

Materiality – Focusing on What Matters Most

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

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

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

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

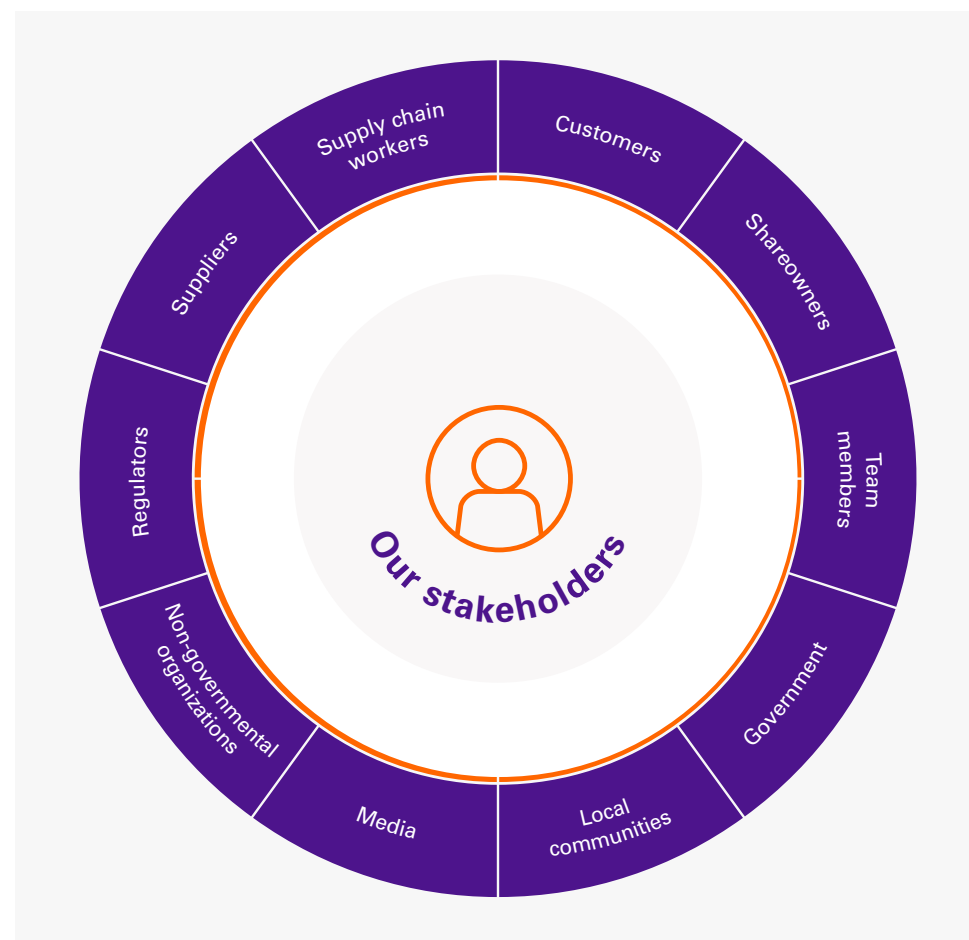
employees around the world. External stakeholder engagement included phone interviews with representatives from academia, customers, industry associations, media, NGOs, and suppliers, as well as an online survey.

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

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

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

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



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





Highest-Ranked Material Topics

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

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

Global Priority Topics

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

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



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



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Commercially Critical Topics

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

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

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