



The FedEx difference makers

On 15 April 2021, eight of our own were killed and others were injured in a horrific and senseless act of violence. These eight FedEx Ground team members — ages 19 to 74 — were mothers, fathers, sons, and daughters. We continue to grieve their loss and know the lingering sorrow among their families, friends, and colleagues throughout FedEx can never be erased. We are also grateful to our team members who, in one of our company's darkest moments, responded decisively and with compassion to help.

One story that comes to mind is that of FedEx Ground team member, Kelly Shrum. Despite having the day off, when Kelly learned of the tragedy, she immediately made her way to the reunification hotel. Through the night, into the following day and evening, Kelly remained at the hotel, where she relayed critical employee information to the families and loved ones who had gathered. Drawing from a recent loss experienced in her own life, she provided comfort to families through their unimaginable grief. Reflecting on her actions, Kelly says, **"It was just what we as FedEx employees do."**

I know there are many stories like Kelly's, and the team members who provided on-site support in those early days will be forever touched by the events of 15 April. Thank you for embodying the very best of our company's culture when it was needed most.

What we move matters

Since the onset of the pandemic, you've looked out for your FedEx teammates and been a driving force to move the world forward. From historic airlifts of personal protective equipment to your daily — but equally miraculous — contributions under the radar, the world has relied on this FedEx team.

Take for an example, an urgent email that landed in my inbox in January 2020 reading, "Time is of the essence." Researchers at Vanderbilt University Medical Center in Nashville, Tenn., knew blood samples from the earliest COVID-19 patients would be key to unlocking the mysteries of the virus and finding treatments. The only problem? They were 2,400 miles away at a Seattle, Wash., hospital.

These are the opportunities the FedEx team is built for, and, at a moment's notice, FedEx Express team member Lonnie Lewis abandoned his evening commute home — turning his focus to orchestrating the delivery of these time- and temperature-sensitive samples. Following quick work across many teams, these critical samples were secured with a SenseAware device for constant monitoring, flown cross country, and delivered to Vanderbilt's Vaccine Center Director Dr. James E. Crowe Jr. the next morning.

From that moment, spending up to 20-hour-days in the lab, Dr. Crowe's team analyzed the patient samples to create antibody treatments that attack the novel coronavirus and reduce its ability to spread through the body. The promise of Dr. Crowe's work earned him a prestigious award from the American Association for the Advancement of Science reserved for major scientific breakthroughs, and he's been profiled by "60 Minutes" for his role in federally funded research aimed at ending pandemics forever.



From the Chairman & CEO

JULY 2021

Dr. Crowe credits FedEx for helping make his team's work possible, and I'm immensely proud of our contributions here and with countless other crucial healthcare shipments moved over the past year and a half. **Simply put: What we move matters.**

Roughly 11 months later, on 14 December 2020, our fellow team member Lonnie found himself at the same Seattle hospital where those early COVID-19 patient samples were obtained. This time, decked in a purple FedEx Santa hat, he was there for the delivery of hope and the ultimate 2020 holiday cheer — the hospital's first shipment of COVID-19 vaccines. Since delivering that first shot of relief, Lonnie continues to make vital shipments like vaccines priority number one each morning, saying, "We put our hands on them, and we get them to the right people and make sure they're on time."

Of his work, Lonnie says, **"FedEx teaches you to be a champion, and champions want the ball. We have the opportunity to be amazing and be difference makers every day."**

The difference makers

FedEx difference makers have been at work in every corner of the globe since the beginning of the pandemic. Your individual efforts and collective contributions to the world cannot be overstated. FedEx Express and FedEx Logistics have collaborated to transport nearly **100 kilotons of personal protective equipment** around the world, and we are an integral part of the global vaccine supply chain, delivering vaccines and related supplies to more than **40 countries worldwide**. In the first six months of vaccine distribution, we've delivered approximately **187 million COVID-19 vaccine doses** throughout the United States, roughly half of the total vaccines distributed by the federal government.

Each of these statistics is the result of impeccable collaboration across opcos, with coordination support provided by FedEx Services.

At FedEx Logistics, the FedEx Trade Networks team helped facilitate the transport of one of the first Pfizer-BioNTech vaccine shipments from Germany to the U.S. for testing, and the FedEx Supply Chain team has been instrumental in helping with dock operations where vaccine orders are filled. FedEx Custom Critical has trucked millions of vaccines from the distribution centers to our FedEx Express hubs where the integrated air and ground network has delivered the vaccines to dosing centers for administration with an average delivery time of less than 20 hours in the U.S.

This work is backed by our proprietary SenseAware ID monitoring technology, our Priority Alert service, the ongoing development of FedEx Surround, as well as Thea — a new tool built by FedEx Dataworks to help internal teams monitor vaccine shipments.

And to the north in Canada, the FedEx network has been the spine of the vaccine rollout — moving tens of millions of vaccines into and across Canada safely and securely. We are prepared to expand this mission to other countries and regions and use our networks to deliver relief, prevention, and hope.

Meanwhile, FedEx Ground played a huge part in allowing people to stay safe by delivering record-setting volumes of goods to people's homes throughout a peak like no other.



From the Chairman & CEO

JULY 2021

Strategies for what's next

This is our company's finest hour, and it's important to note that our ability to respond to this crisis wasn't by chance — this is a convergence of our strategies, our networks, and our FedEx culture. We anticipated accelerations across the e-commerce, international, and digital markets, and we were prepared when the pandemic accelerated these developments. Of course, businesses globally continue to see challenges amid these developments, including supply chain disruptions and labor shortages. As a result, we've been taking bold actions across the enterprise to improve service for our customers and prepare for sustained volume increases through continued investments in people, capacity, and technology to optimize our networks.

In the e-commerce market, we've been making intentional investments for years, as covered in previous editions of *From the Chairman*. Key decisions aimed at winning in this massive and fast-growing market include moving to seven-day operations at FedEx Ground, insourcing SmartPost volume to become FedEx Ground Economy, growing our large package network, offering the first FedEx-branded through-the-door service options with FedEx Freight Direct, and accelerating the expansion of our retail convenience network including new hotel, convention center, and OnCampus locations for FedEx Office.

We're also putting our new strategic operating principle, [Operate Collaboratively](#), to work through efforts like Last Mile Optimization and ongoing FedEx Freight support of FedEx Express and FedEx Ground volume. We will continue to use the individual strengths of our operating companies to improve efficiencies and ensure that we are putting the right package in the right network at the right cost to serve. These strategies have been indispensable during the pandemic and in preparation for what's next — predicted daily volumes of 172 million packages in the U.S. domestic parcel market in calendar year 2026.

Global volumes have accelerated in terms of both pallets and parcels. When the pandemic forced a dramatic decrease in passenger flights — and the available air cargo space these planes provide — we had strategies in place to pick up the slack and keep the world's supply chains operating. With the same precision, we're refining our operating plans for the return of commercial airline traffic and underbelly capacity. And for e-commerce, we're giving customers even more reasons to choose FedEx — including the addition of attractive services like FedEx International Connect Plus — our day-definite e-commerce delivery service rolling out globally this fiscal year.

We're confident of the value our TNT acquisition will create for the FedEx in the future, and completion of our air network integration in calendar year 2022 will bring the physical TNT network integration to a close providing the inflection point for long-term profit improvement in Europe.

Digital innovation is the third trend we anticipated, and the pandemic also accelerated this shift. We've recognized the importance of technology since our inception, and we're continuing to prioritize IT modernization. Backed by our new strategic operating principle, [Innovate Digitally](#), FedEx is well positioned to capitalize on the promise of the data in our networks and the mission of FedEx Dataworks to maximize that data through solutions like FedEx Surround.

We are focused on digital innovation and opportunities to serve the rapidly growing e-commerce market. Last year, we acquired ShopRunner, a platform that shares our vision of creating digital



From the Chairman & CEO

JULY 2021

solutions that help brands and merchants of all sizes compete in e-commerce. This spring, we built on that momentum by announcing a multi-year collaboration with Adobe that will enable Adobe Commerce merchants to integrate their online storefronts with ShopRunner. FedEx, ShopRunner, and Adobe have access to data and intelligence at different stages of the e-commerce journey — from inspiration through delivery. By combining our unique strengths and insights, we can create more reliable and seamless end-to-end e-commerce experiences for brands, merchants, and shoppers.

We're also increasing our suite of autonomous same-day and specialty delivery devices, recently announcing an agreement to test [Nuro's next-generation autonomous delivery vehicle](#) within select FedEx operations. And led by FedEx Office, we're continuing to test Roxo™, the FedEx SameDay Bot as the pandemic accelerates demand for contactless delivery. Roxo is now approved to operate in more than a dozen states in the U.S., and our teams in Dubai and Japan are also running mapping and demo versions of Roxo as we eye global opportunities in the future. The strong growth of e-commerce will continue to drive demand for drivers — but, by shouldering some of those costly and time-consuming last-mile deliveries, our portfolio of autonomous delivery solutions will allow drivers to focus their efforts on valuable, high-volume delivery routes. As we continue to expand our technology footprint, we expect to create more jobs to oversee production, management, sales, mobility, and operations.

Genuine leadership and a bright future

We know the future of our operations is tied to the future of our environment, and we've announced an ambitious goal to achieve [carbon-neutral global operations by 2040](#) focusing on vehicle electrification, sustainable energy, and carbon sequestration. Importantly, FedEx is investing in pragmatic solutions through a \$100 million donation to help establish The Yale Center for Natural Carbon Capture, which is tasked with developing measurable carbon capture solutions and technology to take carbon out of our atmosphere. I am proud of the **genuine leadership** role FedEx is taking to create a more sustainable future for our planet.

This expansive list of accomplishments comes down to one thing: the future of FedEx is exceedingly bright. Through an extremely challenging environment in FY21, we delivered **record profit and revenue**. Looking ahead to FY22 and beyond, we are the best-positioned company in a massive market — with unmatched networks and capabilities built over more than four decades. Most important, we're backed by FedEx team members like Kelly and Lonnie and each one of you who embody the Purple Promise every day.

I hear from people in every possible walk of life and every corner of the globe about how grateful they are for what FedEx has done and continues to do. I want pass that sincere gratitude on to each of you.

Thank you for being the difference makers.

Frederick W. Smith
Chairman and CEO

Learn more at fromthechairman.com.