.

**Social:** Our FedEx culture is built upon our people-service-profit philosophy, a quality-driven mindset, and a pledge to make every FedEx experience outstanding. During the pandemic, we found new ways to connect with our team and our customers as we live out these commitments. For example, we increased outreach regarding benefits like our free telemedicine for FedEx health plan participants and 24/7 confidential counseling for all employees and their household members amid this challenging period.

Maintaining an inclusive workplace has been a foundational practice, and we're committed to continuous improvement.

In 2020, we established a Diversity, Equity, & Inclusion (DEI) Depot, an online platform to create more awareness of DEI-related resources, events, and team member stories across operating companies. We've also increased educational opportunities—including unconscious bias training—and we maintain employee support communities including Women in Leadership, Black Professionals Network, Asia Network, U.S. Military Veterans, and many others.

**Governance:** FedEx is committed to the highest levels of ethics, integrity, and reliability. A strong governance framework, starting with the FedEx Board of Directors and its committees, supports the efforts described above and all priorities across the enterprise. The oversight provided by the Board and its committees, which includes our corporate social responsibility and human resource management strategies and programs, is guided by the FedEx Code of Conduct, which applies to every FedEx Board member and employee globally.

At FedEx, we believe a connected world is a better world, and that belief helps guide everything we do. Whether we're transporting vaccines to move the world forward, connecting the world more sustainably, or bringing together a more inclusive global team, I'm proud of each of these connections and the team members who have made these important initiatives possible.

**Frederick W. Smith**  
Chairman and CEO

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# About FedEx

FedEx provides a broad portfolio of transportation, e-commerce, and integrated business solutions through operating companies competing collectively, operating collaboratively, and innovating digitally under the FedEx brand. Our principles help us to deliver more seamlessly and efficiently for customers now and into the future. Our size, scale, and network help us connect people with goods, services, ideas, and technologies. We believe that a connected world is a better world, and that belief guides everything we do.

For more information on our business operations and financial results, please see the [About Us](#) and [Investor Relations](#) sections of our website.

## ESG approach and implementation

Our ESG approach is aligned with our company’s mission and values and embedded into our systems and our culture. An emphasis on long-term performance has guided our company since our founding nearly five decades ago and lies at the heart of our business and our decision-making. To help ensure we remain focused on the right priorities for our stakeholders, we conduct regular ESG materiality assessments, most recently in 2019.

Outcomes of our 2019 materiality assessment continue to inform the evolution of our global ESG commitments, strategies, and goals. We prioritize the material ESG areas where we can use our most valuable assets—the talent of our team members, global transportation networks, and logistics expertise—to reduce risks and add the greatest possible value to society. This includes our approach to climate change and environmental sustainability; creating a diverse, equitable, inclusive, and safe workplace; and conducting business in an ethical and professional manner. We align our global community engagement program, [FedEx Cares](#), to help support these ESG priorities. For more detail on our materiality assessment, please see the [Materiality section of our 2020 report](#).

*To help ensure we remain focused on the right priorities for our stakeholders, we conduct regular ESG materiality assessments, most recently in 2019.*

Our operating companies, guided by a shared purpose, report on a core set of metrics in support of the enterprise strategy. As part of our ongoing commitment to transparency, we publicly share our performance results, learnings, challenges, and successes. For more information about the policies that inform our sustainability strategy, see our Corporate Social Responsibility [Policy Statements](#) webpage. Please refer to the [Data appendix](#) for FY18–FY20 ESG performance results.

# Our mission and principles

## Mission

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

## Strategic operating principles

### Compete collectively

Our operating companies compete collectively as a broad portfolio of customer solutions, managed under the unified FedEx brand

### Operate collaboratively

Our networks operate collaboratively to deliver the best service to customers without compromise

### Innovate digitally

Our organization innovates digitally to improve our physical and digital networks now and in the future



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# Global ESG governance

## Board governance

The FedEx Board of Directors and its committees oversee our global sustainability initiatives. The Board is responsible for reviewing and overseeing our culture and evaluating management's efforts to align corporate culture with our stated values and long-term strategy. The Board has delegated responsibility for specific aspects of our ESG strategy to certain committees as outlined below:

- » **The Nominating & Governance Committee** has oversight responsibility for our corporate social responsibility (CSR) strategies and programs, including with respect to sustainability. The committee receives updates at least annually from our Chief Sustainability Officer (CSO) and provides feedback to inform future activities.
- » **The Compensation Committee** reviews and discusses with management our key human resource management strategies and programs, including diversity, equity, and inclusion (DEI) initiatives, workforce demographics, and enterprise healthcare programs.
- » **The Audit Committee** reviews the implementation and effectiveness of the company's corporate integrity and compliance programs.

## » The Information Technology Oversight

**Committee** reviews and discusses with management the company's cybersecurity and technology-related risks and the technologies, policies, processes, and practices for managing and mitigating such risks and monitors business continuity and disaster recovery capabilities and contingency plans.

The Board of Directors has determined that each member of the Nominating & Governance Committee, Compensation Committee, Audit Committee, and Information Technology Oversight Committee is independent and meets the applicable independence requirements of the New York Stock Exchange (including the additional requirements for the Audit Committee and Compensation Committee members) and the Board's more stringent standards for determining director independence.

In 2020, the Board received and discussed updates on our strategy and performance, which included COVID-19 economic impacts, health and safety measures, and our role in supporting the distribution of personal protective equipment (PPE) and vaccines. The Board also discussed key ESG priorities, including climate change risk, cybersecurity, safety, and enterprise health and welfare.

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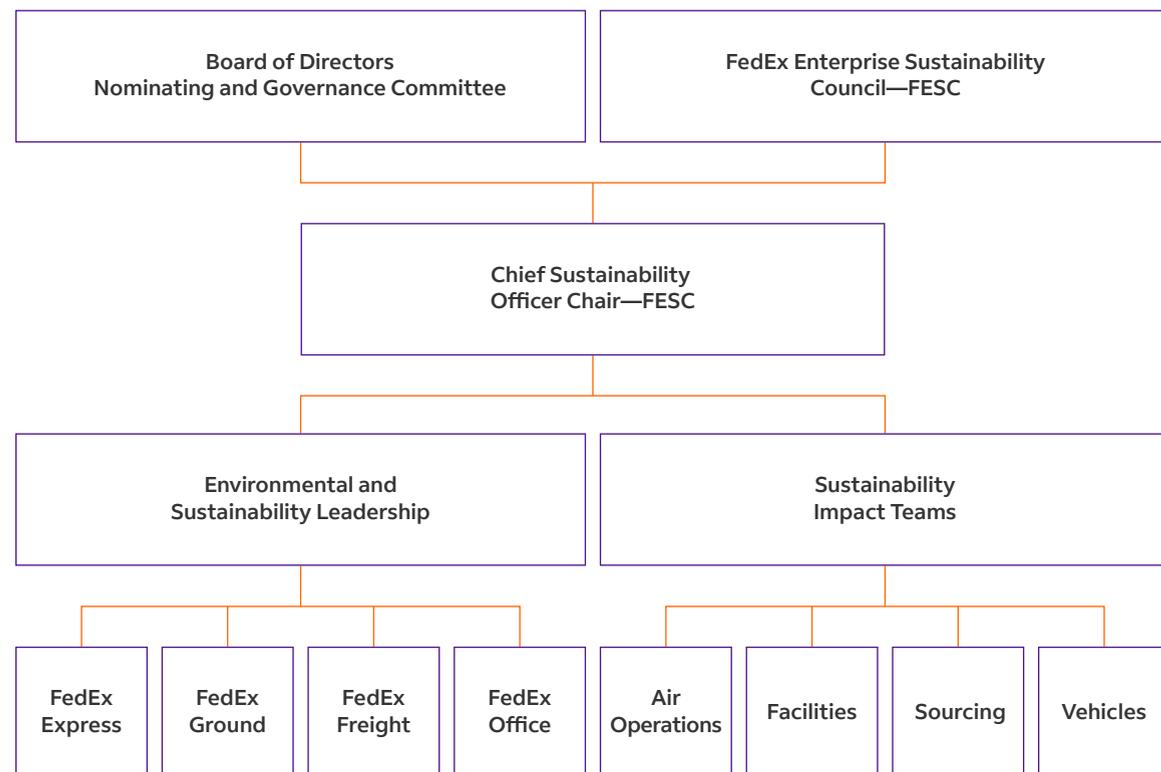
## Environmental governance

The FedEx Enterprise Sustainability Council (FESC) oversees our environmental sustainability, including operations, services, marketing, and communications. The Council, chaired by our CSO, includes senior management representatives from the operating companies and staff functions that intersect with sustainability, such as Marketing, Legal, Finance, and Human Resources (HR). The Council is responsible for setting, implementing, and reviewing our sustainability strategy.

Additionally, we have several enterprise-wide Sustainable Impact Teams (SITs) that help us advance our sustainability strategy across functional areas, including air operations, vehicles, facilities, and sourcing. Each SIT shares knowledge and coordinates efforts across the company to advance toward our environmental goals. The SITs and the senior sustainability leaders from the operating companies report to our CSO.

For more information on our environmental sustainability initiatives, please refer to the [Environment chapter](#) of this report.

## Environmental sustainability governance structure



## Social governance

Our global social governance encompasses a variety of functions and departments dedicated to our people. FedEx executive officers have individual performance objectives that include, but are not limited to, the promotion of our commitment to DEI and succession planning for management positions. HR departments in each FedEx operating company manage HR priorities, including team member career development, engagement, and health and wellness. Our Corporate HR department promotes consistency of policies across operating companies and manages executive development and team member benefits.

The FedEx Corporate Diversity Council, which includes members from our operating companies' HR, sourcing, citizenship, and communications teams, coordinates enterprise-wide DEI initiatives. The Council meets every other month to develop and implement our enterprise inclusion strategy.

In addition, each FedEx operating company sets workplace safety goals and implements our Safety Above All philosophy through policies and programs relevant to its specific operations. Please see more information regarding additional safety governance and protocols enacted in response to the COVID-19 pandemic in the following section of this report.

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

*The FedEx Corporate Diversity Council meets every other month to develop and implement our enterprise inclusion strategy.*

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## Our COVID-19 response

Since January 2020, FedEx has been on the front lines of the COVID-19 pandemic, operating in impacted areas and providing connectivity and delivery of critical medical supplies to healthcare providers and communities around the world.

In these uncertain times, it is critical that we protect our customers and keep our team members healthy and safe. As one of the few companies in the world with the network and capabilities to keep essential commerce and aid moving during this time, we view it as our duty and responsibility to serve our communities, support the global supply chain, and deliver the medical supplies needed to fight the pandemic.

In response to the initial reports of COVID-19 in Wuhan, China, we activated our Corporate Strategy for Pandemic Planning and Crisis Management Pandemic Response and Implementation Plan. This plan builds on years of experience responding to epidemics and pandemics—beginning in 2009 with our support of H1N1 vaccine distribution, and more recently, emergency shipments of PPE and medical resources to West Africa to combat Ebola. As cases spread across Wuhan, we met with our virology consultant and activated our influenza response program in the Asia Pacific region. As the virus spread across the globe, we leveraged our unrivaled global network to safely deliver critical medical supplies, pharmaceuticals, test samples, and vaccines as they became available for governments, medical systems, and our customers.

### Keeping our team members, customers, and communities safe

Throughout the pandemic, we have closely monitored and followed guidance from the Centers for Disease Control and Prevention (CDC), World Health Organization (WHO), and other public health organizations. Additionally, FedEx is taking measures to adhere to all local governmental requirements related to the containment of COVID-19. The health and safety of our team members is our top priority. To that end, we have implemented numerous measures to prevent the spread of COVID-19, including:

- » Educating team members about COVID-19 prevention and providing necessary PPE along with guidance around facilities cleaning and social distancing
- » Diverting traffic away from hubs and stations in severely affected locations to decrease the number of people in our facilities
- » Equipping team members to work from home where possible and suspending non-critical business travel
- » Launching symptom-screening processes, including temperature testing, and implementing free voluntary COVID-19 testing for eligible team members and vendors in more than 40 U.S. cities and various other locations around the globe

- » Encouraging our team members to take any signs of illness seriously and seek medical attention as needed, and providing paid leave to those diagnosed with COVID-19 and those quarantined as a COVID-19 close contact
- » Ensuring appropriate employee contact tracing
- » Encouraging our team members to get vaccinated

In addition to providing essential transportation of critical shipments around the world, FedEx team members are working hard to accommodate increased e-commerce volumes—rivaling our peak holiday season traffic—as stay-at-home orders and shutdowns of commercial activities around the world have led to unprecedented demand for residential delivery services.

As part of these accommodations, we established new safety protocols to protect our customers and communities. Safety protocols included suspending signature requirements for most deliveries, cleaning affected areas of our FedEx Office stores when a known positive case or a symptomatic team member has been in a store, and providing social distancing floor graphics for all FedEx Office stores and many other FedEx facilities and locations.

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## Transporting test samples

At the onset of the pandemic in the U.S., FedEx helped the U.S. Department of Health and Human Services (HHS) and the Federal Emergency Management Agency (FEMA) establish logistics and transportation support of COVID-19 test samples from community-based test sites to labs for analysis. Beginning in mid-March 2020, FedEx supported more than 40 community-based test sites by moving test specimens using our First Overnight service with proprietary FedEx SenseAware<sup>SM</sup> tracking technology to labs for analysis.

## Expediting delivery of PPE to the United States

As global supply chains fluctuated throughout 2020, FedEx became a key conduit of medical supply chains—moving critical PPE, pharmaceuticals, and medical supplies around the world. From January 2020 to March 2021, FedEx Express shipped more than 80 kilotons of PPE around the world, including more than 2.2 billion masks.

In the spring of 2020, FedEx Express contracted with HHS to provide air support to medical supply companies producing PPE and other supplies critical to COVID-19 relief efforts for use in the United States. FedEx Express aircraft were used to transport critical PPE supplies from manufacturers around the world. From pick up and break down, to document preparation, export/import clearance, cross-docking, and storage, the FedEx Logistics team used its vast expertise to support the movement of critical PPE.

As a part of the mission, FedEx worked with DuPont to move more than 5 million Tyvek<sup>®</sup> protective suits from Vietnam to the U.S. for the U.S. National Stockpile and flew similar missions from China to the U.S. through other collaborations. Separately, FedEx worked with the U.S. Department of Defense and Tennessee National Guard to move millions of test swabs manufactured in Italy into the U.S.

As the year progressed, FedEx worked with customers around the world to keep critical healthcare supply chains moving, in some cases using charter flights to move essential goods where and when they were needed most. FedEx flew 132 essential healthcare charter flights between March and November 2020. The flights, all-inclusive, carried more than 10 tons of PPE and critical medical supplies including masks, face shields, gloves, surgical gowns, goggles, ventilators, test kits, swab manufacturing machines, and dialysis solutions. Hospitals, healthcare clinics, and government administrations in more than 17 U.S. states and countries including Canada, Spain, the United Kingdom, and Germany are among those we supported with the transportation of PPE during this pandemic.

FedEx continues to support pandemic-related humanitarian relief efforts through longstanding relationships with aid organizations. During calendar year 2020, we transported more than 9,600 humanitarian aid shipments globally through our work with non-profit partners including Direct Relief, International Medical Corps, the American Red Cross, Heart to Heart International, Feed America, and others. Read more about our humanitarian aid efforts through our [FedEx Cares pillar: Delivering for Good.](#)

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## Delivering COVID-19 vaccines

In December 2020, after months of preparation and close planning with our healthcare customers and federal, state, and local officials, FedEx began shipping approved COVID-19 vaccines to all 50 U.S. states as well as Puerto Rico, the U.S. Virgin Islands, Washington, D.C., and all 13 Canadian provinces and territories. Our mission is to move COVID-19 vaccine shipments as safely and quickly as possible, and we are prepared to ship to more than 220 countries and territories for as long as necessary to help control the spread of COVID-19.

FedEx helps support the vaccine supply chain by moving critical vaccine components between production, manufacturing, and vaccination sites. With the direction of governments and public health organizations, FedEx ships everything from raw materials that make up the vaccines, the vaccines themselves and ancillary kits of vaccine-related supplies, to the PPE healthcare professionals wear in labs and vaccination sites.

We are well-positioned to handle these critical vaccine shipments with innovative technologies including temperature-control solutions, near real-time monitoring and tracking capabilities, and a dedicated healthcare team to support the express transportation of vaccines and bioscience shipments.

As the most important work in the history of our company, this effort builds on decades spent developing our life sciences business and working closely with our healthcare customers to ensure proper conditions are met when transporting critical healthcare shipments.

To help reach underserved communities with the COVID-19 vaccine, we have committed \$4 million in cash and in-kind transportation support to several non-profits that focus on helping underserved communities in the U.S. and around the world. These include Direct Relief, International Medical Corps, and Heart to Heart International.

Additional information on our COVID-19 response is included throughout this report.

# 10,000+

humanitarian aid shipments globally since January 2020.

# 80+

kilotons of PPE shipped since January 2020, including more than 2.2 billion masks, millions of test swabs, face shields, gloves, surgical gowns, goggles, ventilators, test kits, swab manufacturing machines, and dialysis solutions.



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## About the technology

At FedEx, the information about the package as it moves through our network is as important as the package itself. [FedEx SenseAware ID](#), a proprietary Bluetooth low-energy sensor device, is affixed to vaccine shipments, helping to ensure these temperature-sensitive deliveries move swiftly and safely through the FedEx Express U.S. network with FedEx Priority Overnight service. From origin to destination, dedicated FedEx Priority Alert customer support agents are using SenseAware monitoring technology to track the location of vaccine shipments in near real-time. This technology is complemented by the [FedEx Surround](#) platform, a collaboration with Microsoft that leverages artificial intelligence and predictive tools to proactively monitor conditions surrounding the packages, allowing customer support agents to intervene if weather or traffic delays threaten to impede delivery times.

# 25+

countries connected by FedEx to enable the global vaccine supply chain.

# 50

U.S. states receiving vaccines delivered by FedEx.



# \$4,000,000

cash and in-kind transportation support to non-profits to reach underserved communities.

# Environment

## Our approach—reduce, replace, revolutionize

At FedEx, we understand our business has an impact on the environment, and we remain steadfast in our commitment to minimize these impacts. Our Practical Sustainability philosophy and the results of our [2019 materiality assessment](#) guide our environmental strategy.

Practical Sustainability emphasizes strategic and transformational stewardship that helps deliver successful long-term performance, transparency in sharing progress, product and operational innovation, and leadership in advocating for next-generation solutions. This philosophy helps us identify and implement the right initiatives to address our material impacts, improve efficiency, reduce costs, and protect against future risks. Practical Sustainability returns value to the organization while driving our Reduce, Replace, Revolutionize approach.



**REDUCE:** Reduce or eliminate impacts from activities or operations



**REPLACE:** Use the right solutions in the right applications



**REVOLUTIONIZE:** Discover and utilize the technologies and solutions of tomorrow, today

Our Reduce, Replace, Revolutionize approach guides our environmental strategy across three key areas of our environmental footprint:

- » Aviation  
Fleet
- » Vehicle  
Fleet
- » Facilities  
and Materials

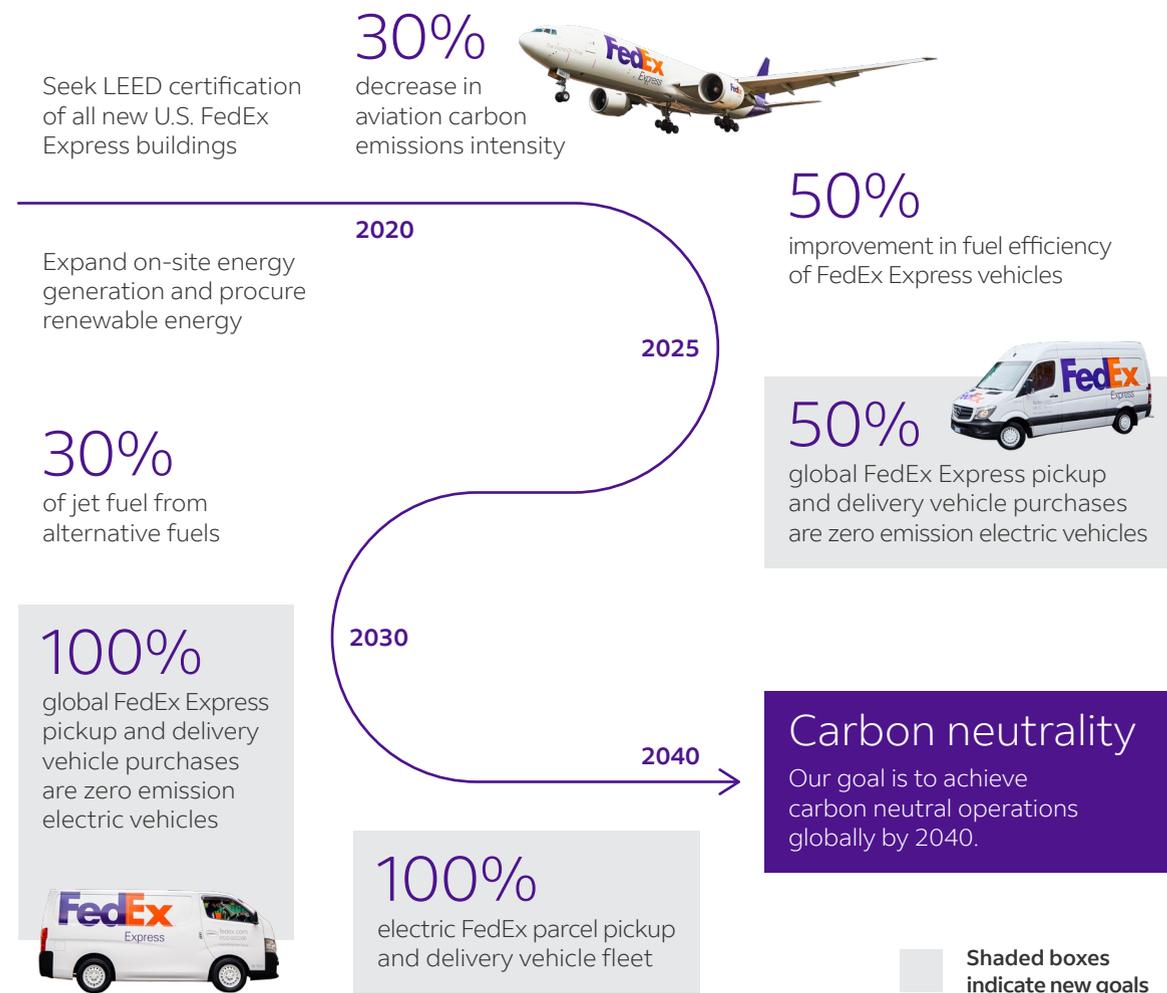
Throughout FedEx, team members are encouraged to implement our sustainability strategy and achieve our goals. We equip team members, who play a key role in our success, with a variety of internal programs to advance our progress in reducing fuel emissions, energy use, and waste in the workplace.

In March 2021, we announced our goal to achieve carbon neutrality for our global operations by 2040. We also invest strategically with global NGOs to move people and goods more sustainably, leveraging team-member expertise to collaborate and drive improvements to urban mobility and clean technology availability. For example, with Rocky Mountain Institute's Third Derivative climate innovation accelerator, our team members are supporting clean technology start-ups in the transportation, packaging, and energy sectors as they scale the business or product for widespread market adoption. Read more about our [FedEx Cares pillar: Sustainable Logistics](#).

# Climate

FedEx recognizes that climate change implications, such as severe weather events, GHG emissions regulations, and increased public awareness of the impacts of climate change, pose strategic risks for our company and our stakeholders. At the same time, some of these risks also present opportunities for us as we strive to achieve our goal of carbon neutral operations by 2040. Our approach to managing these impacts aligns with the recommendations from the TCFD.

## Roadmap of goals to carbon neutrality



In addition to our commitments to work to reduce our environmental footprint, we continue to identify and evaluate both physical and transition climate-related risks through our enterprise risk management processes. See our [2020 CDP Climate Change questionnaire response](#) for more information about our climate-related risk management strategy. For more information about our enterprise risk management processes, please see the [Governance chapter](#) of this report.

## Carbon neutral goal

Since we set our first aircraft carbon intensity reduction and vehicle fuel efficiency improvement targets in 2009, we have made significant strides in lowering our greenhouse gas (GHG) emissions footprint through our Reduce, Replace, Revolutionize approach. Building on this longstanding commitment to sustainability, in early 2021 we set a goal to achieve carbon neutrality for our global operations by 2040.

On our path to carbon neutrality, we are committing more than \$2 billion over the next several years to support initiatives designed to make FedEx operations more sustainable across our aviation and vehicle fleets and at our facilities. For instance, across our aviation fleet, we will continue to invest in our Fuel Sense initiatives, modernize our aircraft, and utilize alternative fuels to reduce emissions.

Our goal is to transition the entire FedEx parcel pickup and delivery (PUD) fleet to zero emission vehicles by 2040. We will use a phased approach to replace existing vehicles.

For example, by 2025, 50% of FedEx Express global PUD vehicle purchases will be electric, rising to 100% of all purchases by 2030, subject to availability.

In addition to low and zero emissions upgrades across our operations, we will continue to innovate toward new climate-friendly solutions and to invest in long-term transformational solutions for FedEx and the entire industry. We have pledged \$100 million to help establish the Yale Center for Natural Carbon Capture and its research into methods of carbon sequestration at scale, with an initial focus to help offset GHG emissions equivalent to current airline emissions.

## Commitment to carbon capture and storage in international aviation

We recognize the necessity in exploring many paths as we work to achieve our 2040 carbon neutrality goal, including innovations in carbon capture and storage. To support carbon sequestration developments, we have committed \$100 million to establish the Yale Center for Natural Carbon Capture. The interdisciplinary Center will focus on developing solutions to sequester CO<sub>2</sub> from our atmosphere to help improve the health of our planet.

The Center will help identify methods that can be used to scale sequestration at the rate needed to offset the impact of airline emissions. It is our hope that these short-term, medium-term, and ongoing strategies for reducing net GHG emissions will transform the entire industry by deploying ecosystem management, geological sequestration, and technologies that use nature as a model.

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# Aviation fleet

As we optimize our flight operations through our Fuel Sense program, we continue to modernize our fleet with more efficient aircraft and technologies and revolutionize our operations through exploration of alternative fuels and industry-leading collaborations—such as the testing of emissions-reduction technologies on a specially equipped FedEx-owned Boeing 777F aircraft through the [Boeing ecoDemonstrator program](#).

In 2008, we announced an ambitious goal to reduce aircraft emissions intensity by 20% from a 2005 baseline by 2020, and we revised this target upwards to a 30% reduction in 2011. While we made significant progress toward this goal over the last decade, a global increase in volume—exacerbated by the COVID-19 pandemic—caused some older aircraft, which were planned for retirement, to remain in service longer than planned and has led us to fall short of our target to date.

In addition to delays in the planned retirement of older aircraft, we have also experienced delays in our access to sustainable aviation fuel and have had to put on hold several new Fuel Sense projects to help our team members remain focused on safety during the pandemic.

Despite these challenges, we have still reduced our aircraft emissions intensity by 27% since 2005. Our aircraft modernization and FedEx Fuel Sense programs saved more than 255 million gallons of fuel and have avoided more than 2 million metric tons of carbon dioxide equivalent (CO<sub>2</sub>e) emissions in FY20 alone.

## **REDUCE:** FedEx Fuel Sense

FedEx Fuel Sense is our comprehensive aviation fuel conservation program at FedEx Express, representing a suite of initiatives designed to reduce fuel consumption in our aircraft operations. The cross-functional Operational Efficiency Steering Committee, with representatives from across FedEx Air Operations, manages the Fuel Sense program. Since it began in 2006, Fuel Sense has applied the insights and ideas of aviation team members and experts to create a transformative culture of over 70 fuel-saving projects that helped save more than 883 million gallons of jet fuel through FY20.

In FY20, we focused on sustaining our existing Fuel Sense performance to help our team members focus on critical COVID-19 safety protocols. Due to the vigilance and leadership of our team members, we still saw an improvement in our efficiency, saving more than 118 million gallons of jet fuel and avoiding more than 1 million metric tons of CO<sub>2</sub>e.

# 27%

reduction in aircraft emissions intensity since 2005.

## **REPLACE:** Aircraft modernization

The modernization of our aircraft fleet lowers costs through enhanced reliability, operational flexibility, reduced maintenance expenses, and improved fuel efficiency. Through our ongoing modernization program, FedEx maintains one of the largest, fastest, and most innovative all-cargo aircraft fleets in the world. Throughout FY20, we took delivery of 18 new aircraft (13 Boeing 767Fs and five Boeing 777Fs) and retired eight MD-10-10s. Along with the incredible work of our Air Operations teams—including maintaining 12 aircraft in service that were slated for storage or retirement during the year—this fleet was critical to successfully handling growing volume demand and medical supply needs during the pandemic.

Although events of last year delayed our fleet modernization timeline, we have pending orders for 13 Boeing 777F aircraft and 35 Boeing 767F aircraft, scheduled to arrive between 2021 and 2024. While some delivery delays may occur with these new aircraft due to COVID-19, we remain on track to retire our entire MD-10 fleet by fiscal year-end 2023.

In late 2020, we received delivery of the first of 30 ATR 72-600F aircraft to cover shorter, feeder routes. This addition coincides with the retirement of two ATR-42 aircraft. We also have agreements to purchase 50 Cessna SkyCourier 408 heavy-duty cargo aircraft, which enable fewer planes per feeder route and further enhance our fuel efficiency, reliability, and operating costs.

## **REVOLUTIONIZE:** Sustainable aviation fuels

As the impacts of climate change continue to increase, we understand that we must do more to reduce our emissions than is possible through our Fuel Sense and fleet modernization programs. Our investments in alternative fuel sources underscore our commitment to reduce our emissions further. As part of our climate commitments, we are collaborating with our industry, government agencies, academia, and alternative fuel suppliers to seek development of viable, cost-effective alternative fuels that reduce our own emissions and support the uptake of alternative fuels throughout the aviation industry.

One such effort is the construction of a biofuel refinery by Red Rock Biofuels, which will supply low-carbon renewable jet fuel to FedEx Express by converting wood waste from the logging industry into fuel. The biofuel refinery faced delays during the COVID-19 pandemic, but intends to start production in the first half of 2022. Based in Lakeview, Oregon, Red Rock will transport the sustainable aviation fuel through existing infrastructure to support our Bay Area, California, operations.

For more detail on our aviation fleet initiatives, see our [sustainability webpage](#).

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# Vehicle fleet

FedEx Corporation relies on a network of more than 200,000 motorized vehicles across the world. We reduce emissions from traditional internal combustion engines used in these vehicles through electrification, alternative fuels, advanced technologies, and state-of-the-art operations. Our vehicle efficiency efforts create value for our stakeholders by reducing fuel and maintenance costs, while contributing to societal efforts.

FedEx Express has a goal to increase vehicle fuel efficiency by 50% from a 2005 baseline by 2025. Through FY20, FedEx Express has improved fuel efficiency by 44.5% from our 2005 baseline. Our Reduce, Replace, Revolutionize sustainability approach has enabled substantial progress towards this goal, and we are establishing bolder goals and innovative approaches to optimize our business.

As a key component of our carbon neutrality goal, we aim to transition the entire FedEx parcel PUD fleet to zero emission vehicles by 2040. To achieve that transition, by 2025, 50% of FedEx Express global PUD vehicle purchases will be electric, increasing to 100% by 2030.

## **REDUCE: Advanced technology and operational efficiency**

We leverage advanced technology for our vehicles to optimize the efficiency of every vehicle in our fleet. As an example of our digital innovation principle, FedEx Express is installing updated GPS tracking systems that provide drivers with turn-by-turn routes. The system allows drivers to put their undivided attention on safe driving and provides them with the most efficient route, helping to save time, optimize driving distance, and reduce emissions. In addition, FedEx Ground provides independent service providers with dynamic route optimization technology—near-real-time data to help them plan efficient delivery routes and make decisions about vehicle mix and workforce to accommodate shipment volume.

We are optimizing the way packages move through our networks by operating collaboratively across our independent operating companies. Through Last Mile Optimization, the delivery of select day-definite FedEx Express residential and rural packages by FedEx Ground allows us to flex our network to reduce costs, increase delivery density, and reduce the emissions footprint of packages. As of September 2020, we had successfully launched the Last Mile Optimization program in 57 origin markets, and we are already realizing increased efficiencies. Additionally, to improve network efficiency, FedEx Freight provided FedEx Ground with 51 million miles of road and intermodal rail support through early 2021. Intermodal rail transport can be 70% more efficient than road transport for long-haul shipping. In 2020, FedEx Freight also began delivering large and irregularly shaped packages for FedEx Ground. Our collaborative approach helps us improve operational efficiency, reduce emissions, and ensure we have the right package, in the right network, at the right cost to serve our customers.



## **REPLACE AND REVOLUTIONIZE: Electric and alternative fuel vehicles**

We strive to employ the most advanced vehicle technologies to efficiently and safely move packages across our networks. By leveraging advancements in the zero emission vehicle market, we have created a long-term strategy to transition our pickup, delivery, and support vehicle fleets to zero emission technologies. While the impacts of COVID-19 slowed our procurement of electric vehicles and construction of charging infrastructure in FY20, FedEx Express is continuing its acquisition of zero emission vehicles with our agreement to purchase 500 electric vehicles from General Motors' BrightDrop, and we remain committed to our goal for a zero emission vehicle future for our parcel PUD fleet.

Recently, we conducted several successful initiatives involving electric vehicles in our operations. In California, we built out an electric vehicle infrastructure of 515 chargers supporting over 1,000 electric vehicles. In Europe, we have demonstrated the value proposition of electric vehicles and we are now prioritizing key cities and routes for electrification. Across our operating companies, we continue to electrify our forklift, airport ground service equipment, and other non-road vehicles as existing equipment reaches the end of its usable life. In addition, we are moving to scale these programs in support of our goal to be carbon neutral by 2040. By advancing electrification, we can reduce fuel and maintenance costs and contribute to global efforts to mitigate climate change.

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## Last-mile innovations

Many urban centers are experiencing increased congestion and implementing new regulations that limit the number of vehicles on the roads or establish low emission zones. We are developing cutting-edge, last-mile delivery solutions that work within these urban infrastructure constraints. Roxo™, the FedEx SameDay Bot, holds promise to help retailers make same-day deliveries to businesses and residences using autonomous technology. Working with Wing Aviation, FedEx Express launched a pilot program exploring the use of drones to enhance last-mile service and more efficient delivery to customers in rural and semi-rural areas. Through our relationship with General Motors' BrightDrop, FedEx Express conducted a pilot of the BrightDrop EP1 pallet. Our couriers were able to handle 25% more packages per day while using the EP1 electric pallets. We will begin piloting the EP1 pallet in urban centers during 2021. These innovative technologies offer FedEx the opportunity to access new markets and improve delivery efficiency.

In Europe, our City Logistics pilot program seeks to identify the best mobility solutions for different types of urban centers found across the region. We are testing a variety of solutions to create a toolbox that can be tailored to meet each city's circumstances and needs. Our urban solutions include electric vehicles, autonomous devices, bicycles, and potentially public transit systems. Our approach allows us to demonstrate the business case of our mobility solutions and our ability to effectively deploy these solutions. As we move to deploy these solutions further, we are aligning logistics with mobility and infrastructure to meet each city's needs without compromising on volumes or delivery efficiency. We want to deliver packages as safely, sustainably, and efficiently as possible using an intelligent logistics system.

To further support the influx of e-commerce volume, we continue to invest in our extensive retail convenience network, which includes more than 60,000 locations. This includes more than 27,000 staffed retail locations, such as FedEx Office and well-known retailers. These locations were strategically chosen to fit seamlessly into busy "to do" list routes. More than 92% of the U.S. population lives within five miles of a FedEx-staffed FedEx location.

FedEx Ground is also working with its independent service providers to promote the use of electric and alternative fuel vehicles. In FY20, 86% of all diesel we sold to service providers consisted of various biodiesel blends, avoiding more than 120,000 metric tons of CO<sub>2</sub>e emissions through a network of fuel islands at more than 80 locations. We are also piloting the necessary infrastructure at our facilities to provide FedEx Ground independent service providers with access to a third-party charging solution.

Zero emission vehicle technology for long-haul Class 8 trucks lags smaller commercial vehicle solutions. We are working with manufacturers to test and pilot projects, and we are investing in research and development that focuses on truck capacity, range, and cost efficiency compared to diesel engines. In the interim, we strive to implement the optimal technology and drive operational efficiency across our long-haul fleet.

As we increase our electric vehicle fleet, we must expand the vehicle-charging infrastructure at our facilities to ensure we can meet a growing need for electricity. We are working with power utilities, state and local governments, and regulatory agencies on broader low-carbon infrastructure solutions. We are also evaluating opportunities to expand on-site generation and procurement of renewable energy. To learn more about our facility renewable energy efforts, please see the [next section](#) of this report.

For more information on our vehicle fleet initiatives, see our [sustainability webpage](#).

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# Facilities and materials

The efficient operation of our more than 5,000 air and ground hubs, local stations, freight service centers, and retail locations is critical to achieving our business and sustainability goals. Minimizing packaging and maximizing recycling volume conserves resources, reduces waste, and improves transportation emissions efficiency. Our waste management strategies help ensure we recycle more of the waste produced in our facilities and across our value chain.

*FedEx Express has committed to seek LEED or BREEAM certification on all new U.S. and European FedEx Express buildings where appropriate.*

## Facilities

FedEx operates a number of facilities certified to external standards. As of FY20, FedEx facilities in 28 countries have achieved the International Organization for Standardization (ISO) 14001 environmental management system standard. Regionally, FedEx Express Middle East, Indian Subcontinent and Africa (MEISA) facilities will receive ISO 14001 and ISO 45001 certifications across eight countries in late 2021, and will extend to a total of 14 countries over the next year. Where appropriate, we adopt the Leadership in Energy and Environmental Design (LEED) standard in the U.S. and the Building Research Establishment Environmental Assessment Method (BREEAM) in Europe to guide efficient facility design and construction of state-of-the-art facilities. FedEx Express has committed to seek LEED or BREEAM certification on all new U.S. and European FedEx Express buildings where appropriate. FedEx Express has 24 LEED-certified facilities including two facilities outside of the U.S. and, in total, FedEx has 32 LEED-certified facilities across all of our operating companies.

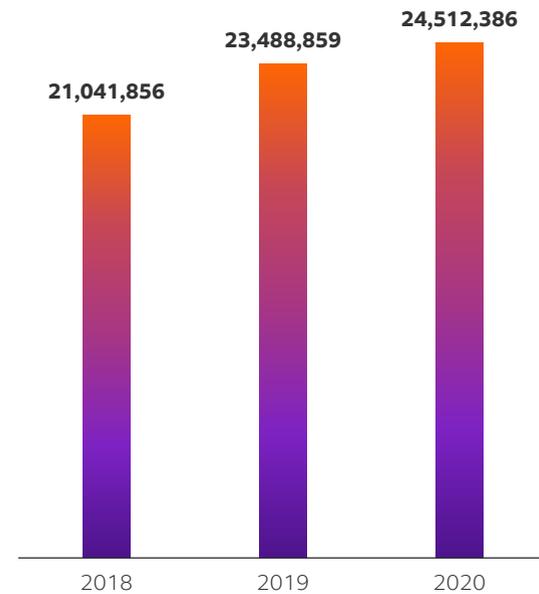
Effective environmental management requires participation and engagement from each facility's team members. The FedEx Ground EarthSmart® Champion program engages team members in their facility's sustainability initiatives. We provide our EarthSmart Champions with reports and resources to communicate facility sustainability performance, including energy consumption, waste, and other metrics. EarthSmart Champions submit a scorecard for review, and high-performing facilities receive an internal certification recognizing their performance. All FedEx Freight sites participate in the internal GREEN Site certification program, which recognizes the actions of facilities to reduce environmental impacts. Every FedEx Freight site also has at least one volunteer in the Local Environmental Action Facilitator (LEAF) program and each district has a LEAF representative. These sustainability leaders collaborate across our network and work with facility leads to implement sustainability initiatives.

## **REDUCE AND REPLACE: Energy management**

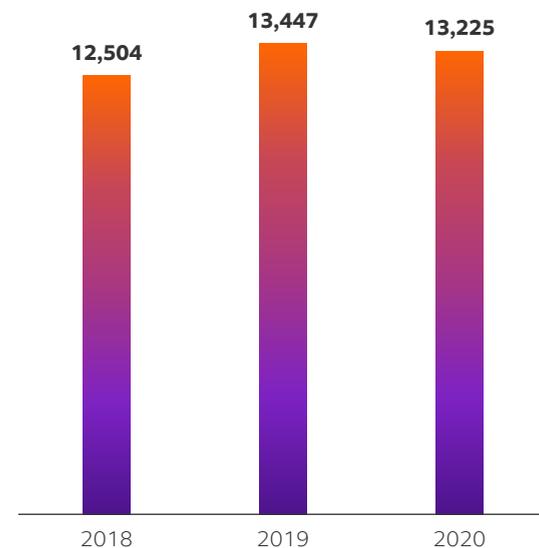
Energy management systems provide centralized control of lighting and heating, ventilation, and air-conditioning equipment. We use data from these systems to identify suboptimal performance and opportunities for energy savings. FedEx Office has installed an energy management system in 1,579 stores. We have improved the energy efficiency of our facilities by upgrading interior and exterior lighting and installing motion sensors and light control systems. In FY20, we completed 49 upgrade projects across 26 facilities. In total, our lighting retrofits have saved more than 238 million kilowatt-hours of electricity and led to reduced GHG emissions, environmental impacts, and operating costs.

In 2020, FedEx Freight brought online eight new facilities and two remodels, which included new LED lighting and other sustainable materials, including tubular skylights for natural daylighting in offices, recycled denim insulation, and water fountains with water-bottle filling stations.

## Solar electricity generated on-site (kWh)



## Emissions avoided by solar sites (metric tons CO<sub>2</sub>e)



### REVOLUTIONIZE: Renewable energy and alternative infrastructure

As part of our goal to become carbon neutral by 2040, we are advancing on-site renewable energy generation and procuring renewable energy to help us to continue reducing our GHG footprint. Currently, FedEx Ground has 16 on- and off-site solar installations, and our facility in Spokane, Washington, receives nearly 100% of its electrical needs from renewable energy sources. Across our operating companies, 26 FedEx locations generate on-site renewable energy, and we are evaluating additional opportunities to purchase off-site renewable energy.

FedEx Ground is also working toward deploying microgrids at facilities to continue supporting business resiliency and emergency preparedness. In FY20, two facilities were powered by fuel cells and solar energy, providing a foundation for how on-site solar, fuel cell, combined heat and power, and energy storage technologies can be used together to replace traditional diesel generators.

For more information on our sustainable facilities initiatives, see our [sustainability webpage](#).

## Sustainable materials, recycling, and the circular economy

We work to optimize packaging, reduce packaging waste, and maximize recycling to make the best use of our resources, reduce emissions, and ship packages more efficiently. Our packaging engineers work with our customers to meet their design and sustainability needs, using a sustainability checklist to advise customers on key topics, such as curbside recycling limitations, packaging right sizing, and durability. The FedEx Sourcing team evaluates each critical packaging supplier annually on environmental management practices and sustainability program improvement. To learn more about how we are working with suppliers to support environmental performance, please refer to the [Our supply chain section](#) of this report.

FedEx Office carefully manages the responsible sourcing, use, and recycling of paper used for commercial copy and print services. The long-standing FedEx Office forest-based paper product procurement policy includes vendor requirements for responsible forest-management practices. In FY20, 99.8% of all paper purchased by FedEx Office was third-party certified. Additionally, we are supplementing our purchases of forest-based products with “tree-free” products and alternative fiber products to reduce our environmental footprint.

Our operating companies are optimizing their recycling programs through close collaboration with their waste management vendors. In FY20, FedEx Ground consolidated its waste and recycling to just three vendors, helping us take advantage of opportunities to right size our approach, identify savings, and optimize haul frequency. We are also working with our customers to reduce packaging materials to decrease their waste management costs.

FedEx Express Europe is developing a sustainability strategy that includes advancing circular economy principles. This strategy establishes a circular design approach and end-of-life targets for high-value products, including IT hardware, handhelds, sorting machines, uniforms, and other operational products.

More information about our sustainable materials initiatives can be found on our [sustainability webpage](#).

FedEx-branded cardboard packaging is **100%** recyclable<sup>1</sup> and composed of 45% recycled content.

<sup>1</sup> Where recycling facilities exist.



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## Our culture

At FedEx, our people are our greatest asset and at the heart of our success. Across the globe, our more than 570,000 team members are united by our passion to deliver on the FedEx Purple Promise—to make every FedEx experience outstanding. This passion begins with our People-Service-Profit (PSP) corporate philosophy and is driven by our Quality Driven Management (QDM) system. PSP is based on the belief that creating a positive working environment enables our team members to provide better service quality to customers. QDM then provides the shared framework and language for improving the service quality. This relentless focus on people and quality leads to increased satisfaction, generating profitability across the business. In turn, this profitability allows us to continue rewarding our people, ensuring the long-term success of our business. Driven by a shared commitment to excellence, the PSP philosophy drives our corporate culture and helps each of our team members earn the trust and loyalty of our customers.

Nurturing a culture centered on PSP, the Purple Promise, and QDM requires continuous investment in our workforce. This includes providing an atmosphere where our team members feel safe, valued, and included—where best-in-class benefits help team members maintain their health and well-being—and where team members have the development opportunities to realize their full potential. Each of our operating companies shares this longstanding commitment to maintaining a high-performing culture.



FedEx also promotes and maintains a robust volunteer portal accessible through the [FedEx Cares website](#). It enables team members to create and register for volunteer initiatives, including skill-based volunteering and virtual volunteering.

Across our operating companies, our culture continues to evolve as we prepare for the future. In FY20, we created a new culture quality action team to identify the common values, language, tools, and behaviors that allow us to compete collectively, operate collaboratively, and innovate digitally. The team, composed of representatives from across the enterprise, is working to ensure our culture remains singularly focused on executing toward our corporate strategy.

We recognize the impact that COVID-19 has had on our people, from increased physical health risks, to COVID fatigue and mental health strain. To help our team members through this challenging time, we updated safety protocols and provided additional resources and support. We appreciate each of our team members for stepping up to the task, continuing to deliver the Purple Promise, and supporting our customers by keeping essential commerce and aid moving during this difficult time. For more information, please see the [COVID-19 response](#) section of this report.

# Health and safety

Safety Above All is our first and foremost value in every aspect of our business. Across the enterprise, we are committed to making our workplaces and communities safer for our team members, customers, and the public. Our Safety Above All philosophy is embedded in our day-to-day work through rigorous policies, continual education and engagement, and investments in technology designed to prevent accidents.

We invest in the long-term health and well-being of our team members, safeguarding the airworthiness of our aircraft fleet and the safety of our vehicles and facilities. We stay at the forefront of workplace safety through innovative technologies, such as implementing an incident management software app to issue alerts and coordinate actions in inclement weather and other potentially hazardous situations.

Our team members' active involvement and engagement in health and safety is essential to preventing accidents and injuries as we optimize our service. Through the bi-annual FedEx Express Aviation Safety Culture Survey, we obtain direct feedback from our team members on opportunities to continuously improve our safety performance. Based on the last survey, we launched an ongoing series of "Safety Share" sessions that enable management to share information on initiatives, best practices, and programs that prevent accidents and strengthen the safety culture in our airline operations.

We also expanded our air safety awards programs to all global regions, heavily promoting them among management to increase recognition of team members who make significant contributions to air safety. The Aviation Safety Culture Survey has enabled creation of a program of actions based on team member input, and we are building upon that foundation by expanding the U.S.-based survey to all FedEx Express global regions in 2021.

In 2020, FedEx Express introduced Stay Sharp, an interactive program to capture any unsafe behaviors and recognize employees for working safely. We want to make sure we have adaptability with Stay Sharp, so we do not compromise safety to meet a deadline. Employees are encouraged to recognize other peer team members in their workgroup who are seen staying sharp.

To understand and improve our safety performance, we evaluate our operational performance across a variety of indicators—including lost-time-injury rate (LTIR)—on a daily basis. In FY20, our LTIR was 3.25, a decrease of 6.4% compared to FY19. In addition to looking at lagging indicators of safety performance to understand what went wrong, we frequently evaluate the effectiveness of new metrics, including leading indicators, as we work toward a holistic safety-reporting platform to improve our safety performance. For more about our FY20 and year-over-year safety performance, see the [Data appendix](#).



## Keeping our team members safe and healthy through COVID-19

At FedEx, each of our team members is working hard to keep the world moving throughout the COVID-19 pandemic. To keep our teams safe, we enacted a high-level standard of care across the enterprise while allowing for flexibility in how each operating company and region met those standards.

We continue to learn from the impacts of COVID-19. To be better prepared for future pandemics or other public health crises, we plan to implement those learnings into our pandemic response process, particularly around pandemic fatigue. See our [COVID-19 response](#) section for more detail on our wider COVID-19 response. See the [quality of life](#) section below for more detail on how we continue to support our team members.

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## Safety management systems

FedEx employs safety management systems and programs to reduce work-related injuries and illnesses. Our operating companies are responsible for implementing policies and procedures aligned with international standards that account for their business and the associated health and safety risks. These safety management controls, coupled with our strong Safety Above All philosophy, helped drive our safety pandemic response over the course of the last year.

For instance, the FedEx Express Safety Management System (FXE-SMS) is designed and fully implemented under the guidance of the Federal Aviation Administration (FAA). The FXE-SMS provides a standardized set of policies, processes, and procedures that limits potential for human error to effectively manage our aviation operations. These include the safety control checks our pilots at FedEx Express are vigilant in completing prior to each flight, and systems that encourage voluntary reporting and discussion of mistakes to proactively prevent future safety incidents.

Under the FXE-SMS, all FedEx Express Air Operations team members must comply with the FedEx Safety Policy. The FedEx SMS Accountable Executive Team, which includes senior level management, normally meets quarterly to review key safety performance metrics and provide strategic direction. The President and CEO of FedEx Express consults with the Safety and Airworthiness Vice President and other key safety personnel to define and review progress toward safety goals.

The FXE-SMS employs safety risk management through a structured process of system analysis and hazard identification, which includes voluntary employee reports and operational data collection. These leading and lagging indicators help us identify hazards, analyze and assess risks, and implement appropriate strategies to mitigate or control the risk. We also conduct regular external audits, self-audits, and other assurance programming to continually assess our FXE-SMS and improve our safety controls.

The FXE-SMS fosters a positive safety culture by developing and providing safety training and communications to proactively inform team members of safety guidance, tools, and lessons learned. The FXE-SMS Program Management Office maintains, reviews, and updates safety training programs to support a culture of continuous learning. Through the FXE-SMS, FedEx Express presented a variety of awards to both employees and contractors—to promote safety principles and recognize safe acts.

This year, FedEx Express International debuted a new incident management system to support root cause analysis. The system, first implemented in our European operations, enables better action planning and implementation of mechanisms to help prevent future incidents. In 2021, we plan to expand this new system to our MEISA operations. The system complements our rigorous risk identification system and communication campaign, The Right Way, which provides team members with training on how to identify mistakes on the job before they turn into safety concerns.



At FedEx Ground, our focus on prevention through design enables and encourages team members to recommend regular safety improvements at our facilities and yards. This focus leads to continual engagement with, and improvements to, our facilities' safety culture. The FedEx Ground Stop Work Authority program empowers team members to stop activities that could create an unsafe environment, and we continue to refine team member engagement programs that focus on safe behaviors.

## Vehicle and driver safety

Across our enterprise, driving is a core responsibility for many of our team members. In addition to providing best-in-class training and procedures, we equip our vehicles with innovative safety technologies that reduce the potential for incidents and protect the safety of our people and the communities with whom we share the road. Our commitment to safety makes our vehicles safer and more ergonomically comfortable while helping to make the roads safer for other drivers and pedestrians.

As our vehicle fleet grows, we replace older vehicles and strive to procure new vehicles that improve both our safety performance and fuel efficiency. For instance, the rollout of our electric fleet not only supports our climate ambitions, but also includes innovative road safety technologies, such as audible turn-by-turn directions to prevent drivers from looking at a screen for navigation assistance, auto-docking technology, GPS tracking to improve route safety, and video event data recorder (VEDR) technology. Electrification of our fleet also lowers harmful air emissions, supporting improvement of overall team member and community health.

We continue to roll out VEDR technology across our operating companies to enhance safety for drivers and others on the road. VEDR technology enables team members and managers to review near misses or incidents and discuss what went well and what could be improved. We are also exploring emerging technologies, including autonomous driving technologies, to further enhance the safety of our team members and communities. We rely on both new technology and improving driver practices to improve our safety performance.

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# Human resource management

At FedEx, our success depends on the talent, dedication, and well-being of our people. As we grow, we strive to recruit, retain, develop, and provide advancement opportunities for our team members. We continually work to make FedEx a diverse, inclusive, equitable, and growth-focused workplace where all team members have the opportunity to flourish.

Our team members are playing a crucial role throughout the COVID-19 pandemic and its global response, delivering critical relief to our customers and communities around the world. We provide quality benefits and resources to support team member mental and physical well-being during this difficult time.

## Talent acquisition and engagement

Various stay-at-home orders and the movement of PPE and medical supplies across the globe led to unprecedented demand for shipment and logistics services in FY20. To support this volume and keep commerce flowing, we grew our global workforce by 12% this year. We continually evolve our talent attraction programming to support our workforce now and into the future.

We use a variety of creative strategies to attract top talent, including engaging people through social media platforms, using data analytics to support our recruitment and retention strategies, conducting structured internship programs, and reaching out to candidates from non-traditional pathways.

We also connect our talent attraction approach with our philanthropic initiative efforts where possible. This includes initiatives to provide education, job training, and employment resources to people in underrepresented communities. Read more about our diverse recruitment initiatives in the [Diversity, equity, and inclusion](#) section.

# 303,906

full- and part-time team members hired globally in FY20.

Every day, we work hard to earn and maintain the loyalty of our team members by creating a workplace culture that supports their aspirations and provides benefits and opportunities to support their quality of life and development. Globally, FedEx hired 303,906 full- and part-time team members in FY20. Turnover for part-time team members, primarily package handlers, was 132%, while full-time team member turnover was 17% in this period. For details about employee recruitment and retention, including turnover by gender year-over-year, see the [Data appendix](#).



## Communicating operational changes

We notify all impacted team members of operational changes as soon as practical as part of our commitment to comply with all required notice periods set forth in the U.S. Department of Labor Worker Adjustment and Retraining Notification Act (WARN) and local, state, and country-specific laws, due to requirements and mandatory (minimum) notice periods in several European countries. FedEx Express International only implements operational changes after engagement with relevant works councils and employee representatives.

In January 2021, FedEx Express announced a workforce reduction plan in Europe as it nears the completion of the network integration of TNT. These proposals are part of a wider, multi-year growth strategy that enables the FedEx Express European business to confidently build on the momentum created in recent years. For more information please read [the official press release](#).

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We value feedback from our team members, looking to understand their concerns and expectations and, where possible, acting on them. We provide several avenues to listen to and engage with our team, including annual surveys, employee networks, and direct feedback. These engagements strengthen relationships, improve work experiences, and build a more productive workplace for everyone. FedEx conducts annual engagement surveys to measure employee satisfaction on Culture, Engagement, and Diversity and we share the results with senior leaders to inform leadership development plans and additional changes as needed. As part of our culture work stream outlined in the introduction to this chapter, we continue to evaluate more effective and efficient ways to hear from all our employees and implement their feedback.

FedEx believes in compensating and treating our employees in a fair manner and recognizes and respects the right of employees to unionize. The pilots of FedEx Express are represented by the Air Line Pilots Association, International (ALPA) and are employed under a collective bargaining agreement that took effect in 2015. The collective bargaining agreement is scheduled to become amendable in November 2021. In addition to our pilots at FedEx Express, some FedEx Express employees outside the U.S. are unionized. For all of our employees under a collective bargaining agreement, we provide them a copy of their collective bargaining agreement along with access to all other FedEx work rules, and we regularly meet with union representatives to discuss, and where appropriate to bargain, changes to work rules.

## Quality of life

We provide our team members with competitive healthcare, wellness, retirement, and other benefits to support their quality of life and enable them to thrive in the workplace.

All eligible full-time and part-time team members and their eligible dependents receive competitive health benefits. In the U.S., we cover approximately 70% of total eligible health and disability costs for part- and full-time employees at the plan level for our approximately 219,000 participating team members, as of January 2021. This suite of health benefits includes flexible options in medical, behavioral, dental, vision, and pharmacy coverage with enhanced member support services.

In 2020, we promoted our free telemedicine benefits, which were critical in enabling team members to connect remotely with medical professionals for personalized healthcare during the COVID-19 pandemic. From FY19 to FY20, use of our telemedicine benefits increased 265.3%. In addition to telemedicine benefits, we make available to team members digital tools that help them see account balances, find in-network care, understand their benefits, and participate in programs to support their health and well-being. This year, we also debuted a new healthcare advocate program called Choose Well Care Connect to help our team members navigate the complex healthcare system. Now, if an employee has a healthcare need, they can work with a single point of contact through talk, chat, or web rather than having to go through a call center, specific doctor, or insurance appeals process with various benefit vendors.



The events of this past year took an unprecedented toll on the emotional and mental welfare of many. To support team members' mental health, we offer 24/7 confidential counseling services to employees, eligible dependents, and all household members, even if they are not participating plan members. We frequently communicate with employees on how to access these resources to promote their use across the enterprise, with an increased focus on mental health resources this year.

Additional wellness programs touch on a variety of other areas, including exercise and weight management, healthy eating, stress management classes, and tobacco cessation, which reinforce our approach of holistic support for our people. FedEx offers a Work-Life Balance Program to all U.S. team members where they can access specialists and online resources for advice and support on life challenges, including parenting, childcare, and financial matters. FedEx also supports families with paid parental leave and financial assistance with adoptions. The FedEx Purple Ribbon program provides financial assistance to eligible employees and their immediate family members who are affected by a catastrophe, sudden personal crisis, or tragedy. In FY20, FedEx awarded \$217,149 to team members through the program.

In addition, we offer competitive retirement benefits to eligible U.S. team members. Eligible employees hired on or after January 1, 2020, and certain existing employees participate in an all-401(k)-plan retirement program, which will be enhanced effective January 1, 2022, to provide a higher company matching contribution of up to 8% of compensation. We offer pension plans to certain eligible employees in addition to a 401(k) plan with a match of up to 3.5%. In 2021, pension plan participants will be given the choice of staying in the pension plan and the 401(k) plan with a company matching contribution of up to 3.5% of compensation or moving to the all-401(k)-plan structure with the enhanced match of up to 8% of compensation. We also continued to engage employees to increase retirement plan participation through eight benefits fairs and 60 retirement education seminars in FY20.

Due to the COVID-19 pandemic, many of our team members moved to remote work settings. Through our engagement surveys, we found that many expressed a desire to continue working from home. We plan to re-evaluate how and where team members work to provide flexibility, increase effectiveness, and optimize our workspaces.

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## Learning and development

As our team members commit to delivering the Purple Promise, we remain committed to providing all our people with learning and development opportunities to advance their careers at FedEx. Training and development begins with our enterprise-wide content for new employees—Core New Employee Orientation—which provides a consistent onboarding experience across our operating companies on topics such as safety, security, compliance, sustainability, and DEI. We continue to use virtual and augmented reality learning tools to provide team members with experiential, interactive learning opportunities. This year in particular, these tools provided team members with the ability to learn new skills while following COVID-19 health guidelines.

To supplement our holistic learning approach, the FedEx Learning Center offers a digital learning experience accessible to all team members. The FedEx Learning Center, which provides more than 25,000 online courses, enables a more efficient and convenient learning experience. For details about management and non-management training hours, see the [Data appendix](#).

Beyond training opportunities, we provide ongoing career development tools, opportunities, and education for all full-time employees. Each operating company designs and manages its own leadership and development programs in support of its unique needs. For example, FedEx Custom Critical offers the ASPIRE program for hourly employees who strive to join the leadership ranks.

The program includes experiential learning, coaching, core and elective courses, and volunteering-based development opportunities.

The Global Leadership Corps (GLC) is another intensive FedEx enterprise-wide learning experience aimed at exposing high performing FedEx employees to “next generation” ways of doing business: emerging markets, virtual and global teams, diverse cultures, working outside the traditional office, and increased public expectations for sustainable business practices. Between February 7 and March 7, 2020, 16 participants spent four weeks in Bangkok, Thailand, serving as consultants to four local social enterprise organizations, contributing 3,840 volunteer hours through pro-bono consultation. Through intensive collaboration, these team members utilize their diverse experience and skillsets to help equip their clients with strategic business plans and processes to help them better serve their communities.

To give employees greater direction in their career development, many operating companies have replaced annual performance reviews with more frequent coaching and feedback. This shift to ongoing coaching and feedback provides even greater opportunities for employees to drive their performance and career development. For instance, at FedEx Ground, employees are in charge of setting their own goals and collecting feedback with the help of their manager through the performance management program, Gaining Ground. Across the company, managers received training through various programs to support employees through effective coaching.

As we provide team members with learning and development programs, it is also essential to provide advancement opportunities to maintain an engaged workforce. In FY20, we created our Enterprise Careers Portal, which, at this time, provides team members the opportunity to apply for jobs internally throughout the company.

FedEx is committed to supporting team members who wish to pursue higher education in a variety of ways. Throughout our enterprise in FY20, we provided a combined \$15,284,079 in tuition assistance to 9,961 employees to further their education. In addition, Learning inspired by FedEx (LiFE)—a collaboration between multiple FedEx operating companies and The University of Memphis—allows many employees the opportunity to earn a tuition-free, fully online degree. Eligible employees include all U.S.-based FedEx Logistics employees, all Memphis-based FedEx Supply Chain employees, and FedEx Express employees at 16 major hub locations in the U.S. Currently, we have nearly 1,000 active participants, with plans to open up the program to more employees in the future.

# \$15,284,079

provided in tuition assistance to 9,961 employees to further their education.

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## Diversity, equity, and inclusion

At FedEx, we believe that DEI delivers a better future for all team members, customers, suppliers, and communities. This year, we added equity to the title of our enterprise-wide efforts, formalizing our commitment to creating a workplace where everyone has fair treatment and equal opportunity to succeed.

Each FedEx operating company maintains a dedicated team to support DEI across the company. Representatives from each operating company also participate in our enterprise-wide DEI Corporate Council, where they share best practices and support multicultural programs in the communities we serve. The Council works to increase business performance, innovation, and employee engagement by fostering a culture of DEI across the enterprise.

In 2020, FedEx Express created a Global DEI Governing Board to oversee DEI efforts throughout the FedEx Express operating company. This Board also supports our U.S.

and international regional diversity councils, which work to address local DEI issues in support of the global strategy. FedEx Services and FedEx Corporation also maintain a DEI Executive Steering Committee to develop DEI strategy, oversee DEI efforts, and drive engagement. At FedEx Ground, a cross-functional group of officers and directors make up the Inclusion Leadership Council in order to set and drive strategic and tactical DEI efforts.

This year, we also established four consistent, strategic pillars across our enterprise to frame our DEI work and share our progress: Our People; Our Education and Engagement; Our Communities, Customers and Suppliers; and Our Story. While we provide a consistent framework for DEI, each operating company structures and operationalizes its approach separately to account for regional differences in regulations and cultures.

DEI is foundational to our FedEx Cares program. It undergirds all of our philanthropic focus areas and efforts. Details are available on [fedexcares.com](https://fedexcares.com).





## Diversity starts at the top

The FedEx Board of Directors includes 12 directors, four of whom are women and three of whom are ethnically diverse. Women represent 25% of FedEx management employees globally, while 38% of management employees in the U.S. are minorities.

# 25%

of FedEx management employees globally are women.

# 38%

of FedEx management employees in the U.S. are minorities.

## Our people

Across our operating companies and in cooperation with key organizations, we recruit, retain, develop, and provide advancement opportunities for team members from a variety of backgrounds to build a workforce reflective of the world and communities we serve. For example, FedEx participated in seven enterprise recruitment events in the first half of FY21 focused on increasing the diversity of our external applicant pools with the Society of Hispanic Professional Engineers, the National Society of Black Engineers, the Society of Asian Scientists and Engineers, and others. Our operating companies reviewed and updated several policies this year in support of our DEI strategy. FedEx Express launched a review of current selection policy and processes to identify opportunities to increase diversity in staff groups and management positions. In FY21, FedEx Ground launched an internal workforce development program—Purple Pathways—focused on developing the skills and knowledge for our most diverse employee populations, front-line managers and package handlers. FedEx Ground also piloted Diversity Hiring Checks and Pool Hiring processes, which provide tools and process enhancements to increase diversity in applicant pools and on interview panels.

As part of our commitment to equity, we conduct periodic benchmarking analyses to ensure our pay remains competitive. In addition, FedEx regularly assesses internal pay equity. In each pay analysis, we adjust for job tenure, region, performance, and other variables that can influence pay over time.

## Our education and engagement

We strive to create a workplace that has the right accountability, infrastructure, and resources to foster a culture where all team members feel included. We continue to develop and share resources, training, and regular communications to enrich, expand, and enhance our culture.

Across our organization, FedEx team members can participate in business resource teams (BRTs), employee networks, and affinity groups that build supportive communities, create connections, and help recruit, develop, and retain talent through programs and events. Numerous networks are available to team members, including, but not limited to, Women in Leadership, Black Professionals Network, All-Generations, Multi-Ethnic Leadership Community, Asia Network, LGBT & Friends, Military Veterans, Growing Professionals, Parents Working Together, and many others.

We are increasing education for team members, including new micro-learning DEI content accessible across FedEx Freight, FedEx Services, FedEx Corporate, FedEx Express, and FedEx Ground. Programs include subjects such as unconscious bias, which is offered in sessions to Officers and Directors as well as all team members through online course content. A speaker series titled “Real Talk” was launched for global officers and directors on topics such as allyship, unconscious bias, and courageous conversations as part of the DEI education platform. In Latin America, FedEx Express also started an “Outspoken Zoom Series,” where speakers focus on the value that LGBTQ+ employees and allies bring to our workplace.

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## Our communities, customers, and suppliers

FedEx serves and supports our communities, customers and suppliers in creating a more inclusive and equitable society. In FY20, we contributed more than \$5 million to non-profit organizations working on DEI in business and the community. Through [FedEx Cares](#), we support programs that offer training, mentoring, networking, and access to capital for women and minority entrepreneurs, providing them the tools they need to succeed.

We provide more than \$1 million annually in scholarships and leadership development programming in the U.S., namely through seven scholarship funds—American Indian College Fund, APIA (Asian and Pacific Islander American) Scholars, Hispanic Scholarship Fund, Marine Corps Scholarship Fund, Point Foundation, Thurgood Marshall College Fund, and United Negro College Fund.

We also have endowed scholarships at Tennessee State University, Jackson State University, and LeMoyne-Owen College.

The funds provide scholarships that range from \$1,000 to \$25,000 annually for over 120 college and university students across various STEM, business, and specialist disciplines. We also launched the second semester of Boardroom Experiences at FedEx Freight, a program that provides students at historically black colleges and universities (HBCU) exposure to corporate culture through engaging with different executives.

The COVID-19 pandemic impacted some students at HBCUs financially and in the classroom. To help, FedEx pledged to donate \$5 million to four HBCUs near our home base in Memphis—Jackson State University in Jackson, Mississippi; LeMoyne-Owen College in Memphis, Tennessee; Mississippi Valley State University in Itta Bena, Mississippi; and Tennessee State University in Nashville, Tennessee.

A portion of the multi-year commitment will provide relief support to help students, faculty, and staff who suffered adverse economic impact due to COVID-19. According to the schools, the support will be incredibly helpful for students and families who have faced financial hardships during the pandemic. The schools will also use the funds to help prepare students for the workforce beyond formal education.

We deliver value to our small business customers in several ways including the FedEx Small Business Center and the Small Business Grant Contest. The Small Business Center is a site with a best-in-class user experience which allows customers to easily access customized information for their business, where they are. The Small Business Grant contest awards cash grants and FedEx Office print and business services. In FY20, twelve winners received a total of \$230,000 in grants and \$22,500 for FedEx Office print and business services.

FedEx recognizes DEI should be reflected in every area of our supply chain. Our formal Supplier Diversity program launched in 1992, and since then, we have been committed to working directly with diverse businesses that are competitive in quality, service, and cost. To learn more about our Supplier Diversity program, please see [Our supply chain](#) section of this report.

## Our story

FedEx continues to amplify the stories of our people and celebrate their differences to promote and strengthen our DEI efforts across the enterprise. Our virtual DEI Depot makes it easier for team members to find and use DEI resources, and to raise awareness of our efforts and share team member stories. We also distribute the DEI Download, a quarterly newsletter focused on ongoing DEI initiatives, to FedEx Services and FedEx Corporate management. The DEI Download provides helpful insights and resources to managers to encourage DEI within FedEx teams.

See our [DEI webpage](#) for more information on our DEI programs. See the [Data appendix](#) for FedEx global headcount by gender, U.S. percent workforce diversity, and global percent generational diversity.

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# Governance

## Governance framework

As reflected in our Corporate Governance Guidelines, the FedEx Board of Directors believes that strong, independent leadership is a critical aspect of effective corporate governance. The Board seeks a diverse blend of experience and perspectives, institutional knowledge and personal chemistry, and directors who will provide sound and prudent guidance with respect to all of the company's operations and interests. We also are committed to having a Board whose membership reflects a diversity of gender, race, ethnicity, age, and background. Currently, four members of the Board are females, and three Board members are ethnically diverse.

## Risk management

At FedEx, we understand ESG topics may create long-term risks for our business. Our Enterprise Risk Management (ERM) program identifies and evaluates top risks—including ESG risks—across the company. The ERM process uses a consultative approach that solicits input from senior leadership teams at each major operating company. Identified risks are classified into five categories—External, Strategic, Operational, Financial, and Compliance—and are prioritized based on likely financial impact, probability of occurrence within the next fiscal year, and amount of residual risk remaining to the organization. The ERM team reviews and finalizes risks, and top risks are shared with both the full Board of Directors and the Audit Committee at least annually, with significant changes shared quarterly. For more information about our Board oversight of ESG topics, please refer to the [Global ESG governance](#) section of this report.

We continually review our risk management processes to further strengthen our business against future risks. We are exploring how to further integrate ESG risks—including climate- and diversity-related risks—into our ERM process.

# Corporate integrity and compliance

## Governance

The FedEx Board of Directors and management team are committed to achieving and maintaining a culture of, and reputation for, the highest levels of ethics, integrity, and reliability. Our Board of Directors has delegated to its Audit Committee the responsibility to review and discuss with management the company's compliance and ethics programs, including the Code of Conduct and the employee hotline program, the FedEx Alert Line. The FedEx Corporate Integrity and Compliance department—led by our Chief Compliance Officer—provides best practices, tools, guidance, communications, and training to team members across the enterprise. Each FedEx operating company is responsible for maintaining compliance with regional and sector-specific legal and regulatory requirements.

## FedEx Code of Conduct

The [FedEx Code of Conduct](#) serves as the foundation of our corporate integrity and compliance program, and applies to every FedEx officer, director, and employee. Our officers, directors, and managers are responsible for promoting the principles within the Code and fostering a culture of ethical conduct.

The Code provides guidance and helps team members understand how to adhere to relevant laws, ethical standards, and FedEx values. We regularly review and update the Code to ensure it remains engaging and accessible to our global team members, with relevant scenarios and examples of how to apply the Code in our day-to-day work.

The Code covers a breadth of topics, including workplace health, safety, and environment; international trade controls; human rights; money laundering prevention; equal opportunity and anti-harassment; conflicts of interest; improper payments and bribes; gifts and entertainment; and data security and privacy.

We provide regular training to team members on these and other Code topics. Every new hire is introduced to the Code through online training, orientation, or manager discussions. In FY20, we launched new online compliance courses to better engage and effectively communicate with team members working virtually. Managers are provided with resources and talking points to discuss the Code with team members who do not have regular access to computers. Depending on their responsibilities and the associated risks they face, team members may receive more detailed training. Our Corporate Integrity and Compliance team provides best practices and guidance to each of our operating companies on the Code, and each operating company implements its own communications plan for the Code based on local operating environments and languages.



FedEx Corporation annually surveys officers, directors, and senior managers at all FedEx operating companies regarding Code and integrity risks. This survey, known as the FedEx Code of Conduct Questionnaire (“Questionnaire”), has been used for over 20 years. The Questionnaire requires the participants to certify that they have read the Code, are aware of their duty to report violations of the Code to FedEx, have discussed the Code with their direct reports, have instructed their direct reports to report possible violations of law, and have exercised appropriate supervision to ensure compliance with the Code. The Questionnaire is a valuable tool for FedEx Legal, Internal Audit, and the Corporate Integrity and Compliance department to identify corruption and internal control risks.

Our commitment to doing the right thing depends on our team members’ being comfortable in reporting any suspected violations of law or unethical conduct, and our leaders’ abilities to set the proper tone and address suspected violations promptly, with care and respect. Any team member that knows of or suspects a violation of the Code, any law or regulation, or FedEx policy must report the matter to a manager, Human Resources, FedEx Legal, Security, or the FedEx Alert Line, a 24-hour, confidential hotline available online or via telephone, with translations in more than 35 languages. Our policy against retaliation encourages employees to come forward to report concerns in good faith. When a matter is reported to a manager or Human Resources, the concern is reviewed to determine whether it should be escalated to the Legal department. The Legal department also has criteria for further escalation, if necessary, to Legal department management.

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## Global policies

We have additional policies that specify our requirements and expectations on a range of integrity and compliance matters. We develop and update these policies when we identify a need for employee clarification, the emergence of new laws or regulations, or other external factors. In 2020, we updated our [Global Anti-Corruption Policy](#) and [Global Antitrust & Competition Law Policy](#) in response to new laws enacted around the world and to better communicate the principles in these policies to our team members. We routinely update the language in our policies, and how we present information, to ensure our team members understand the risks they face in their jobs, and steps they can take to mitigate those risks and report potential problems.

Our [Global Anti-Corruption Policy](#) provides guidance to team members regarding our prohibition on bribes or corruption of any kind throughout our organization. Anti-corruption training is required for team members who have higher risk roles or work in higher risk locations.

Our [Global Conflicts of Interest Policy](#) provides guidance to team members about the types of activities and relationships that could lead to a conflict of interest with FedEx. Conflicts can arise from things like hiring or supervising family, relationships with vendors, dating at work, or having a side business or second job.

We maintain a program to ensure our third-party suppliers and contractors adhere to requirements and expectations for ethical and compliant behavior at all times.

Our third-party compliance program is based on risk and begins with background due diligence before we engage certain third parties. Depending on the level of risk, program requirements include due diligence questionnaires, investigatory due diligence, contractual anti-corruption representations and warranties, annual certifications of compliance, anti-corruption training, ongoing watch list monitoring, and other practices to mitigate risks. In some circumstances, our third parties are subject to internal audits and business reviews.

Our commitment to human rights is an important part of our Code of Conduct. We are committed to protecting and advancing human rights in our operations around the world. We pay fair wages and comply with wage laws in all the countries where we operate and we require our third parties and suppliers to uphold these important principles. We prohibit the use of child, compulsory, or forced labor, and we share the zero-tolerance policies adopted by the United States and other governments against slavery and human trafficking. We prohibit the trafficking of persons for any purpose and trafficking-related activities, and we expect the same from our suppliers and contractors. We provide training to educate, equip, empower, and mobilize select team members in this effort. Our [Policy Prohibiting Trafficking in Persons](#) provides more information about this commitment.



In 2020, we launched a new public-facing website, [Corporate Integrity & Compliance](#), featuring our Code of Conduct and all our global policies. The new website allows customers and other stakeholders to easily access some of our key policies that govern our ethical behavior to ensure customers can trust us with their shipments.

### Our Integrity and Compliance policies

- » [Code of Conduct](#)
- » [Global Antitrust and Competition Law Policy](#)
- » [Policy Prohibiting Trafficking in Persons](#)
- » [Global Conflicts of Interest Policy](#)
- » [Policy on Political Contributions](#)
- » [Global Gifts and Entertainment Policy](#)
- » [Global Anti-Corruption Policy](#)
- » [Global Privacy Policy](#)
- » [Social Media Guidelines](#)

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# Cybersecurity and data privacy

Our customers rely on our ability to securely and reliably deliver their packages, including providing a safe, secure online environment. Protecting the privacy of our customers, vendors, and team members is essential to maintaining their trust, and we take a proactive approach to safeguard all personal data and ensure a secure environment. The FedEx Board of Directors has delegated to the Information Technology Oversight Committee the responsibility to review and discuss with management the company's cybersecurity and technology-related risks and the technologies, policies, processes, and practices for managing and mitigating such risks.

With the increasing presence and sophistication of online threats, we must ensure continuous improvement to protect our business and our customers. In FY20, we assembled a cross-functional leadership team co-led by members of our Information Security and Physical Security departments to review and evaluate our enterprise-wide cybersecurity efforts and risks. The leadership team includes representatives from our Corporate Integrity and Compliance, Legal, and Government Affairs departments.

This team oversaw the creation of response playbooks that established FedEx processes for responding to potential events, including data breaches and ransomware attacks. We are also developing new policies and processes that govern data-deletion procedures across FedEx.

We regularly review our practices and policies to ensure we maintain compliance with all relevant regulations. Our Global Privacy Office is responsible for global compliance with regulations. In FY20, we made adjustments to align with new state privacy laws in the United States. We also began preparing for other new regulations, including Brazil's General Law for the Protection of Privacy and South Africa's Protection of Personal Information Act. We have expanded our internal privacy governance network to better identify privacy risks and implement privacy policies and controls.

The [FedEx Trust Center](#) website highlights our Global Privacy Policy, along with information about how we protect customer privacy and resources to help our customers identify, report, and mitigate risks. We do not sell customers' personal data to third parties.

Additionally, FedEx employees with a computer are required to complete an annual online training course on information security and data privacy. The course addresses a range of topics related to information security and data privacy, including awareness regarding social engineering and cybercrimes, protecting the workplace, and protecting data.

## FedEx Data Privacy Day

We hosted our first annual FedEx Data Privacy Day in January 2020 and our second annual event in January 2021. The 2021 event, hosted by our Corporate Integrity and Compliance department, was held virtually and welcomed all FedEx employees to learn more about cybersecurity and privacy. The event was kicked off with a keynote speech from our Chief Information Officer and included panels and break-out sessions on topics such as data governance, phishing, incident response procedures, and protecting cloud-based data. In total, more than 1,500 employees attended the 2021 event.

# Public policy and advocacy

Around the world, FedEx is committed to delivering possibilities to help our customers to grow, our team members to succeed, and our communities and planet to thrive. Our commitment is reflected not only throughout our operations, but also in our public policy goals.

*We are active participants in the political process and members of various trade associations to promote and protect the economic future of FedEx and our employees, customers, and shareholders.*

At the global level, we advocate for public policies that encourage free trade and support solutions that address trade barriers. We believe that a zero-tariff, zero-subsidy global trade environment remains the most powerful economic growth engine, and we continue to push for policies that stimulate rather than depress global trade. With a global government and regulatory affairs structure that aligns and consolidates our regional approach to regulatory and policy advocacy, we are positioned to track trade-related developments across key markets and to support global trade through advocacy work and free trade agreements.

We are active participants in the political process and members of various trade associations to promote and protect the economic future of FedEx and our employees, customers, and shareholders. We are subject to extensive regulation at the federal and state levels and have practices in place to ensure the appropriate disclosure and oversight of our activities. Our independent Nominating & Governance Committee assists the Board of Directors in its oversight of FedEx political activities. The Committee reviews and discusses with our Executive Vice President, General Counsel and Secretary, at least annually, the company's political activities, including political spending and lobbying activities and expenditures. The Committee periodically reviews and discusses with management our Policy on Political Contributions and approves any changes to this policy.

We remain engaged with state-level efforts related to legislation on personal delivery devices, such as Roxo™, the FedEx SameDay Bot, that support the deployment of zero emission, environmentally friendly, local transportation solutions. At the federal level, we continue to support the modernization of federal transportation equipment standards to include twin 33-foot trailers. Updates to this standard would reduce our truck trips, fuel use, and GHG emissions across our FedEx Freight and FedEx Ground operations.



## Our supply chain

As the COVID-19 pandemic affected supply chains globally, we continued to work with each of our suppliers to keep commerce flowing around the world. The FedEx Services Supplier Relationship Management (SRM) team leads our efforts to manage critical supply chain risks—especially those inherent in extended supply chains—through a consolidated set of policies, tools, and governance practices. We work to mitigate the most significant risks by working closely with our suppliers and focusing on those suppliers critical to our business success. The SRM team is also responsible for advancing supplier diversity and sustainability.

We expect all our suppliers, including independent transportation service providers, to uphold the principles in our Code of Conduct and to aspire to meet our ESG commitments. We include sustainability-related questionnaires in our requests for qualifications and proposals (RFx) in core categories. During FY20, we screened 92.6% of potential and current Sourcing-managed suppliers with sustainability RFx questions, an increase of 6.8% over the previous year. To further our supplier sustainability efforts, we include sustainability-related contract language in our new or amended contracts and the expectation to uphold the FedEx Code of Conduct. This language addresses supplier performance in environmental, social, labor, and human rights areas, including child and forced labor. We continued to include ESG criteria in 100% of supplier scorecards.

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The SRM team collaborates with FedEx internal stakeholders across the value chain to drive sustainability and diversity into our supply chain. This includes mechanisms to ensure we use sustainable products and the products deliver the expected sustainability benefits. The SRM team provides FedEx operating companies with a system to submit sourcing concerns, such as receiving an incorrect product or a product that cannot be used as planned. In addition, we maintain an internal Sourcing Sustainability Impact Team that shares learnings, best practices, and benchmarking findings for continuous improvement. As founding members of the Sustainable Purchasing Leadership Council (SPLC), we remain actively involved in the SPLC's Strategic Advisory Committee. We align our sourcing criteria and metrics for sustainability with SPLC recommendations that follow ISO 20400 guidance across all our operating companies. This program includes supplier risk screening, training, and guidelines for sustainable procurement.

*We remain committed to helping lift local economies by investing in people and communities where we live and work.*

We remain committed to helping lift local economies by investing in people and communities where we live and work. In the U.S., this includes seeking diverse suppliers and strengthening our supply chain by sourcing from small, minority- and women-owned businesses. During FY20, our continued support of diverse suppliers helped to keep their businesses going during the COVID-19 pandemic. In our U.S. operations, we participate in alliances, industry associations, learning opportunities, and other events to help entrepreneurs build capacity and develop their full potential. In FY20, we procured \$13.3 billion in goods and services from diverse and small-business suppliers in the U.S. Of that \$13.3 billion, 7% was spent with women-owned businesses and 12% was spent with minority-owned businesses. The remaining 81% was spent with other small-business suppliers.

Our FedEx Cares program is committed to helping entrepreneurs everywhere succeed through our Global Entrepreneurship focus. Women- and minority-owned businesses face disproportionate challenges to accessing the tools, networks, training, and capital needed to transform an idea into a successful enterprise. We want to help change this by connecting entrepreneurs—especially women and minorities—to the resources they need to stay in business, create new jobs, support their families, and contribute to thriving communities. We invest in training, mentoring, networking, and access to capital programs that help small business owners navigate the complex set of challenges they face.



## FedEx Express Europe sustainable sourcing and procurement

In support of our overall Corporate Sustainability Strategy, FedEx Express Europe developed a strategy that uniquely helps address sustainability issues in Europe. This approach enables a focus on innovations that address the European market, considering factors such as regulations and customer expectations. The FedEx Express Europe sustainability strategy is supported by a cross-functional team and a suite of ambitious projects across our air network, fleet, City Logistics, innovation, properties, HR, and Procurement work streams.

Our suppliers and subcontractors represent a significant part of our European environmental footprint, and we are collaborating with them to help achieve our sustainability ambitions.

- » Risk assessment & monitoring: Supplier Audit Program—Supplier self-assessments and third-party supplier sustainability ratings address sustainability risks and development opportunities
- » Strategic supply chain development: Supplier Sustainability Collaboration Projects—Enabling innovative solutions and new business models with selected suppliers to optimize our common sustainability and circularity performance
- » Procurement Process Embedding—The Sustainability toolkit and Sustainable Procurement Reporting enable our community to embed sustainability in its operational procurement activities

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## Environment

Direct and indirect energy consumption (terajoules)	FY18	FY19	FY20
<b>Direct energy consumption</b>			
Aircraft fuel			
Jet fuel <sup>1</sup>	168,804	172,446	173,173
Vehicle fuel <sup>2</sup>			
Diesel	42,989	43,081	40,701
<i>Renewable biodiesel (percent of total diesel)<sup>3</sup></i>	<i>4,019 (9.35%)</i>	<i>3,975 (9.23%)</i>	<i>3,574 (8.78%)</i>
Gasoline	3,385	3,517	3,032
<i>Renewable ethanol (percent of total gasoline)</i>	<i>2.3 (0.07%)</i>	<i>2.8 (0.08%)</i>	<i>1.9 (0.06%)</i>
Liquefied petroleum gas (LPG: propane)	954	1,030	1,116
Liquefied natural gas (LNG) and compressed natural gas (CNG)	156	149	224
Facility energy use			
Natural gas	6,797	7,808	7,114
Heating oil	38	33	18
<b>Total direct energy consumption (terajoules)</b>	<b>223,123</b>	<b>228,064</b>	<b>225,378</b>
<b>Indirect energy consumption</b>			
Facility purchased energy use			
Purchased electricity	8,461	8,077	8,227
Purchased heating	N/R	0	63
Purchased cooling	2	0.5	0.3
<b>Total indirect energy consumption (terajoules)</b>	<b>8,463</b>	<b>8,077</b>	<b>8,290</b>
<b>Total direct and indirect energy consumption (terajoules)</b>	<b>231,586</b>	<b>236,142</b>	<b>233,668</b>
<b>Other indirect energy consumption</b>			
Contracted transportation <sup>4</sup>	38,179	41,969	45,777
<b>Total other indirect energy consumption (terajoules)</b>	<b>38,179</b>	<b>41,969</b>	<b>45,777</b>
<b>Total energy consumption (terajoules)</b>	<b>269,765</b>	<b>278,111</b>	<b>279,445</b>

<sup>1</sup> Currently none of our jet fuel consumed is sourced from alternative or sustainable feedstocks. See page 12 for progress on our efforts to obtain jet fuel from alternative fuel sources.

<sup>2</sup> Includes a small amount of fuel used for emergency generators at some facilities.

<sup>3</sup> Restated FY19 renewable biodiesel usage and percentage due to overstated data in last year's report.

<sup>4</sup> Includes energy from: (1) fuel sold by FedEx Ground to independent pickup-and-delivery and linehaul contractors through on-site fueling facilities, or purchased by independent linehaul contractors through retail outlets using fleet fuel cards, (2) fuel used by FedEx Freight contractors in Canada, (3) allocated portion of fuel used by commercial interline aircraft carriers in support of FedEx Express international shipping, and (4) fuel used by FedEx Express feeder aircraft contract operators.

Direct and indirect GHG emissions (metric tons CO <sub>2</sub> e)	FY18	FY19	FY20
<b>Direct energy consumption (scope 1)</b>			
Aircraft fuel			
Jet fuel	11,467,497	11,692,918	11,753,275
Vehicle fuel <sup>1</sup>			
Diesel	3,049,466	3,020,199	2,851,263
Gasoline	235,226	242,740	209,246
Liquefied petroleum gas (LPG: propane)	55,432	59,850	64,775
Liquefied natural gas (LNG) and compressed natural gas (CNG)	8,153	7,810	9,131
Facility energy use			
Natural gas	333,844	379,953	346,208
Heating oil	2,765	2,703	1,422
<b>Total direct emissions (scope 1) (metric tons CO<sub>2</sub>e)</b>	<b>15,152,383</b>	<b>15,406,173</b>	<b>15,235,320</b>
<b>Indirect energy consumption (scope 2)</b>			
Facility purchased energy use			
Purchased electricity	1,049,902	995,965	945,229
Purchased heating	N/R	0	3,034
Purchased cooling	85	22	17
<b>Total indirect energy emissions (scope 2) (metric tons CO<sub>2</sub>e)</b>	<b>1,049,987</b>	<b>995,988</b>	<b>948,280</b>
<i>Market-based scope 2 emissions<sup>2</sup></i>	1,049,987	995,988	948,280
<b>Total direct and indirect emissions (scope 1 and 2) (metric tons CO<sub>2</sub>e)<sup>3</sup></b>	<b>16,202,370</b>	<b>16,402,161</b>	<b>16,183,600</b>
<b>Other indirect energy consumption (scope 3)</b>			
Contracted transportation <sup>4</sup>	2,740,531	3,020,239	3,166,191
Team member business travel	80,434	79,054	64,380
<b>Total other indirect emissions (scope 3) (metric tons CO<sub>2</sub>e)</b>	<b>2,820,965</b>	<b>3,099,293</b>	<b>3,230,571</b>
<b>Total greenhouse gas emissions (scope 1, 2, and 3) (metric tons CO<sub>2</sub>e)</b>	<b>19,023,335</b>	<b>19,501,454</b>	<b>19,414,171</b>

<sup>1</sup> Includes a small amount of fuel used for emergency generators at some facilities.

<sup>2</sup> Based on comprehensive assessment performed for FY17, we determined the difference between Location- and Market-based Scope 2 emissions is de minimis at the present time. Therefore, we are reporting the same value for both metrics for FY18–FY20.

<sup>3</sup> Scope 1 and 2 GHG emissions data was [externally verified](#) by Cventure LLC.

<sup>4</sup> Includes emissions from: (1) fuel sold by FedEx Ground to independent pickup-and-delivery and linehaul contractors through on-site fueling facilities, or purchased by independent linehaul contractors through retail outlets using fleet fuel cards, (2) fuel used by FedEx Freight contractors in Canada, (3) allocated portion of fuel used by commercial interline aircraft carriers in support of FedEx Express international shipping, (4) fuel used FedEx Express feeder aircraft contract operators, and (5) contracted intermodal rail at FedEx Freight and FedEx Ground.

<b>Direct and indirect GHG emissions: GHG equivalency breakdown (metric tons CO<sub>2</sub>e)</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
<b>Total direct energy emissions (scope 1)<sup>1</sup></b>			
Carbon dioxide (CO <sub>2</sub> )	14,772,347	15,252,870	15,084,540
Methane (CH <sub>4</sub> )	7,287	5,182	5,587
Nitrous oxide (N <sub>2</sub> O) <sup>2</sup>	160,128	138,380	145,191
<b>Total indirect energy emissions (scope 2)</b>			
Carbon dioxide (CO <sub>2</sub> )	1,042,938	989,008	942,741
Methane (CH <sub>4</sub> )	1,965	2,104	2,287
Nitrous oxide (N <sub>2</sub> O)	5,084	4,876	3,254
<b>Total direct and indirect energy emissions (scope 1 and 2)<sup>2</sup></b>			
Carbon dioxide (CO <sub>2</sub> )	15,815,285	16,241,878	16,027,281
Methane (CH <sub>4</sub> )	9,252	7,286	7,874
Nitrous oxide (N <sub>2</sub> O)	165,212	143,256	148,445
<b>Total CO<sub>2</sub>e (scope 1 and 2)</b>	<b>15,989,749</b>	<b>16,392,420</b>	<b>16,183,600</b>

<sup>1</sup> FY18 data does not include TNT Express vehicle fuel emissions as we did not get those GHGs broken out in that fiscal year. FY18 and FY19 data also does not include vehicle CNG/LNG usage as those GHGs were not broken out separately in those fiscal years.

<sup>2</sup> FY18 data restated slightly due to incorrect data reported in last year's report.

<b>Energy and emissions intensity</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
Consolidated revenue (million U.S. dollars)	\$65,450	\$69,693	\$69,217
Total energy intensity (terajoules/million U.S. dollars)	4.12	3.99	4.04
Total emissions intensity (scope 1 and 2) (metric tons CO <sub>2</sub> e/million U.S. dollars revenue)	247.55	235.35	233.81
Total emissions intensity (scope 1, 2, and 3) (metric tons CO <sub>2</sub> e/million U.S. dollars revenue)	290.65	279.82	280.48

<b>Other significant air pollutants (metric tons)<sup>1</sup></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
Nitrogen oxides (NO <sub>x</sub> )	75,143	74,526	74,550
Sulfur oxides (SO <sub>x</sub> )	10,807	11,050	11,127
Particulate matter (PM <sub>10</sub> )	839	764	736

<sup>1</sup> NO<sub>x</sub> and PM<sub>10</sub> data does not include vehicle fleet outside the U.S. and Canada.

Fuel- and energy-saving initiatives	FY18	FY19	FY20
<b>Energy saved (terajoules)</b>			
FedEx Express aircraft fleet modernization	15,591	19,992	19,490
FedEx Fuel Sense (jet fuel)	13,436	15,571	16,845
FedEx Express vehicle efficiency initiatives	3,401	3,627	4,476
FedEx Freight intermodal rail usage	3,787	4,022	3,324
Facility energy efficiency initiatives <sup>1</sup>	828	918	985
On-site solar electricity generation <sup>2</sup>	76	85	88
<b>Total energy saved</b>	<b>37,119</b>	<b>44,214</b>	<b>45,209</b>
<b>CO<sub>2</sub>e emissions avoided (metric tons)</b>			
FedEx Express aircraft fleet modernization	1,058,368	1,355,852	1,321,430
FedEx Fuel Sense (jet fuel)	912,023	1,054,418	1,055,690
FedEx Express vehicle efficiency initiatives	240,171	255,666	315,519
FedEx Freight intermodal rail usage	296,511	281,278	232,557
Facility energy efficiency initiatives <sup>1</sup>	171,252	179,638	193,492
On-site solar electricity generation <sup>2</sup>	12,504	13,447	13,225
<b>Total emissions avoided</b>	<b>2,690,829</b>	<b>3,140,299</b>	<b>3,131,913</b>

<sup>1</sup> Facility energy efficiency initiatives include building lighting retrofits and energy management systems. FY19 data restated slightly higher due to underreporting of data in last year's report. CO<sub>2</sub>e calculated using the EPA GHG Calculator. FY20 emissions avoided data uses EPA GHG Calculator's updated emission factors.

<sup>2</sup> CO<sub>2</sub>e calculated using the EPA GHG Calculator. FY20 emissions avoided data uses EPA GHG Calculator's updated emission factors.

Global alternative vehicle fleet	FY18	FY19	FY20
<b>Total alternative vehicles</b>	<b>3,873</b>	<b>4,031</b>	<b>4,091</b>
Hybrid	389	350	311
Electric	2,554	2,944	3,078
Liquefied natural gas (LNG) and compressed natural gas (CNG)	331	217	218
Liquefied petroleum gas (propane) <sup>1</sup>	583	515	481
Hydrogen fuel cell	16	5	3

<sup>1</sup> Total does not include LPG/propane-powered forklifts.

Facilities overview	FY18	FY19	FY20
Number of ISO 14001 certified sites <sup>1</sup>	561	606	453
Number of LEED certified buildings <sup>2</sup>	29	33	32
Number of FedEx Freight GREEN site-designated facilities	490	490	489
Number of FedEx Ground EarthSmart Champion-designated facilities	460	460	490

<sup>1</sup> The majority of ISO 14001 certified facilities are at FedEx Express.

<sup>2</sup> Restated FY18 and FY19 data to reflect all FedEx operating companies and global regions. The majority of LEED certified buildings, in FY2020, are at FedEx Express (24), followed by FedEx Ground (6), FedEx Freight (1), and FedEx Office (1).

Solar energy	FY18	FY19	FY20
Number of on-site solar energy systems companywide	23	25	26
Solar electricity generated on-site (kWh)	21,041,856	23,488,859	24,512,386
Emissions avoided by solar sites (metric tons CO <sub>2</sub> e)	12,504	13,447	13,225

Materials consumption	FY18	FY19	FY20
<b>Packaging materials<sup>1</sup></b>			
<b>Total packaging (metric tons)</b>	<b>66,495</b>	<b>57,110</b>	<b>58,964</b>
Percent of packaging from recycled content	41%	45%	42%
Percent of packaging from third-party certified content	55%	68%	80%
<b>Paper</b>			
<b>FedEx Office copy and print paper (metric tons)<sup>2</sup></b>	<b>16,947</b>	<b>16,768</b>	<b>13,933</b>
Percent of paper from recycled content	12%	14%	12%
Percent of paper from third-party certified content <sup>3</sup>	100%	100%	100%
<b>Other operational materials (solids)</b>			
<b>Total other operational materials (solids: metric tons)</b>	<b>18,879</b>	<b>19,580</b>	<b>21,204</b>
Percent of other operational materials (solids) from recycled content	61%	65%	66%
<b>Total solid materials used (metric tons)</b>	<b>109,630</b>	<b>93,458</b>	<b>94,100</b>
<b>Other operational materials (fluids: liters)<sup>4</sup></b>	<b>6,565,694</b>	<b>6,460,394</b>	<b>4,105,511</b>

<sup>1</sup> In addition to cardboard, other materials used in shipping include bubble pack, plastic air pillows, chipboard, Tyvek® envelopes, and packaging tape.

<sup>2</sup> The vast majority of paper usage at FedEx is for commercial copy and print services at our FedEx Office operating company in the U.S. Therefore we are only reporting FedEx Office copy and print paper usage, as we consider paper usage at other operating companies to be immaterial.

<sup>3</sup> Includes FSC, SFI, PEFC, Tree Free, ISO 14001, Green Seal, Wind Power, and Carbon Neutral.

<sup>4</sup> Includes fluids used for deicing aircraft and vehicle fleet maintenance.

<b>Waste and recycling (metric tons)<sup>1</sup></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
<b>Total waste generated<sup>2</sup></b>	<b>291,059</b>	<b>433,848</b>	<b>361,952</b>
Sent to recyclers	228,311	255,757	251,275
Percent sent to recyclers	78%	59%	69%
Landfilled	62,748	178,091	110,677
<b>Non-hazardous waste<sup>3</sup></b>			
<b>Total non-hazardous waste</b>	<b>289,297</b>	<b>430,939</b>	<b>359,831</b>
Sent to recyclers	227,270	254,422	250,260
Percent sent to recyclers	79%	59%	70%
Landfilled	62,027	176,518	109,572
<b>Hazardous waste<sup>4</sup></b>			
<b>Total hazardous waste</b>	<b>1,761</b>	<b>2,909</b>	<b>2,120</b>
Sent to recyclers	1,041	1,335	1,015
Percent sent to recyclers	59%	46%	48%
Landfilled	721	1,573	1,105

<sup>1</sup> Waste at many of our facilities is difficult to track because it is collected by haulers contracted by a landlord or local municipality, or commingled with other tenants' waste in shared facilities such as airports and retail malls, and as such has not been included in this data.

<sup>2</sup> Restated total waste data for FY19 lower due to overreporting of solid (non-regulated/trash) data in last year's report.

<sup>3</sup> Non-hazardous waste data includes the solid waste (non-regulated/trash) and non-hazardous regulated waste categories that were reported separately in previous reports.

<sup>4</sup> Hazardous waste data includes the hazardous (regulated) waste, universal waste (which encompasses certain hazardous waste items, including batteries and mercury-containing lamp bulbs, as defined by U.S. EPA regulations), and electronic waste categories that were reported separately in previous reports.

<b>Environmental compliance summary</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
Number of significant spills <sup>1</sup>	154	171	133
Number of monetary violations from external agencies	3	3	0
Total amount of monetary violations	\$35,840	\$5,280	\$0

<sup>1</sup> Defined as spills of hazardous materials like oil, fuel, and chemicals that are reportable to the appropriate environmental regulatory agency, such as the U.S. National Response Center.

# Social

Global safety data <sup>1</sup>	FY18	FY19	FY20
<b>Injury rates</b>			
<b>Total lost time injury rate (per 200,000 hours worked)<sup>2</sup></b>	<b>3.34</b>	<b>3.47</b>	<b>3.25</b>
North America (U.S./Canada)	3.89	3.99	2.51
Rest of the world (includes TNT Express)	2.21	2.34	2.07
Lost time injuries percent male <sup>3</sup>	66%	66%	64%
Lost time injuries percent female <sup>2</sup>	34%	34%	36%
<b>Work-related fatalities</b>			
Total number of employee fatalities (work-related) <sup>4</sup>	7	10	3
Employee fatality rate (per 200,000 hours worked)	0.002	0.003	0.0008

<sup>1</sup> Does not include independent contractors working on behalf of FedEx.

<sup>2</sup> Global lost time injury rate (LTIR) data is based on definitions from the United States Occupational Safety and Health Administration (OSHA). Restated FY19 LTIR lower due to incorrect data in last year's report.

<sup>3</sup> For percent male and percent female breakouts, FedEx Express Europe, TNT Express, and FedEx Logistics numbers are not included for FY18.

<sup>4</sup> Based on GRI definition: the death of a worker occurring in the current reporting period, arising from an occupational injury or disease sustained or contracted while in the organization's employ.

Headcount by global region	FY18	FY19	FY20
<b>Headcount by geography</b>			
<b>Total headcount</b>	<b>426,530</b>	<b>444,770</b>	<b>499,718</b>
U.S. (percent)	69%	71%	71%
Europe (percent)	11%	11%	12%
Asia Pacific (APAC) (percent)	7%	7%	6%
Latin America, Caribbean (LAC) (percent)	8%	6%	5%
Canada (percent)	3%	3%	3%
Middle East, Indian Subcontinent and Africa (MEISA) (percent)	2%	2%	2%
<b>U.S. headcount by employment status</b>			
Full-time employees: U.S. workforce	169,795	181,940	188,989
Part-time employees: U.S. workforce	123,526	132,501	165,209

<b>Employee hiring and turnover<sup>1</sup></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
<b>New hire data</b>			
<b>Total new hires<sup>2</sup></b>	<b>200,411</b>	<b>307,396</b>	<b>303,906</b>
New hire rate <sup>2</sup>	53%	69%	71%
Male percent of new hires	66%	66%	65%
Female percent of new hires	34%	34%	35%
<b>Employee turnover data</b>			
<b>Total turnover<sup>2</sup></b>	<b>191,917</b>	<b>275,006</b>	<b>280,543</b>
Turnover rate <sup>2</sup>	51%	62%	65%
Male percent of turnover	65%	65%	65%
Female percent of turnover	35%	35%	35%

<sup>1</sup> Does not include TNT Express.

<sup>2</sup> Restated FY19 new hire and turnover data significantly higher due to underreported data in last year's report.

<b>Team member career development<sup>1</sup></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
<b>Total average training hours</b>	<b>19.07</b>	<b>37.51</b>	<b>36.70</b>
Management	38.68	45.67	39.19
Non-management	17.50	36.33	36.11

<sup>1</sup> Does not include TNT Express.

<b>Global headcount by gender<sup>1</sup></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
<b>Total employees</b>	<b>377,226</b>	<b>403,631</b>	<b>428,936</b>
<b>Total male employees</b>	<b>269,824</b>	<b>288,340</b>	<b>303,154</b>
Male percent of headcount	72%	71%	71%
<b>Total female employees</b>	<b>107,052</b>	<b>115,291</b>	<b>125,780</b>
Female percent of headcount	28%	29%	29%
<b>Total management employees</b>	<b>28,559</b>	<b>30,381</b>	<b>23,465</b>
Male percent of management employees	78%	77%	75%
Female percent of management employees	22%	23%	25%
<b>Total non-management employees</b>	<b>348,667</b>	<b>373,250</b>	<b>405,471</b>
Male percent of non-management employees	71%	71%	70%
Female percent of non-management employees	29%	29%	30%

<sup>1</sup> Does not include TNT Express.

<b>U.S. workforce diversity</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
<b>Ethnicity</b>			
Caucasian	49.2%	47.7%	45.1%
Black/African American	29.0%	29.4%	30.7%
Hispanic/Latin	15.3%	15.9%	16.8%
Asian	4.0%	3.9%	3.7%
American Indian/Alaskan Native	0.6%	0.6%	0.6%
Native Hawaiian/Pacific Islander	1.3%	0.5%	0.5%
Other	0.5%	2.0%	2.6%
<b>Diversity in U.S. management</b>			
Minorities in U.S. management	35.5%	36.6%	38.4%

<b>Global workforce generational diversity<sup>1</sup></b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
Under 30 years of age	29%	26%	34%
30–50 years of age	46%	61%	42%
Over 50 years of age	25%	13%	24%

<sup>1</sup> FY18 excludes TNT Express, FedEx Express Europe, and FedEx Express MEISA.

<b>Charitable contributions and volunteerism</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
Total charitable contributions (million U.S. dollars) <sup>1</sup>	\$64.12	\$73.82	\$65.59
Total number of FedEx volunteer hours	81,976	105,845	74,489

<sup>1</sup> Includes direct cash grants, charitable shipping, Corporate Marketing and FedEx Express in-kind donations to non-profit organizations, and team member contributions to annual United Way Campaign.

# Governance

Supply chain	FY18	FY19	FY20
<b>Total number of suppliers participating in RFX event</b>	<b>386</b>	<b>508</b>	<b>230</b>
Total number of suppliers asked sustainability questions in RFX event	300	436	213
Percent of suppliers screened with sustainability RFX questions	78%	86%	93%
<b>Diverse supplier spending (billion U.S. dollars)</b>	<b>\$9.6</b>	<b>\$12.3</b>	<b>\$13.3</b>
Minority-owned businesses (percent of total diverse supplier spend)	15%	12%	12%
Women-owned businesses (percent of total diverse supplier spend)	9%	8%	7%
Other small businesses (percent of total diverse supplier spend)	76%	80%	81%
<b>Minority-owned businesses (billion U.S. dollars)</b>	<b>\$1.40</b>	<b>\$1.50</b>	<b>\$1.60</b>
Minority spend by demographic (percent)			
<i>Hispanic</i>	23%	28%	31%
<i>African American</i>	30%	30%	29%
<i>South Asian Indian</i>	4%	5%	3%
<i>Asian</i>	5%	4%	4%
<i>Other/not disclosed<sup>1</sup></i>	38%	33%	33%

<sup>1</sup> This includes Native American, which was <1% of data reported.



## Cautionary note

Certain statements in this report may be considered forward-looking statements, such as statements relating to management's views with respect to future events and financial performance and underlying assumptions. Forward-looking statements include those preceded by, followed by, or that include the words "will," "may," "could," "would," "should," "believes," "expects," "anticipates," "plans," "estimates," "targets," "projects," "intends," or similar expressions. Such forward-looking statements are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from historical experience or from future results expressed or implied by such forward-looking statements. Potential risks and uncertainties include, but are not limited to, our ability to successfully implement our business strategy, effectively respond to changes in market dynamics and achieve the anticipated benefits and associated cost savings of such strategies and actions; our ability to meet certain goals relating to aircraft emissions, vehicle fuel efficiency, alternative fuels, and renewable energy, and aircraft and vehicle fleet modernization within the currently projected costs and the expected timeframes, including our goal of carbon neutral operations by 2040; the availability of zero emission electric vehicles, alternative fuels, fuel efficient aircraft, and other materials and components; unforeseen production, design, operational, and technological difficulties; the outcome of research efforts and future technology developments, including the ability to scale projects and technologies on a commercially competitive basis such as carbon sequestration and/or other related processes; compliance with, and changes or additions to, global and regional regulations, taxes, charges, mandates, or requirements relating to greenhouse gas emissions, carbon costs, or climate-related goals; labor-related regulations and requirements that restrict or prohibit our ability to impose requirements on third parties who provide contracted transportation for our transportation networks; adapting products to customer preferences and customer acceptance of sustainable supply chain solutions; the actions of competitors and competitive pressures; the pace of regional and global recovery from the COVID-19 pandemic; and other factors which can be found in FedEx Corp.'s and its subsidiaries' press releases and FedEx Corp.'s filings with the Securities and Exchange Commission. Any forward-looking statement speaks only as of the date on which it is made. We do not undertake or assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

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