

A close-up photograph of a green leaf, showing the intricate network of veins. A solid purple diagonal shape cuts across the leaf from the top-left towards the bottom-right, creating a modern, geometric design.

Sustainability Bond Framework

April 2021

FedEx®



Part 1: Introduction

FedEx Corporation (“FedEx”, “the Company”, “our”, “we” or “us”) is the parent holding company providing strategic direction to the FedEx portfolio of companies. FedEx provides a broad portfolio of transportation, e-commerce, and business services through companies competing collectively, operating collaboratively, and innovating digitally under the respected FedEx brand.

These companies are included in the following reportable business segments:

- **FedEx Express:** Federal Express Corporation (“FedEx Express”) is the world’s largest express transportation company, offering time-definite delivery to more than 220 countries and territories, connecting markets that comprise more than 99% of the world’s gross domestic product.
- **FedEx Ground:** FedEx Ground Package System, Inc. (“FedEx Ground”) is a leading North American provider of small-package ground delivery services. FedEx Ground provides low-cost, day-certain service to any business address in the U.S. and Canada, as well as residential delivery to 100% of U.S. residences through its FedEx Home Delivery service. FedEx Ground Economy is a FedEx Ground service that specializes in the consolidation and delivery of high volumes of low-weight, less time-sensitive business-to-consumer packages.
- **FedEx Freight:** FedEx Freight Corporation (“FedEx Freight”) is a leading North American provider of less-than-truckload (“LTL”) freight services across all lengths of haul, offering: FedEx Freight Priority, when speed is critical to meet a customer’s supply chain needs; FedEx Freight Economy, when a customer can trade time for cost savings; and FedEx Freight Direct, a service to meet the needs of the growing e-commerce market for delivery of heavy, bulky products to or through the door for residences and businesses. FedEx Freight also offers freight delivery service to most points in Puerto Rico and the U.S. Virgin Islands.
- **FedEx Services:** FedEx Corporate Services, Inc. (“FedEx Services”) provides sales, marketing, information technology, communications, customer service, technical support, billing and collection services, and certain back-office functions that support our transportation segments.
- **FedEx Logistics:** FedEx Logistics Inc. provides integrated supply chain management solutions, specialty transportation, customs brokerage and global ocean and air freight forwarding.
- **FedEx Office:** FedEx Office and Print Services, Inc. provides document and business services and retail access to our package transportation businesses.

Approach to sustainability

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

Our Environmental, Social, and Governance (“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.

We disclose our ESG strategies, goals and programs in our annual Global Citizenship Report (which will be renamed to “ESG Report” in 2021), which is aligned with the Global Reporting Initiative (“GRI”) Standards. In addition, the report contains disclosures in alignment with the Sustainability Accounting Standards Board (“SASB”) and the Task Force on Climate-related Financial Disclosures (“TCFD”). More details can be found on the reporting page at fedex.com/en-us/sustainability/reports.html.

Our sustainability strategy

ESG is at the heart of our business and central to the connections we make. Key elements of our ESG strategy include environmental sustainability innovations, a sustainable supply chain, a diverse and inclusive workplace, and the robust giving and volunteering platform known as FedEx Cares. We have aligned our ESG initiatives with our company’s mission and values, and embedded it into our systems and our culture. For more information about the governance and policies that inform our ESG Strategy, [see our Corporate Social Responsibility \(“CSR”\) Policy Statements](#).

Priority ESG topics

To ensure we remain focused on the right priorities for our stakeholders, we conduct regular ESG materiality assessments, most recently in 2019.¹ Outcomes of our 2019 materiality assessment continue to inform the evolution of our global ESG commitments, strategies and goals, including the Eligible Green and Social Projects outlined in this Sustainability Framework. We prioritize the material environmental and social 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, in support of these ESG priorities.

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

¹ fedex.com/content/dam/fedex/us-united-states/sustainability/gcrs/FedEx_2020_Global_Citizenship_Materiality.pdf



Our 2019 process helped us to identify our “Global Priority Topics”—these are topics over which FedEx has a significant impact and influence on stakeholder decisions. These topics formed the basis for this Sustainability Bond Framework (the “Framework”), by highlighting topics that stakeholders expect us to address proactively.

Table 1: Global priority topics for FedEx

Environment	Supply Chain	People	Economy	Governance
<ul style="list-style-type: none"> - Greenhouse Gas (“GHG”) emissions associated with transportation fleet - Environmental impact on local communities 	<ul style="list-style-type: none"> - Social impact of FedEx supply chains 	<ul style="list-style-type: none"> - Workplace safety and team member security - Team member diversity and inclusion - Workforce recruitment, retention, pay, hours, conditions and development 	<ul style="list-style-type: none"> - Economic impact and access 	<ul style="list-style-type: none"> - Ethics, integrity, bribery and corruption - Data/IT security and data privacy

Our simple, three-pronged approach to sustainability—Reduce, Replace, Revolutionize—guides our practices and innovations to reduce the environmental impacts of our fleets, facilities, and material choices. It drives the responsible and efficient use of resources, optimizes our business, lowers costs, and delivers value for our customers. From training our drivers to be more eco-conscious and upgrading our aircraft to more efficient models, to expanding our fleet of electric vehicles, we’re reducing use of resources, replacing older technologies, and revolutionizing for the future.

Sustainability goals

We have set ambitious sustainability goals to address the ESG topics material to our business, and report on progress toward these goals in our annual ESG Report. The projects selected in Part 2 of this Framework are intended to help FedEx meet many of the sustainability goals established.

In March 2021, we announced our plans to achieve carbon-neutral operations globally by 2040, with significant investment in three key segments: vehicle electrification, sustainable energy, and carbon sequestration.

- **Vehicle electrification.** The Company has set a goal for the entire pickup and delivery (“PUD”) fleet to be zero-emission by 2040.
- **Sustainable fuels.** The company will continue to invest in alternative fuels to cut down on emissions.
- **Sustainable customer solutions.** Initiatives such as sustainable packaging and carbon-neutral shipping offerings will be worked on with customers.

- **Fuel conservation and aircraft modernization.** FedEx will continue to build on its successful initiatives designed to reduce fuel consumption in its planes. Since 2012, these initiatives have saved a combined 1.43 billion gallons of jet fuel and avoided over 13.5 million metric tons of CO₂ emissions.
- **Facilities.** Efforts will continue to make FedEx’s more than 5,000 facilities worldwide more sustainable through continued investments in efficient facilities, renewable energy, and other energy management programs.
- **Natural carbon sequestration.** Funding to support applied research into natural carbon sequestration solutions at the Yale Center for Natural Carbon Capture.

Awards & recognition

FedEx is recognized as a leader in sustainability, including the 16th Most Admired Company in the world according to FORTUNE magazine and a Top Corporate Solar User. A full list of recent awards is available in the [appendix](#).



Part 2: Sustainability bond framework

Introduction

In this Framework, we outline how we intend to follow the voluntary guidelines of the Green Bond Principles (“GBP”) 2018 and the Social Bond Principles (“SBP”) 2020 to govern the financing of certain bonds and related debt instruments (“Sustainability Financings”) in accordance with the Sustainability Bond Guidelines. These documents provide guidelines in four key areas:

- | | |
|---|---------------------------|
| 1. Use of proceeds | 3. Management of proceeds |
| 2. Process for project evaluation and selection | 4. Reporting |







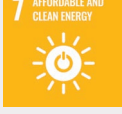


Use of proceeds

An amount equal to the net proceeds from any Sustainability Financing is intended to be applied to fund or refinance a portfolio of Eligible Projects that provide clear environmental and/or social benefits. FedEx’s look-back period for Eligible Projects is 36 months prior to the date of issuance.

In line with the GBP and SBP, FedEx intends to allocate an amount equal to 100% of the Sustainability Financing net proceeds to a portfolio of Eligible Projects, outlined in Table 2 below. These Eligible Projects demonstrate how FedEx is addressing Environmental and Social topics most material to companies across the Enterprise.

Table 2 also provides examples of potential use of proceeds within each of the stated Eligible Green or Social Project categories, in accordance with both the GBP and SBP. FedEx also maps the project categories to the most relevant United Nations Sustainable Development Goals (“SDGs”).

Table 2: Examples of eligible green and social projects

Green or Social Bond Category	Examples of Eligible Use of Proceeds	FedEx Material Topics	SDG
Clean Transportation	<p>Expenditures and investments that contribute toward achieving carbon-neutral operations. Eligible Projects may include, but are not limited to:</p> <ul style="list-style-type: none"> • Ground Transportation: Rollout of electric and hydrogen-powered vehicles, and associated charging or fueling infrastructure, diversion of shipping to electrified intermodal rail, platooning technologies to reduce road freight², development of electrified hostlers, drones and robotics • Sustainable Aviation: Projects to support the increased use of jet biofuels from waste feedstock sources that avoid competition with food resources 	GHG emissions associated with transport fleet	
Green Buildings	<p>Expenditures and investments related to the design, construction, refurbishment, maintenance and acquisition of FedEx Facilities certified by a third party such as Leadership in Energy and Environmental Design (“LEED”). Eligible Green Buildings included meet, or are expected to meet at least LEED Gold, or local, regional or national equivalent</p>	Environmental impact on local communities	
Energy Efficiency	<p>Expenditures to reduce energy usage at FedEx sites, which may include:</p> <ul style="list-style-type: none"> • Installation of smart meters, LED lighting systems and energy management systems • Building refurbishments, upgrades and retrofits 	Environmental impact on local communities	
Eco-efficient and/or circular economy adapted products, production technologies and processes	<p>Expenditures to increase the resource-efficiency of FedEx packaging, including:</p> <ul style="list-style-type: none"> • Research, testing, development and implementation of new initiatives with the primary purpose of seeking to minimize materials, dimensions, weight and waste related to FedEx packaging solutions • Projects to increase material re-usability, recyclability and compostability of packaging solutions, as well as the use of recycled materials 	Environmental impact on local communities	
Pollution Prevention & Control	<p>Expenditures to reduce air emissions and waste prevention from FedEx sites, which may include:</p> <ul style="list-style-type: none"> • Waste management projects to increase recycling, optimize waste material reuse and increase diversion rates • Funding to support applied research of long-term natural carbon sequestration technologies, as for example biomass and mineral weathering 	Environmental impact on local communities	 
Renewable Energy	<p>Expenditures related to the development and operation of on-site photovoltaic (“PV”) solar projects at FedEx sites. Projects may be owned and operated by FedEx or built on site and contracted under long-term power purchase agreements (“PPAs”)</p>	Environmental impact on local communities	
Socioeconomic Advancement & Empowerment	<p>Expenditures to increase the diversity of FedEx suppliers and provide equitable market access opportunities for small businesses³ that are women and or minority owned. Eligible Projects may include, but are not limited to:</p> <ul style="list-style-type: none"> • Programs that offer training, mentoring, networking and access to capital for women and minority entrepreneurs • Costs associated with third party certification and verification of minority status • Costs of services⁴ provided by eligible minority businesses that are incrementally added to FedEx’s diverse supply chain program 	Social impact of FedEx supply chains	 

² Proceeds allocated to platooning technologies will not be used to finance fossil-fuel powered vehicles

³ Organizations that are at least 51% independently owned and operated, are not dominant in the field of operation in which they are bidding, and qualify as a small business under the criteria and size standards as defined under Section 3 of the U.S. Small Business Act

⁴ Excludes fossil-fuel related expenditures

Process for project evaluation & selection

Projects financed and/or refinanced with the Sustainability Financing net proceeds are evaluated and selected based on compliance with the Eligible Project eligibility criteria listed in the above table by FedEx's Sustainability Finance Committee. FedEx's Sustainability Finance Committee consists of representatives from the Legal, Treasury and Investor Relations functions, as well as other parties to be nominated as subject matter experts.

FedEx strives to comply with all federal, state and local environmental laws and regulations relating to environmental issues, including GHG regulatory requirements for aircraft and vehicle engine emissions. In March 2017, ICAO adopted new carbon dioxide emissions standards that would apply not only to new aircraft types as of calendar 2020, but also to new deliveries of current in-production aircraft types from calendar 2023. We are subject to additional regulatory requirements related to our operations, including the shipment of dangerous goods and contingency planning for spills of petroleum products. Additionally, we are subject to numerous regulations dealing with underground fuel storage tanks, hazardous waste handling, vehicle and equipment emissions and noise and the discharge of effluents from our properties and equipment. We have environmental management programs designed to ensure compliance with these regulations, which can be found in our [Environmental Policy](#).

Management of proceeds

Through the FedEx Sustainability Finance Committee, FedEx intends to track net outstanding proceeds and to allocate to an Eligible Project Portfolio, selected in accordance with the use of proceeds criteria and evaluation and selection process presented above.

FedEx will strive, over time, to achieve a level of allocation for the Eligible Project Portfolio which matches or exceeds the balance of net proceeds from its outstanding Sustainability Bonds. Additional Eligible Projects will be added to the Issuer's Eligible Project Portfolio to the extent required to ensure that the net proceeds from outstanding Sustainability Bonds will be allocated to Eligible Projects.

Pending the allocation of the net proceeds of a Sustainability Bond to Eligible Projects, all or a portion of the net proceeds may be used for the payment of outstanding indebtedness or other capital management activities at FedEx's discretion. The FedEx Sustainability Finance Committee will oversee the process to ensure that unallocated proceeds will not be invested in activities or assets that are associated with emission-intensive sectors.

FedEx intends, to the best of its ability, to fully allocate all proceeds to the Eligible Project Portfolio within 24 months after the issuance date of any Sustainability Financings. If FedEx divests assets or otherwise determines not to pursue any Eligible Project ("Discontinued Project"), the proceeds allocated to any such Discontinued Project may be reallocated to any other Eligible Project. Proceeds do not need to be held at a specific green "restricted" account but can be held in any account maintained by FedEx Corporation pending allocation of such proceeds to an Eligible Project.





Reporting

FedEx intends to make public and keep readily available a report of the net proceeds allocation from the Sustainability Financing starting from the first anniversary of the closing of the Sustainability Financing and to be updated annually until the full allocation of the net proceeds is reported or the applicable Sustainability Financing Instruments are no longer outstanding. FedEx intends to show the allocation and impact of the net proceeds of the Sustainability Financing to the Eligible Project Portfolio at least at the category level and on an aggregated basis for all of FedEx's sustainability bonds and other potential Sustainability Financing Instruments that are outstanding from time to time.

FedEx intends to align the reporting with the portfolio approach described in “The Green Bond Principles – Harmonized Framework for Impact Reporting” (ICMA, April 2020) as well as the document “Working Towards a Harmonized Framework for Impact Reporting for Social Bonds” (ICMA, June 2020).

Allocation reporting

The allocation report will provide, on a portfolio basis, indicators such as:

- Total amount of proceeds allocated to Eligible Projects
- Balance of unallocated proceeds
- Amount or the percentage of new financing and refinancing

Impact reporting

The impact report may provide:

- Description of the Eligible Projects
- Breakdown of Eligible Projects by Green Bond Principles & Social Bond Principles category
- Metrics regarding projects' positive environmental and social impacts

Table 3: Examples of impact reporting metrics

GBP or SBP Category	Examples of Impact Reporting Metrics
Clean Transportation	<ul style="list-style-type: none">- Number of Electric vehicles in operation- Estimated annual GHG emissions savings
Green Buildings	<ul style="list-style-type: none">- Number of LEED-certified facilities
Energy Efficiency	<ul style="list-style-type: none">- Estimated annual GHG emissions savings
Eco-efficient Products	<ul style="list-style-type: none">- % of packaging made from recycled content- % of packaging considered reusable
Pollution Prevention and Control	<ul style="list-style-type: none">- Tons of waste recycled
Renewable Energy	<ul style="list-style-type: none">- MWh of renewable energy consumed- Estimated annual GHG emissions savings
Socio-economic Advancement & Empowerment	<ul style="list-style-type: none">- Number of new incremental spend on small businesses that are women and or minority owned- % overall spend allocated to diverse suppliers

External verification

Second-party opinion

This Sustainability Finance Framework has been reviewed by Sustainalytics who has issued a Second-Party Opinion. The Second-Party Opinion and this Framework are available to investors via our corporate website fedex.com/en-us/sustainability/financing.html.

Assurance

FedEx intends to request, one year after issuance, and annually until full allocation of the net proceeds from the sale of the Sustainability Financing Instruments, assurance by its external auditor or other third party of a management statement on the allocation of net proceeds to the Eligible Project Portfolio.



Disclaimer

The information and opinions contained in this Sustainability Bond Framework (the “Framework”) are provided as of the date of this Framework and are subject to change without notice. None of FedEx or any of its subsidiaries or affiliates assume any responsibility or obligation to update or revise any such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework is intended to provide non-exhaustive, general information. This Framework represents current FedEx policy and intent and is not intended to, nor can it be relied on, to create legal relations, rights or obligations. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by FedEx and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by FedEx as to the fairness, accuracy, reasonableness or completeness of such information. Certain statements in this Framework are “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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, including the factors and uncertainties summarized under “Forward-Looking Statements” and “Risk Factors” in FedEx’s most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which are filed with the Securities and Exchange Commission (“SEC”) and available on the SEC’s website at www.sec.gov and available on our website at investors.fedex.com. Actual results may differ materially from those contemplated (expressed or implied) by such forward-looking statements, such as statements relating to management’s views with respect to future events and financial performance and underlying assumptions. Any such forward-looking statements in these materials speak only as of the date of these materials and FedEx does not undertake or assume any obligation to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made. None of the future projections, expectations, estimates or prospects in this Framework should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Framework. No representation is made as to the suitability of any bonds to fulfill environmental and sustainability criteria required by prospective investors. Each potential purchaser of bonds should determine for itself the relevance of the information contained or referred to in this Framework or the relevant bond documentation for such bonds regarding the use of proceeds and its purchase of bonds should be based upon such investigation as it deems necessary. FedEx has set out its intended policy and actions in this Framework in respect of use of proceeds, project evaluation and selection, and management of proceeds and reporting in connection with any bonds. However, nothing in this Framework is intended to modify or add to any covenant or other contractual obligation undertaken by FedEx in any bonds that may be issued in accordance with this Framework. This Framework does not create any legally enforceable obligations against FedEx; any such legally enforceable obligations relating to any bonds are limited to those expressly set forth in the indenture and notes governing such bonds. Therefore, unless expressly set forth in the indenture and the notes governing such bonds, it will not be an event of default or breach of contractual obligations under the terms and conditions of any such bonds if FedEx fails to adhere

to this Framework, whether by failing to fund or complete Eligible Projects or by failing to ensure that proceeds do not contribute directly or indirectly to the financing of the excluded activities as specified in this Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental impacts as anticipated by this Framework, or otherwise. In addition, it should be noted that all of the expected benefits of the Eligible Projects as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, the lack of available Eligible Projects being initiated, failure to complete or implement projects, and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives, including the funding and completion of Eligible Projects. Each environmentally focused potential investor should be aware that Eligible Projects may not deliver the environmental or sustainability benefits anticipated, and may result in adverse impacts. This Framework does not constitute a recommendation regarding any securities of FedEx. This Framework is not, does not contain and may not be intended as an offer to sell or a solicitation of any offer to buy any securities issued by FedEx or any subsidiaries or affiliates of FedEx. In particular, neither this document nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution. Any decision to purchase any bonds should be made solely on the basis of the information to be contained in any offering document provided in connection with the offering of such bonds. Prospective investors are required to make their own independent investment decisions.

Appendix

List of recent awards and recognition

- Top Corporate Solar Users 2019 - SOLAR ENERGY INDUSTRIES ASSOCIATION
- Just 100 List of America's Best Corporate Citizens 2021 - JUST Capital & Forbes
- World's Most Admired Companies 2021 - FORTUNE
- This is the 21st consecutive year that FedEx has ranked among the top 20 in the FORTUNE Most Admired Companies List.
- America's Most Responsible Companies 2021: Travel, Transport, & Logistics Sector (1st place) – NEWSWEEK
- Best Gender Equality Workplace 2021- World HRD Congress
- World's Best Employers for Diversity 2020 - FORBES
- The Most Trusted Brands in America 2020 - MORNING CONSULT
- The Civic 50 Listing of America's Most Community-Minded Companies 2020 - POINTS OF LIGHT
- Anti-Corruption and CSR Award 2019 - COALITION FOR INTEGRITY
- Best Workplaces for Diversity 2016, 2017, 2018, and 2019 - FORTUNE AND GREAT PLACE TO WORK INSTITUTE
- 100 Best Companies to Work For 2017, 2018, and 2019 - FORTUNE AND GREAT PLACE TO WORK INSTITUTE
- America's Top Corporations for Women's Business Enterprises 2019 - WOMEN'S BUSINESS ENTERPRISE NATIONAL COUNCIL
- Innovation by Design Award Honoree for Roxo™, the FedEx SameDay Bot 2019 - FAST COMPANY
- Best of the Best Corporation for Inclusion 2019 - NATIONAL BUSINESS INCLUSION CONSORTIUM