



GOALS & PROGRESS



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ABOUT THIS REPORT

Our annual Global Citizenship Report (GCR) tracks enterprisewide strategies, goals, programs and progress for our fiscal year across four key areas of our business:

- Economics & Access: increase global commerce sustainably for communities and shareholders
- Environment & Efficiency: create more efficient networks while minimizing our footprint
- Community & Disaster Relief: leverage our infrastructure and our people to help communities worldwide
- People & Workplace: foster a culture dedicated to making every FedEx experience outstanding

Our FY12 report covers our fiscal year 2012, which ended May 31, 2012, and includes data from each of our operating companies and geographies unless otherwise stated. We began annual reporting of our global citizenship efforts in 2008, with our FedEx Office division producing its first sustainability report under the Kinko's brand name in 2003, prior to being acquired by FedEx. Our FY12 report is aligned with the Global Reporting Initiative (GRI) G3.1 Guidelines. Moving forward, we anticipate our annual GCR to publish following the end of our fiscal year, and we will continue to monitor trends and opportunities to evolve our report, including quarterly updates and more localized reporting efforts by geography.

Several governing bodies oversee our reporting efforts across our enterprise. In 2011, we reconstituted our governance oversight with the FedEx Enterprise Sustainability Council (FESC), a senior officer council that develops and guides implementation of our environmental sustainability strategy and EarthSmart platform. Additionally, senior executives oversee our corporate philanthropy strategy through the Corporate Contributions Committee. Each FedEx operating company's Human Resources department actively manages strategies and issues pertaining to team member engagement and development. Corporate Human Resources centralizes coordination of efforts and manages executive development, employee benefits and diversity strategies at the enterprise level.

For more insight into our goals, progress, scope, materiality and measurement approach, please reference each report associated with our four focus areas. A full index of GRI indicators and reference material can be found by visiting csr.fedex.com and at the end of this report.

TO GROW A LOCAL ECONOMY, CONNECT TO THE WORLD.

At FedEx, we've seen the great results of connecting people and possibilities around the world, and we realize the success of communities and companies are intertwined. That's why we put such emphasis on the social responsibility connection. Through it we can drive positive change in our cities, marketplaces, and society at large. Plus, it's good business and a wise investment in the future of FedEx.

We also see social responsibility as an engine of innovation. Working toward greater sustainability and citizenship has led us to develop myriad new programs and processes that deliver greater opportunities for our customers, our communities, and our planet. Innovation in social responsibility is also a way to inspire our team to think "glocally" and ignite big ideas into smaller, local applications.

ENERGY INNOVATION

As a big consumer of oil, FedEx committed years ago to monitor our footprint across the industry and the globe. We continue to focus on alternative transport fuel sources such as electricity, natural gas, and biofuels.

Through the Energy Security Leadership Council (ESLC), we've worked with business and military leaders to effect energy legislation in both the Obama and Bush administrations. Through FedEx advocacy, we supported new fuel-efficiency standards for commercial vehicles. We've advocated new aviation technologies that improve safety and reduce fuel consumption. We've worked to develop new national policies for highway investments to reduce congestion and save energy.

At the same time, we've committed to a lighter environmental footprint. In 2008, we set a goal of improving the overall fuel efficiency of the FedEx Express vehicle fleet 20% by 2020. Now, less than five years later, FedEx Express has surpassed that goal. So we're upping the ante and are now targeting a 30% improvement in fuel efficiency for our global express vehicle fleet by 2020, based on a 2005 baseline. This echoes last year's announcement to raise our aircraft emissions intensity goal from a 20% to a 30% reduction in emissions intensity by 2020.

GRASSROOTS SAVVY

While we are proud of the broad changes we have kindled as a company, we realize our sustainability efforts don't just come from the top of the organization. We have plenty of grassroots champions. Some 300,000 FedEx team members around the world are often a creative impetus for our problem-solving through their diverse outlooks and great ideas.

For example, a FedEx team in Brazil had been recycling for years but decided to expand their impact by donating their recyclables to nonprofit organizations. One of those nonprofits helped disadvantaged mothers turn recycled materials into stylish bags that brought income to their families. Other Brazilian team members worked with a university biofuel program to reuse motor and cooking oil. To date, they've recycled nearly 4,000 liters of oil to help power more than 28 tractors and heavy vehicles.

In addition, we cultivate entrepreneurs who strive toward sustainability. For the first time, we awarded small-business grants totaling \$50,000 to six small businesses. Darn Good Yarn in Maine received one of those grants due to their production of yarn made from remnants of silk saris. These materials are handspun and dyed by women in India and Nepal, who receive wages for their work and a marketplace for their goods: proof once again that social responsibility can lead to global growth and local success.

WHAT'S AHEAD

We're pleased with our progress, but there's so much more to be done. So what's on the horizon for FedEx?

From an advocacy standpoint, we will champion more research on vehicle batteries and practical applications of natural gas for transportation. We'll recommend more streamlined permitting processes for major energy projects. And we'll urge additional funding for the development of advanced biofuels. In fact, FedEx will be collaborating with The Nature Conservancy to help create a biofuels roadmap for the long-distance road transport sector.

We will continue collaborating with sectors such as utilities, manufacturing, transportation, academia, and government to expand the range of all-electric vehicles and produce cost-effective biofuels. As always, FedEx will put safety above all other considerations in transportation innovations.

As you read the 2012 Global Citizenship Report, you'll see that it takes a broader, more data-driven approach. We're adding metrics recognized globally as important indications of a company's commitment to social responsibility. These metrics align with the Global Reporting Initiative G3.1 Guidelines for more standardized and transparent reporting.

I encourage you to read the stories in this report: the people-to-people connections they describe will surely surprise and inspire you. They also reflect the commitment of our entire FedEx team to higher standards of global citizenship and to delivering more possibilities for people everywhere.

Sincerely,

A handwritten signature in black ink, appearing to read 'Fred W. Smith', with a stylized flourish at the end.

Frederick W. Smith
Chairman and CEO, FedEx Corporation



ECONOMICS & ACCESS





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All currencies are translated in U.S. dollars.



WE CONNECT MORE THAN JUST GOODS WITH MARKETPLACES. WE CONNECT PEOPLE WITH OPPORTUNITY.

Since our first express flight more than 40 years ago, we've been in the business of building a globally connected economy. Our purpose is greater than the number of packages that move through our network. It's about providing a means for people to connect with opportunity.

At FedEx, we see a direct correlation between an individual's ability to prosper and his or her ability to access the ideas, goods and services that fuel a global marketplace. It's a simple formula: When global connections form, local economies grow.

In a time of economic uncertainty and change, our purpose has not wavered. An important part of restoring global economic growth is recognizing the importance of international trade and removing trade barriers. As barriers fall, more businesses gain the ability to access more markets and more opportunity. Expanding access to global markets brings people out of poverty, and we've seen the global poverty rate drop by more than 20 percentage points over the last two decades, according to the World Bank. Global poverty remains a very real issue, but we see more people in emerging markets improving their quality of life and people in established markets remaining resilient because of their ability to access new opportunities.

Expanding global access has changed trade patterns and supply chains dramatically. We are constantly adapting our networks to these changing patterns so that businesses can access new opportunities and compete effectively. And as more people enter the global middle class, we'll continue to advocate for the expansion of trade and the removal of barriers to global connection, because when global connections form, people prosper.

Entrepreneurship is up 60% in the U.S. since last year, according to the 2011 Global Entrepreneurship Monitor, and we believe global trade can help these new businesses grow and, in turn, help their communities grow. In fact, U.S. businesses that trade globally tend to have higher sales, and their employees earn more, according to the U.S. Commercial Service. We believe the business community needs to work together to help businesses benefit from trade. Since 2009, we've collaborated with public and private organizations, helping more than 55,000 businesses connect to trade resources and expertise, including market opportunity analysis and business planning. Our support for the U.S. Small Business Saturday® and our new small-business grants are helping current businesses sell more and new ones take root.

When we improve the efficiency of how our customers access the market in terms of speed, cost and sustainability, we see the returns for our business, shareholders and the communities in which we operate.

OTTERBOX

Based in Fort Collins, Colo., OtterBox makes protective cases for handheld devices such as mobile phones and tablets. Despite the economic downturn, the company's revenue shot up more than 3,000% from 2008 to 2011. Demand abroad for OtterBox accelerated. The small company needed flexibility, speed and the ability to anticipate and adapt to demand and to put the right amount of product at the right place at the right time. FedEx helped not only by providing fast logistics, but also by sharing our deep global expertise on the regulatory, customs and overall business environments in many world markets that were new to OtterBox. The relationship between FedEx and OtterBox now spans three continents. Meanwhile, OtterBox has become a bedrock for the Fort Collins community, buying and renovating property and consistently creating new jobs.

EMPOWERING LOCAL BUSINESSES TO DRIVE GLOBAL GROWTH

FedEx has long recognized that small businesses are important to the health of the global economy. Innovations hatched by small businesses play a big role in driving investment and growth. The expansion of global trade has brought new opportunities for small businesses, even during the recent recession.

Markets such as China and India, with their growing middle classes, are moving from just producing to producing and consuming, and their purchasing power is growing. To grow and be competitive, small businesses need to be able to trade in a global market. In fact, U.S. companies that trade internationally tend to grow faster, create more jobs and their employees earn more than in nonexporting firms, according to the U.S. Commercial Service. Still, many small businesses remain slow to go global. For example, only about one in every 100 U.S. small businesses markets products abroad.

Much of the hesitation comes from the daunting nature of export regulations. Small businesses simply don't have the resources to navigate through complex customs rules. They need a level playing field that enables them to tap into the billions of people entering the global middle class. FedEx actively works with the greater business community, including the U.S. Commerce Department and U.S. Commercial Service, to provide knowledge, resources, grants and free services to help small businesses overcome these issues, allowing them to find the opportunities that global markets offer.

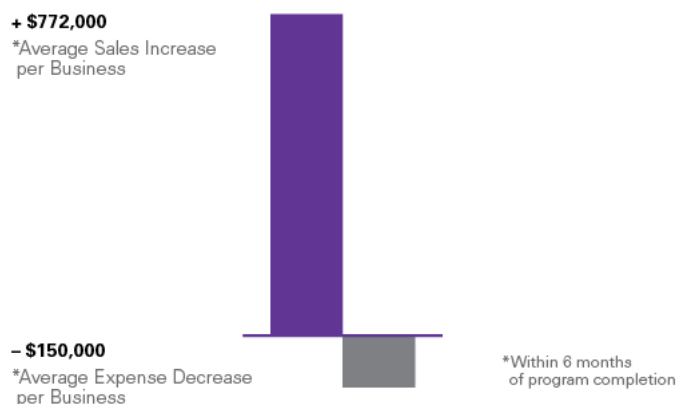


PIONEERING TRADE EDUCATION AND PLANNING

FedEx, together with the Florida District Export Council and the U.S. Commercial Service, pioneered a new approach to trade education designed by exporters for exporters. The result: Export University. Export University addresses some of the most common exporting challenges for our customers — exploring new markets, navigating regulatory compliance, understanding export finance and finding new buyers. By concentrating on these areas of export education, we can offer the most relevant information to our customers, especially to those small and medium enterprises that need it the most. Recently we facilitated an Export U strategic planning session in Memphis to improve and standardize materials and create a national go-to-market strategy. Currently offered in just over 14 markets, the plan outlines a path to reach up to 52 markets by the end of 2013.

Every year, we also sponsor an average of 100 events as a part of our trade education effort known as **FedEx Know and Grow**SM. FedEx Know and Grow is an all-inclusive program that brings export education opportunities to the public. Through slightly more than 400 programs since 2009, we estimate we have connected more than 55,000 business owners with export expansion opportunities and resources.

Small-Business Trade Education



The average business attending a FedEx Know and Grow program reported a sales increase of up to \$772,000 and an expense reduction of up to \$150,000 in the first six months after completing the program, according to a survey jointly conducted by the National Institute of Standards and Technology and the Manufacturing Extension Partnership.

In addition to these programs, we work closely with a number of trade promotion organizations and alliance groups, including the U.S. Chamber of Commerce, the Export-Import Bank and the National Association of Manufacturers, to advocate the benefits of trade. FedEx leverages these leadership positions to have a positive effect on the perception of trade and to advocate for more open markets and fair opportunities for our customers.

Globally, we are aligned with trade organizations including Asia Pacific Economic Cooperation, AmCham (the network of American Chamber of Commerce affiliates outside the U.S.) and the Association of Southeast Asian Nations. Over the past several years, we have sponsored or conducted several trade missions, video conferences, cultural events and seminars across the globe, including

France, Germany, Africa, Brazil, Mexico, India, Thailand, the Philippines, Hong Kong, Malaysia and Japan.

We also offer free advice to small-business owners who join the FedEx Get AheadSM program. Through this service, we work with business owners to identify ways to gain competitive advantage, streamline operations and increase sales, and we offer guidance for expanding into international markets.

SMALL-BUSINESS GRANTS, SPONSORSHIPS AND AWARDS

For the past three years, we have participated in Small Business Saturday[®], an effort first conceived by American Express[®] to encourage holiday shoppers to support their local communities. For the past two years, we have given away 40,000 American Express[®] Shop Small[®] \$25 Gift Cards to consumers. This effort hopes to direct \$1 million toward purchases at local, independent retailers.

In the fall of 2012, we launched our first nationwide small-business grant contest, which awarded a total of \$50,000 to six U.S. small businesses. The first-place winner received a \$25,000 grant, and the remaining five winners were awarded grants of \$5,000 each. These grants are another way FedEx gives entrepreneurs with good ideas access to opportunity.

DARN GOOD YARN WINS FEDEX SMALL-BUSINESS GRANT

Darn Good Yarn, a small business based in Sebuc, Maine, has been named the grand prize winner of the first nationwide FedEx Small Business Grant Competition and received a \$25,000 grant to invest in and further grow its business.

Nicole Snow founded Darn Good Yarn in 2008. All yarn sold by Darn Good Yarn is made from recycled, Earth-friendly materials, and much of it is created from remnants of the production of silk saris. These materials are handspun and dyed by women's groups in northern India and Nepal, who are provided with a marketplace for their products and much needed wages for their families. All yarns are fairly traded and produced with child-free labor.

"This grant from FedEx will allow me to hire more women in Nepal and India, giving them independence and a means to support their families while also providing Darn Good Yarn with more product to sell," said Snow. "FedEx has provided a way for me to further follow my dream of running a successful small business while doing good in the global community."

Small businesses (those with fewer than 100 employees) competed for the grants by completing a profile that was voted on by Facebook users. FedEx reviewed the entries and selected the finalists based on their contest profile and the number of votes they received from Facebook users. FedEx also awarded grants of \$5,000 each to five additional small businesses.



DRIVING MORE SUSTAINABLE TRADE PATTERNS

FedEx plays a significant role in helping businesses adapt to changing trade patterns and driving new forms of connectivity — all in an increasingly sustainable way. We actively advocate for removing barriers to free trade so economies can adapt to these changes more efficiently.

FREE TRADE AGREEMENT OPPORTUNITIES

FedEx advocates for free trade agreements (FTAs), such as the recent U.S. agreements with Panama, South Korea and Colombia, and for the removal of barriers, such as outdated customs regulations, that make trade slow and inefficient.

FTA Facts at a Glance:

- **JOB CREATION:** In the U.S., every billion dollars of goods and services exported in 2011 supported more than 5,000 jobs.
- **PANAMA:** The FTA reduced tariffs that were as high as 81% on construction and agricultural products and opened up markets for financial services and telecommunications.
- **COLOMBIA:** The country has a young and growing population with a median age of 28. Energy, mining and agriculture remain key sectors there, and the U.S. FTA should help Colombia's economy grow.
- **KOREA:** The FTA is estimated to boost U.S. exports to South Korea by \$10 billion–\$11 billion, and South Korean exports to the United States by nearly \$7 billion. South Korea is a country dominated by young, technology-savvy urbanites and is a magnet for business owners looking to import or export into this fast-growing, consumer-oriented culture.
- **ELSEWHERE:** The U.S. is at the table with nearly a dozen other countries across the Asia Pacific Rim seeking to wrap up the Trans-Pacific Partner ship talks in the coming months.

THE KOREAN WAVE

“The Korean Wave” describes the increasing popularity of Korean products and culture in global markets — including clothing, cosmetics, cars, music and film. In 2011, the Korean economy realized an increase of \$3.8 billion in revenue as a result of the increased interest in Korean products.

FedEx Express has launched a campaign to help small and medium-sized enterprises in Korea take advantage of the surge in global demand for Korean culture and products. The campaign helps activate business and export opportunities for Korean companies. FedEx Korea will hold a number of seminars for small and medium-sized enterprises, addressing the opportunities brought about by the Korean Wave.

ACCESSING TRADE MORE EFFICIENTLY

Our business is designed to adapt to changing trade patterns so our customers can continue to access opportunity efficiently and more sustainably. It's about adding more competitive lanes that track with trade flows, using more efficient modes of transportation and putting the right resources in the right places.

Our 777F aircraft offer a competitive and more sustainable advantage for our customers: Cutoff times are extended, and the 777F reduces fuel consumption and CO₂ emissions by 18% compared to the MD-11 aircraft it replaces. We recently added a new, nonstop 777F route between our World Hub in Memphis and Taipei. In 2011, bilateral trade between the U.S. and Taiwan reached \$67 billion, and the U.S. remains one of Taiwan's top three business partners.

Our 777Fs also connect routes from Guangzhou and Shanghai in China to Europe. Shanghai is a major economic center in China, and Shanghai Pudong International Airport is expected to become the world's top air cargo hub by 2015. FedEx will open a new logistics hub at Pudong in early 2017. Not only has the region's GDP increased by more than 8% over the last three years, but the city's foreign trade volume surged more than 32% and 18% year-over-year in 2010 and 2011, respectively. The new FedEx logistics hub will help facilitate that growth in international trade, most notably between eastern China, the United States and Europe.

For more information on how we're keeping our commitment to operate more efficiently and responsibly, please see the [Environment & Efficiency](#) section of this report.

MANAGING FOR SPEED, FLEXIBILITY AND SUSTAINABLE GROWTH

All of our operating companies relentlessly adjust their networks to meet changing traffic flows and levels. Each network is discrete, so it can optimize its business with laserlike focus and without compromise. Our evolving operations structure positions FedEx perfectly for emerging new trading and shipping patterns worldwide, including the e-commerce boom, down-trading by domestic and international customers and the possibility of further near-sourcing by customers.

For instance, we added nonstop SuperExpressFreighter flights from Taiwan and Milan in the fall of 2012 to give our customers in those markets unprecedented service options to the U.S. We are growing the FedEx Express domestic networks organically in Europe and China. We made acquisitions in France, Poland and Brazil to strengthen our networks' connections to those countries. We have significantly expanded FedEx Trade Networks to take advantage of the shift of some commodity airfreight to sea transport. We reconfigured FedEx Freight to offer customers two price options. We made freight shipping easier, and we now provide the fastest published transit times of any nationwide priority LTL service.



CONNECTING MORE WAYS TO MORE MARKETS

FedEx Trade Networks, the freight forwarding arm of FedEx, is in the midst of a multi-year organic growth strategy to improve the freight forwarding experience. We've opened more than 50 offices in 26 countries since 2008, extending our number of worldwide locations to connect 91% of the global GDP. This expansion provides enhanced ocean and air solutions, unmatched visibility and greater reach for our customers. We help businesses of all sizes optimize their supply chains with the flexible service, transit and pricing options that fit their importing and exporting needs.

Demand for freight forwarding services now represents a multibillion-dollar global industry. By focusing our expansion on customer trends, including emerging markets like India, inland China and Latin America, we are positioned for continued growth. Our air- and ocean-freight forwarding solutions open up additional trade lanes, so that our customers can connect in more ways to more markets.

FEDEX OPERATING COMPANIES

FEDEX CORPORATION provides customers and businesses worldwide with a broad portfolio of transportation, e-commerce and business services. With FY12 annual revenues of \$43 billion, the company offers integrated business applications through operating companies competing collectively and managed collaboratively, under the respected FedEx brand. Consistently ranked among the world's most admired and trusted employers, FedEx inspires our more than 300,000 team members to remain "absolutely, positively" focused on safety, the highest ethical and professional standards and the needs of their customers and communities.

FEDEX EXPRESS invented express distribution and remains the industry's global leader, providing rapid, reliable, time-definite delivery to more than 220 countries and territories, connecting markets that comprise more than 90% of the world's gross domestic product within 1 to 3 business days. Our unmatched air route expertise and transportation infrastructure, combined with leading-edge information technologies, make FedEx Express the world's largest express transportation company, providing fast and reliable services for more than 3.7 million shipments each business day. The FedEx Express segment also includes FedEx SupplyChain Systems, which offers a range of supply chain solutions.

FEDEX TRADE NETWORKS is the global freight forwarding arm of FedEx and keeps supply chains moving for customers of all sizes by providing flexible end-to-end services that include international air- and ocean-freight forwarding, customs brokerage, warehousing, distribution and trade-facilitation solutions. Customers can use FedEx Trade Networks services as an entire package or take advantage of individual services as needed.

FEDEX GROUND is a leading North American provider of ground small-package delivery services, providing service to the U.S. and Canada. FedEx Home Delivery®, the industry's first ground service dedicated to residential delivery, also provides Saturday, evening and appointment delivery. FedEx Ground segment financial results include FedEx SmartPost, which specializes in the consolidation and delivery of high volumes of low-weight, less time-sensitive business-to-consumer packages using the U.S. Postal Service for final delivery to any residential address or post office box in the United States.

FEDEX FREIGHT is the North American market leader in providing less-than-truckload (LTL) freight services across all lengths of haul. FedEx Freight segment financial results also include FedEx Custom Critical, North America's largest time-specific, critical shipment carrier.

FEDEX SERVICES operates combined sales, marketing, administrative and information technology functions in shared services operations that support our transportation businesses and allow us to obtain synergies from the combination of these functions. The FedEx Services segment includes: FedEx Services, which provides sales, marketing, information technology, communications and back-office support to our other companies; FedEx TechConnect, which is responsible for customer service, technical support, billings and collections for U.S. customers of our major business units; and FedEx Office, which provides an array of document and business services and retail access to our customers for our package transportation businesses.

PROFIT IMPROVEMENT PLAN

We will continue to manage our business to meet changing market needs, while remaining profitable and upholding our dedication to our culture. In FY12, we did just that. Our revenues grew by 9% and our earnings per share by 40%. We did not achieve our goal of 10% operating margins, but we did reach 7.5%.

FY13, however, has seen a more challenging business environment — particularly for FedEx Express, as ongoing shifts from priority to deferred shipping services have significantly impacted profitability. In response to these trends, we recently announced a plan targeting annual profitability improvement of \$1.7 billion by the end of FY16. The plan identifies several things the company will do, including reducing our costs, adjusting our transportation networks to meet changing customer needs and remaining dedicated to our people and culture, which have made us what we are today. In the face of a still unstable economic environment, shifting customer preferences and volatile fuel prices, we continue to adapt our networks, striking the right balance between volume and yield improvements. For more information on our financial performance and our profit improvement programs, go to the FedEx Investor Relations site at investors.fedex.com.

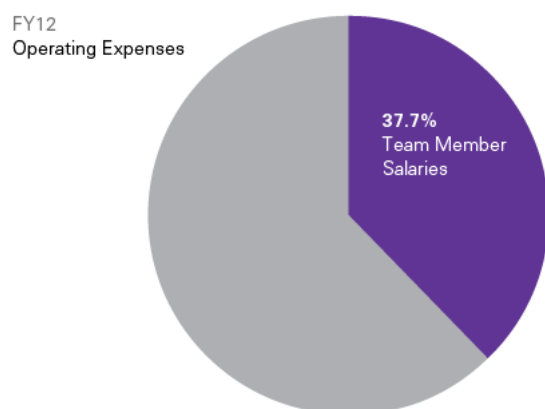
To read more about how our sustainability efforts are improving costs, please see our [Environment & Efficiency](#) section of this report. You can also find out more about our recently announced employee voluntary buyout program and our Quality Driven Management program in our [People & Workplace](#) section of this report.



FEDEX ECONOMIC IMPACT

FedEx has a strong economic impact on all the communities where we operate around the world. The impact starts with the salaries paid to our more than 300,000 team members. In FY12, more than 37% of our operating expenses went into team members' paychecks. In our hometown of Memphis, our hub cargo operations helped contribute to \$27.1 billion of the Memphis International Airport's annual economic impact, according to the latest research, a 2009 study by the University of Memphis. The same study showed a huge ripple effect in employment in the Memphis area. Our operations helped support 208,319 jobs in the area, according to the study.

FedEx Economic Impact



AWARDS AND RECOGNITION

- 2013, *World's Most Admired Companies*, #10, Fortune
- 2013, *World's Best CEOs*, Barron's
- 2013, *U.S. Reputation Pulse*, #23, Reputation Institute
- 2013, *Best Investor Relations in the Transport Sector, U.S.*, IR Magazine
- 2013, *Best Investor Relations Sustainability Practice, U.S.*, IR Magazine
- 2012, *Top 5 Financial Disclosure Procedures, North America*, IR Global Rankings
- 2012, *Best All Cargo Airline, Asia*, Cargonews Asia



FINANCIAL HIGHLIGHTS

Below is a synopsis of our financial results for FY10–FY12. For more context and our quarterly results, go to the FedEx Investor Relations site: investors.fedex.com

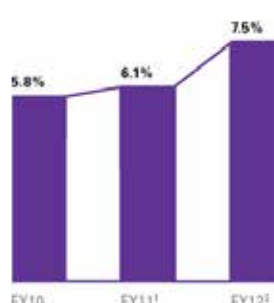
Revenue (in billions)



Operating Income (in millions)



Operating Margin



Net Income (in millions)



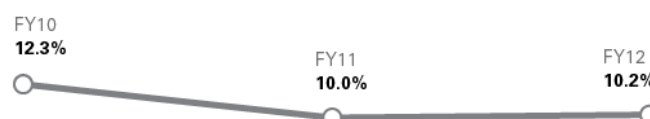
Diluted Earnings per Share



Capital Expenditures (in billions)



Debt to Total Capitalization



¹ Results for 2011 include charges of approximately \$199 million (\$104 million, net of tax and applicable variable incentive compensation impacts, or \$0.33 per diluted share) for the combination of our FedEx Freight and FedEx National LTL operations and a reserve associated with a legal matter at FedEx Express.

² Results for 2012 include an impairment charge of \$134 million (\$84 million, net of tax, or \$0.26 per diluted share) resulting from the decision to retire 24 aircraft and related engines at FedEx Express and the reversal of a \$66 million legal reserve that was initially recorded in 2011.



ENVIRONMENT & EFFICIENCY





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All currencies are translated in U.S. dollars.



AT FEDEX, OUR GOAL IS SIMPLE: TO CONNECT THE WORLD IN RESPONSIBLE AND RESOURCEFUL WAYS.

Our trucks, planes and facilities span more than 220 countries and territories, linking more than 90% of the world's GDP. We move the global economy, and we are always looking for ways to do it while reducing our own environmental footprint and those of our customers.

Energy is a huge issue for our company — and for the world. Our own operations consume about 1.5 billion gallons of jet fuel, diesel and gasoline per year. Petroleum provides about 80% of the fuel used by the world's transportation systems combined, and our industry faces significant challenges in terms of fuel price volatility and our sector's contribution to global greenhouse gas emissions. No single solution can wean global transportation off oil. That's why we are constantly testing new ideas across our network to see if they can meet the demands of our business and scale to meet demands of our entire industry.

We're using fuel cells, solar panels, smart meters and daylight-harvesting technologies in our facilities, liquefied natural gas in our long-haul routes and electric and hybrid-electric vehicles in dense urban delivery areas. And most recently, we began work with The Nature Conservancy (TNC) to identify sustainable biofuel feedstocks that offer the greatest potential for our aircraft and for transportation generally. We've created print-on-demand solutions to lower carbon footprints for our FedEx Office customers. The success of reusable packaging and our carbon-neutral envelope shipping service are fueling our desire to create even more sustainable packaging innovations and services.

These initiatives are adding up. We've begun to decouple our carbon emissions from our revenues so that as we grow as a company, we're reducing our impact. Last fiscal year we introduced a more ambitious aircraft emissions intensity goal, and we are proud to announce we have done the same for our FedEx Express vehicle fuel efficiency goal. Collectively, our most effective sustainability initiatives helped us generate more than \$320 million in estimated fuel and energy cost savings and materials recycling revenues in FY12, in addition to more than 1 million metric tons of avoided greenhouse gas emissions.

Because the scale of our business is truly global, we can help new alternative energy technologies spread. We've seen it happen. Our work with the Environmental Defense Fund (EDF) led to the industrywide development of hybrid technology for commercial vehicles. Our Chairman and CEO, Frederick W. Smith, continues to advocate for policies to ensure that new sustainable solutions are scalable. He has expressed our strong support for the electrification of transportation, adoption of industrywide fuel standards and energy alternatives. In fact, our call for new fuel standards in the U.S. for both consumer and commercial vehicles was adopted by the U.S. government through the Energy Independence & Security Act of 2007, which should save about 1 million barrels of oil per day.

GOALS AND PROGRESS

GOAL: Reducing aircraft emissions intensity 30% by 2020 (restated from original goal of 20% reduction by 2020)

- In FY12, we reduced aircraft CO₂ emissions intensity by 4%, bringing our cumulative reduction to 18% compared with FY05.

GOAL: Increasing FedEx Express vehicle fuel efficiency 30% by 2020 (restated from original goal of 20% improvement by 2020)

- In FY12, we achieved an additional 6% improvement in the FedEx Express vehicle fleet fuel efficiency, bringing our cumulative improvement since FY05 to 22%.
- FedEx Express has increased our original vehicle fuel efficiency goal by 50% to a 30% improvement by 2020, still using FY05 as the baseline year.

GOAL: Obtaining 30% of our jet fuel from alternative fuels by the year 2030

- In FY12, we embarked on a strategic engagement with TNC to develop a roadmap for achieving this goal.

GOAL: Expanding on-site generation of and continuing procurement of renewable energy for our facilities

- We have generated over 20 GWh of solar electricity since we built our first solar facility in 2005.
- We now have nine solar-energy facilities, six in the U.S. and three in Europe.
- The Solar Energy Industries Association recognized FedEx among the top 20 commercial solar power users in the U.S. in September 2012.
- FedEx Office was listed among the top 20 retail companies on the U.S. Environmental Protection Agency Green Power Partnership list in 2012.

GOAL: Seeking LEED (Leadership in Energy & Environmental Design) certification on all new FedEx Express buildings in the U.S.

- FedEx now has nine facilities in the U.S. that are LEED-certified, including the FedEx Express World HQ in Memphis and our Enterprise Data Center—West in Colorado Springs.



SUSTAINABILITY STRATEGY AND GOALS

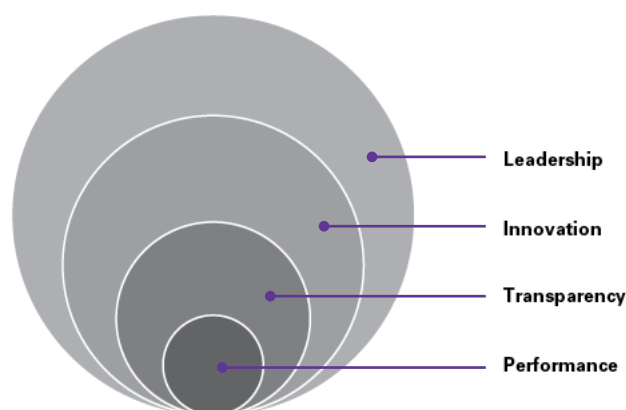
PRACTICAL ENVIRONMENTALISM, which we define as strategic and transformational environmental stewardship that adds tangible value in the effort to be more responsible, is the underlying philosophy that guides our approach to environmental sustainability. It encompasses economic viability, strategic integration, team member involvement and doing what's right for stakeholders and customers. The building blocks for Practical Environmentalism include:

- **PERFORMANCE** FedEx was the first company in the U.S. transportation-logistics industry to set a goal to reduce carbon dioxide emissions intensity in global aviation. Through FY12, we have achieved a reduction of 18% from our 2005 baseline. We were the first in our industry, back in 2008, to set a goal to improve the fuel efficiency of our FedEx Express vehicles. To date, we've achieved a 22% improvement in fuel economy from our 2005 baseline. Furthermore, FedEx currently leads the U.S. transportation industry with nine solar facilities globally, and FedEx Express has made LEED Certification the standard for newly built U.S. facilities.
- **TRANSPARENCY:** FedEx was the first company in the U.S. transportation-logistics industry to establish a [Citizenship Blog](#) to report global Scope 1 (direct) greenhouse gas emissions in 2008 and to disclose climate risks to the Securities and Exchange Commission. This is important, as it gives information to our stakeholders on what we are doing, what it means and where we are heading. It's similar to our customer service: We move our customers' goods; we tell them where those goods are during shipment; and we tell them when they have been delivered to their final destination. For more information on global climate change risks, see pages 20 and 74 of our [Annual Report on Form 10-K 2012](#).
- **INNOVATION:** FedEx has worked closely with the EDF to create innovative, clean delivery vans. This work resulted in the EDF declaring, "FedEx leadership has helped to make hybrid-truck technology a reality. FedEx led the launch that changed the marketplace." More than 200 fleets have since added the very vehicles we helped develop. But we haven't stopped there. We've gone on to push for electric powertrains, not only for commercial vehicles, but passenger ones as well. And we're currently working with TNC to develop a roadmap for achieving our goal of getting 30% of our aviation fuel from alternative sources by 2030.
- **LEADERSHIP:** FedEx was the first company in the U.S. transportation-logistics industry to push for commercial-vehicle fuel-economy legislation, which was enacted in the Energy Independence & Security Act of 2007. And, we helped create a set of principles to inform and support this first-ever national greenhouse gas/fuel efficiency program for medium- and heavy-duty vehicles.

Many FedEx departments are involved in issues of environmental stewardship and sustainability. Their collective efforts are led by Mitch Jackson, vice president for Environmental Affairs and Sustainability. The FedEx Enterprise Sustainability Council (FESC), a senior officer council with representatives

across functional areas, operating companies and regions, develops and guides implementation of our sustainability strategy.

Increasing Scope of Influence



Sustainability Impact Teams (SITs) have been established under the FESC management structure to ensure that our various operating companies can discuss, plan and align with our sustainability strategy. These SITs are comprised of representatives from internal functional areas (e.g., facilities, fleet management, supply chain, etc.) within each operating company and corporate functions such as Legal, Human Resources, Communications and Information Technology. The SITs' primary roles and responsibilities include:

- Identifying opportunities to advance the FedEx sustainability strategy across the enterprise in specific functional areas (e.g., vehicles, facilities, IT, supply chain, air operations, etc.),
- Incorporating sustainability into operational/functional areas and into the annual business planning process,
- Sharing knowledge and coordinating efforts in functional areas across the FedEx operating companies (i.e., "horizontal" communication channels),
- Identifying and developing possible goals and measuring functional area environmental impacts and performance, and
- Monitoring benefit to FedEx from sustainability initiatives.

In addition, each major transportation-based operating company has its own internal Environmental Management department that actively manages operating company-specific environmental sustainability programs and compliance with applicable environmental regulations and internal policies. Representatives from these departments share best practices and collaborate on sustainability initiatives with other operating companies and other internal departments (e.g., Vehicle Operations, Facilities, Corporate Communications, IT, etc.) through the appropriate SITs.



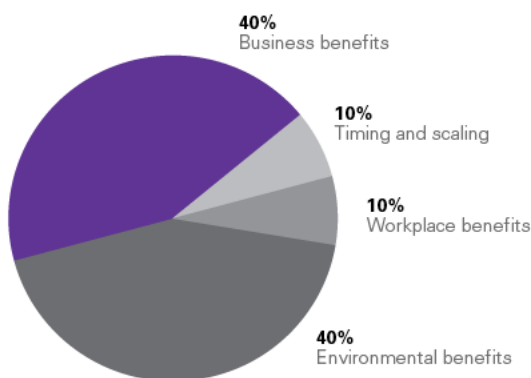
EARTHSMART

FedEx works to achieve our ambitious goals through EarthSmart—the FedEx roadmap for operating in an increasingly sustainable way and engaging our team members, customers, suppliers, vendors and the communities where we operate to help us reduce the environmental impact of our daily business operations. We introduced EarthSmart in 2009 as a way to underscore our commitment to minimize our impact on the environment. Our aim is to find or create new innovative ways not only to improve our own company's environmental performance, but also to point the way for other companies in our own industry and beyond. For a complete list of EarthSmart-designated initiatives, please see the [Appendix](#) at the end of this section.

EarthSmart includes three pillars:

1. **EARTHSMART INNOVATIONS:** EarthSmart Innovations focuses on business and customer solutions, including products, services and assets. EarthSmart Innovations must demonstrate clear and tangible business, environmental and workplace benefits. Established criteria and scoring methods ensure that only those FedEx products, services and assets that meet quantifiable environmental standards earn an EarthSmart designation. Any sustainability effort at FedEx will be part of EarthSmart, but it may not score high enough to receive a designation or use of the EarthSmart brand assets.

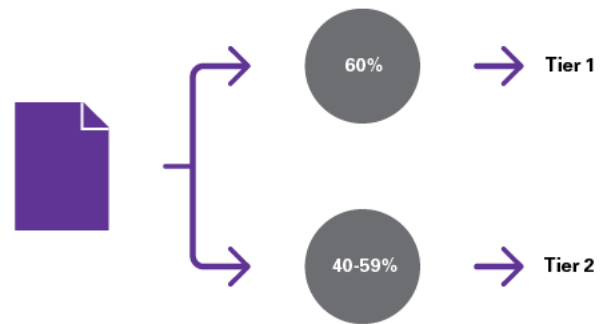
We score applications in four areas:



Accepted applications fall within one of the following two tiers: Tier 1 designations receive a custom EarthSmart logo, while Tier 2 programs receive the collective EarthSmart logo.

EarthSmart Innovations reviews are conducted annually to ensure that all EarthSmart Innovations-designated programs continue to qualify for the EarthSmart designation. During the annual review process, program managers receive a questionnaire asking them to report actual business, environmental and workplace benefits of the program as compared to the goals and projections included in the business case for that program's application.

EarthSmart Logo Applications



2. **EARTHSMART @ WORK:** EarthSmart @ Work focuses on three key areas: recycling/waste minimization, fuel emissions and energy usage in the FedEx workplace. The submitted workplace solutions must result in measurable environmental benefits for the workplace, team members, customers, community and the environment — all of which are weighted equally in scoring. Costs and return on investments must also be covered.
3. **EARTHSMART OUTREACH:** EarthSmart Outreach focuses on sustainable transportation, cities and ecosystems. Initiatives must demonstrate measurable environmental impact in the community, involve community mobilization, engage team members and support the FedEx brand. All of the criteria are weighted equally in scoring.

- **BENEFIT THE ENVIRONMENT:** A clear contribution to reducing carbon (preferred) like tree planting or to one or more other measurable environmental benefits like improving water/air quality or wildlife protection.
- **COMMUNITY MOBILIZATION:** Mobilize people, organizations, government or communities either directly to change their own behaviors or to influence broad behavioral changes toward the environment.
- **TEAM MEMBER ENGAGEMENT:** Leverage FedEx team member skills, expertise and volunteer time.
- **BRAND ENHANCEMENT:** Make clear contributions to the FedEx brand and reputation regarding the environment.

For more information on EarthSmart Outreach initiatives, please see the [Community & Disaster Relief](#) section of this report.

At the corporate level, various communications channels are used to convey information to all FedEx team members about EarthSmart and other environmental sustainability initiatives at FedEx. An internal EarthSmart portal provides detailed information to team members on the EarthSmart designation process and EarthSmart-designated initiatives, as well as access to tools and resources to help team members plan, promote and implement their own EarthSmart-designated programs. In particular, our EarthSmart @ Work pillar places additional emphasis on initiatives that engage team members in support of our sustainability initiatives.



In addition, each transportation-based operating company's Environmental Management department uses its individual operating company communications channels to promote EarthSmart-designated programs that are specific to its operating company. Information on environmental sustainability topics are also promoted to both external and internal stakeholders through [the FedEx Citizenship Blog](#), [the EarthSmart solutions website](#), press releases, social media postings, video clips and our Global Citizenship Report.

ENTERPRISE ENERGY CONSUMPTION AND GREENHOUSE GAS EMISSIONS

DIRECT AND INDIRECT ENERGY CONSUMPTION

The most significant direct energy source consumed by FedEx operating companies is the fuel used in our company-owned and -operated aircraft and vehicle fleets. To a much lesser extent, we also consume natural gas and heating oil in our facilities around the world.

In FY12, we consumed 198,614 terajoules of direct energy through the use of fuel consumed by our company-owned and -operated aircraft and vehicle fleets, and on-site combustion of natural gas and heating oil, used at our hubs, stations and office facilities around the world.

Direct Energy Source	FY12 Energy Consumption (terajoules)
Aircraft Fuel	157,293
Vehicle and Emergency Generator Fuel (Diesel, Gasoline and Propane)	37,727
Facilities (Natural Gas, Heating Oil)	3,589

The vast majority of direct energy consumed was from nonrenewable fuels used in our aircraft and vehicle fleets. The renewable source portion of our direct energy use comes primarily from biodiesel and ethanol included in the gasoline purchased through the retail fuel infrastructure for use in our company-operated vehicles. In addition, we also purchase some biodiesel in bulk for use in FedEx Express vehicles and to resell to FedEx Ground independent contractors.

In FY12, all of the indirect energy use we recorded came from the consumption of 1,619,539,182 KWh of purchased electricity at our facilities around the world. This amounted to 5,895 terajoules, a slight decrease from the previous year due to ongoing energy efficiency initiatives at our facilities (see [Greening Our Facilities](#)).

ROADMAP FOR ALTERNATIVE AVIATION FUELS

Aircraft emissions make up more than 80% of our entire transportation fleet emissions, so, as a company dedicated to innovation and game-changing ideas, we have set a goal to use 30% alternative fuels in our aircraft by 2030. To help guide our progress toward this goal, we've commissioned TNC to create a biofuels roadmap for the long-distance transportation sector. This roadmap, which will be based on extensive research and collaboration with internal and external subject matter experts, will serve not only as our compass as we work to adopt biofuels into our fleet, but also, we hope, as a model for our entire industry to follow.

GREENHOUSE GAS EMISSIONS

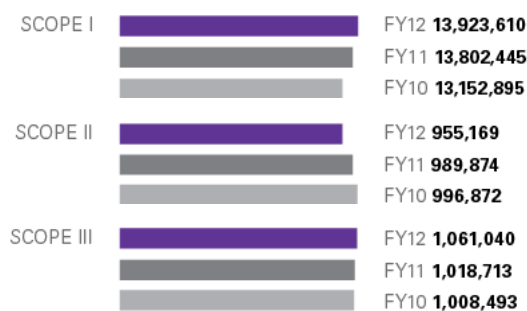
In prior years, we reported our greenhouse gas emissions only in terms of CO₂ emissions. Starting this year, we will also disclose our emissions in terms of "CO₂ equivalent" (CO₂e), which is the measure used to compare the emissions from various greenhouse gases, primarily CO₂, methane (CH₄) and nitrous oxide (N₂O), based on their global warming potentials. We will also continue reporting our enterprise emissions in CO₂ terms for the next few years to allow for year-over-year comparisons.

FY12 Emissions Categories	Metric Tons CO ₂ e
Total FY12 CO₂e Emissions	16,645,894
• Scope 1	14,602,697
• Scope 2	959,109
• Scope 3	1,084,088



The Scope 1 and 2 absolute emissions associated with our direct and indirect energy usage in FY12 amounted to 14,878,779 metric tons of CO₂e (15,561,806 metric tons of CO₂e) which increased slightly by 0.6% over FY11. In that same time frame, we increased our total annual revenues by 9%, thereby continuing our trend of decoupling economic growth from our direct and indirect carbon emissions. Furthermore, our enterprise Scope 2 absolute emissions actually decreased by more than 3.5% during FY12 due to ongoing energy efficiency initiatives at our facilities (see [Greening Our Facilities](#)).

Enterprise CO₂ Emissions (in metric tons)



There are some very minor gaps in the compilation of our Scope 1 emissions, mostly from fuels used at a small number of facilities with emergency diesel generators, propane consumption in forklifts at some non-hub locations, and on-site company-owned yard tractors at some FedEx Ground locations (see chart for information on Scope 3 emissions associated with FedEx Ground independent contractors). In addition, we have some data gaps in the compilation of our Scope 2 emissions, particularly in relation to smaller facilities and FedEx Office stores where electricity usage is bundled with the facility leases. Given the fact that we operate thousands of facilities around the world, with numerous local electricity utility suppliers, it is not feasible for us to determine the portion of our purchased electricity consumption that comes from renewable energy sources.

As in prior years, our Scope 3 emissions include those from FedEx Express feeder aircraft contract operators and the fuel we sell to FedEx Ground independent contractors. However in this year's report, we are also including estimated Scope 3 emissions from employee business travel undertaken in FY12.

Scope 3 Emissions Source	FY12 Metric Tons CO ₂	FY12 Metric Tons CO ₂ e
Total Scope 3 Emissions	1,061,040	1,084,088
• Contracted Transportation Services	1,008,618	1,031,144
• Employee Business Travel	52,421	52,943

There are also some data gaps with the compilation of our Scope 3 emissions, primarily related to those generated by our contracted transportation service providers who do not purchase fuel directly from FedEx. This includes:

- FedEx Ground independent contractors, who provide line-haul and pickup and delivery (P&D) services
- FedEx Express global service participants in international regions, feeder aircraft operators and third-party line-haul providers
- FedEx Freight service agents in Canada and Mexico, as well as rail and trucking line-haul providers in the U.S.
- FedEx Trade Networks air and ocean transportation providers
- FedEx Custom Critical independent contractor drivers
- Shipping services that are handled by the U.S. Postal Service for FedEx SmartPost

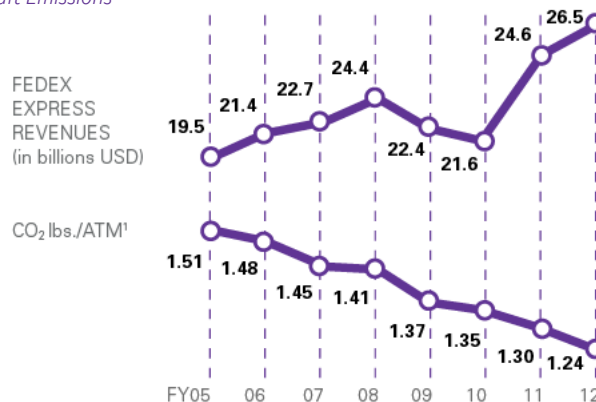
GREENING OUR FLEET

As mentioned earlier, our company-owned or leased aircraft and vehicle fleets generate our largest environmental impacts in the form of greenhouse gas emissions. Accordingly, we focus a significant amount of time and resources articulating, developing and implementing innovative strategies and programs through our EarthSmart platform to help make our transportation fleets more fuel-efficient, thereby resulting in avoided emissions.

AIRCRAFT EMISSIONS

Our more than 650 aircraft generate the majority of our Scope 1 CO₂ emissions. As we mentioned in last year's report, we increased our global aircraft emissions intensity goal (measured as CO₂ emissions per available ton mile) by 50% to a 30% intensity reduction by 2020, still using FY05 as the baseline year. In FY12, we continued to make progress toward that revised goal by reducing our aircraft CO₂ emissions intensity by 4%, bringing our cumulative reduction to 18% compared with FY05.

Aircraft Emissions

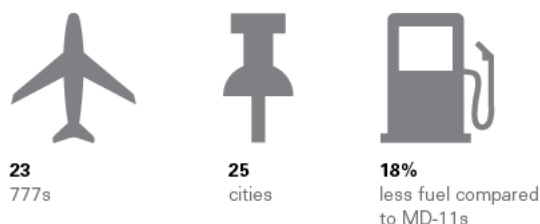


¹ ATM, or available ton mile, is defined as one ton of capacity (cargo) transported one mile.



A significant portion of that reduction was achieved through the ongoing replacement of less fuel-efficient aircraft with newer fuel-efficient models. In FY12, we added 16 more Boeing 757 aircraft to our fleet, which are 36% more fuel-efficient on a payload adjusted basis than the 727-200s they replaced. We currently have 70 Boeing 757s providing service to 85 cities, and we expect to soon replace all our less-efficient 727s with the newer 757 models. We also introduced seven more Boeing 777 aircraft into our fleet, which use 18% less fuel and provide greater payload capacity than the MD-11 aircraft they replace. We currently have 23 Boeing 777s providing service to 25 cities around the world and are still on track to have 43 777s in service by 2023, as we reported last year. The net effect of these aircraft replacements is an estimated fuel savings of more than 37 million gallons in FY12, resulting in avoided CQ emissions of 353,792 metric tons. In addition, we are planning to introduce the new Boeing 767 aircraft to our fleet in FY14, which will further contribute to our ability to meet our newly revised aircraft emissions intensity reduction target.

777F Trade Lanes



Even more impactful is the fuel saving that we continuously achieve through the strategic EarthSmart @ Work initiative called Fuel Sense. With more than 30 different programs under the Fuel Sense umbrella, FedEx Express is realizing savings of 49 million gallons of jet fuel, thereby avoiding more than 466,000 metric tons of CQ emissions each year. Fuel Sense encompasses a comprehensive team-driven approach across a wide variety of internal departments, with strong support from upper management, to identify and implement initiatives that ultimately optimize how we plan and actively manage our aircraft operations, ensuring the best possible tradeoff between fuel efficiency and on-time performance. Through Fuel Sense, every phase of aircraft operations, from pre-flight planning to in-flight routing to post-flight operation, is covered as we work to identify opportunities to increase fuel efficiency. We also have mechanisms for team members to share new ideas and provide feedback on their individual contributions to the program.

VEHICLE EMISSIONS

The FedEx vehicle fleet encompasses 90,000 company-owned and contracted vehicles around the world. Our company-owned vehicles at FedEx Express and FedEx Freight generate approximately 20% of our overall Scope 1 emissions, while the vehicles operated by FedEx Ground independent contractors account for most of our reported Scope 3 emissions. Therefore, we have implemented strategies that focus on developing and adopting innovative fuel- and emissions-saving technologies to make our fleets more efficient.

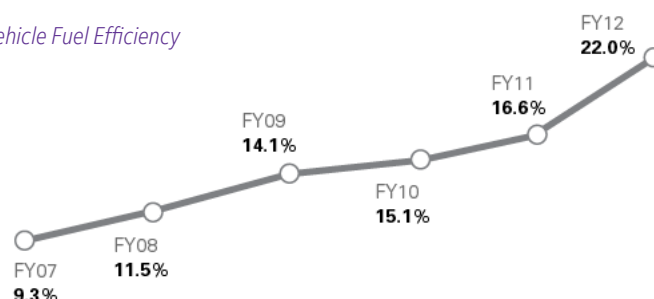
FUEL SENSE INNOVATIVE PROGRAM EXAMPLES

Our Fuel Sense program has yielded many innovative approaches: new technologies, forecasting and probabilistic models, innovative air traffic procedures and decision-support tools. For instance, FedEx Express is a leader in departure-queue management, which reduces time waiting on the runway with engines running by delaying departure from the gate until predicted taxi time is acceptable. Sophisticated software automation and communication between FedEx and air traffic control teams at our Memphis, Indianapolis and Paris hubs allow real-time usage of runways and air traffic resources, saving approximately 45,000 gallons of jet fuel each month.

Another great example of how FedEx works with external entities through Fuel Sense is our collaboration with the Federal Aviation Administration's weight turbulence separation recategorization (RECAT) initiative. This initiative reclassifies the minimum space requirements between aircraft based on aircraft weight, wing characteristics, approach and takeoff speeds and the ability of the aircraft to counteract adverse rolls. In November 2011, our Memphis hub was selected as the first airport to implement RECAT because of the aircraft mix and the outstanding relationship between Air Traffic Control and FedEx Express. This new RECAT scheme at Memphis increases the airport's capacity by more than 15%, reduces delays and saves FedEx approximately 350,000 gallons of jet fuel a month.

Our previously stated goal for 2020 was to improve the fuel efficiency of the FedEx Express delivery vehicle fleet by 20%, using 2005 as the baseline year. In FY12, we achieved a 22% fuel efficiency improvement in the FedEx Express vehicle fleet since FY05. We are happy to announce that FedEx Express has increased its vehicle fuel efficiency goal by 50% to a 30% improvement by 2020, still using FY05 as the baseline year. Many factors have led to our success in meeting and exceeding our original FedEx Express vehicle fuel-efficiency goals. The FedEx P&D vehicle fleet follows a three-tiered approach to improve vehicle fuel efficiency: Reduce, Replace and Revolutionize. This means we develop vehicle technologies for the future while making the best use of the conventional vehicles we operate today.

Vehicle Fuel Efficiency





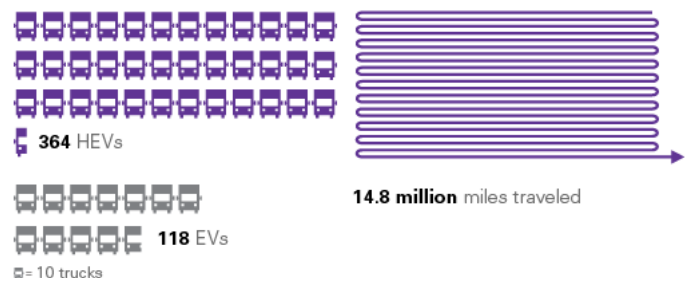
ELECTRIC VEHICLES IN EMEA

FedEx Express tested a prototype Nissan e-NV200 zero-emission all-electric delivery vehicle in the London area to assess its durability for the rigors of urban deliveries. The e-NV200 EV prototype uses the same EV powertrain and battery originally developed for the Nissan LEAF — the world's first 100% electric mass-market family car and winner of the 2011 European Car of the Year, 2011 World Car of the Year and Car of the Year Japan 2011-2012 awards. With zero emissions, no tailpipe and energy-recycling regenerative braking, the Nissan e-NV200 EV prototype is particularly well-suited for congested city streets. To celebrate the end of the trial in February 2012, a FedEx Express courier delivered donations from Nissan employees to the British Red Cross Headquarters in the e-NV200 prototype van. FedEx Express matched the Nissan employees' generosity with a donation of its own, and both donations were allotted to the British Red Cross Disaster Fund supporting emergency-response efforts around the world.

In December 2011, FedEx Express introduced seven electrically assisted tricycles for package deliveries and collections in the third, fourth and tenth districts of Paris in our Europe, Middle East and Africa (EMEA) region. Following this successful trial, which earned an EarthSmart Innovations designation, we increased the coverage area from three to five districts in FY12 with the introduction of four additional tricycles. As a result, 60% of Paris districts are now served with emissions-free transportation options, including five all-electric state-of-the-art Modec delivery vans, which have been servicing Paris since 2010.

Through our EarthSmart Innovations-designated Zero Emission All-Electric and Low-Emission Hybrid-Electric programs, FedEx Express increased the size of its alternative-fuel fleet by 18% in FY12, with a total of 364 hybrid-electric vehicles (HEVs) and 118 electric vehicles (EVs) in the fleet by the end of FY12. As of December 31, 2012, these vehicles have saved 480,000 gallons of fuel and logged 14.8 million miles since being introduced to our fleet in 2005, with 112,000 gallons of fuel saved and more than 1,000 metric tons of CO₂ emissions avoided in FY12 alone. In high-density urban markets such as New York, San Francisco, Los Angeles and Hong Kong, where local traffic is heavily congested, these alternative-fuel vehicles have demonstrated strong efficiency results. FedEx Express continues testing newer EV models as well as retrofitting standard delivery vehicles with all-electric drivetrains from various suppliers, including Smith Electric Vehicles and Freightliner Custom Chassis Corp. In addition, we are working with General Electric, Con Edison and Columbia University on a Smart Grid pilot project in lower Manhattan, focused on creating an advanced infrastructure of charging facilities for EVs. FedEx Express also operates 76 trucks fueled by compressed natural gas and liquefied petroleum gas in our Europe, Asia Pacific and Latin America markets.

Electric and Hybrid-Electric Fleet



FedEx Office also supports the expansion of HEVs and EVs in U.S. markets. We select locations based on our ability to make practical investments and where our routes can sustainably deploy this technology. FedEx Office has HEVs in California, Texas, Oregon and Washington state.

Recently, FedEx Office installed charging stations in Washington, D.C., allowing us to deploy EVs in that market. We hope that by building our own charging-station infrastructure, we can inspire others to follow.

TESTING HYDROGEN FUEL CELLS IN BAGGAGE TOW TRACTORS

FedEx Express continues to evaluate new alternative-fuel vehicle technologies at our airport hubs. In November 2012, FedEx Express announced a collaboration with Plug Power Inc. to retrofit 15 Charlotte baggage tow tractors at our Memphis and Oakland hub airports with hydrogen-powered fuel cells, as part of a three-year project funded with a \$2.5 million grant awarded to Plug Power from the U.S. Department of Energy. FedEx Express currently uses Charlotte electric baggage tow tractors at those locations, so this pilot project could present an alternative-fuel option to the battery packs that power those vehicles today.

FedEx Express will deploy hydrogen fuel-cell technology at these two hub locations to study the productivity, efficiency and the environmental benefits of using hydrogen fuel cells. In addition, Nuvera, a company that builds hydrogen generation systems and fuel cells, will deploy on-site "PowerTap" systems that convert natural gas and water into hydrogen to recharge the hydrogen fuel cells, taking advantage of the natural gas pipelines that already exist at those hub locations. The recent availability of cheaper natural gas has the potential to make this technology both economically and environmentally feasible compared to the current diesel-based baggage tow tractors deployed at most FedEx Express hub locations.



FedEx Express has seen the biggest impact on overall fuel efficiency from our strategy of making our fleet of conventional internal-combustion-engine local P&D vehicles more efficient through our EarthSmart @ Work-designated "Vehicle Refresh Plan." Through this program, which has saved over 86 million gallons of fuel since its inception, including 17 million gallons (and more than 173,000 metric tons of CO₂ emissions avoided) in FY12 alone, FedEx engineers use detailed analysis techniques to understand the power, torque and payload capacity requirements of our various route profiles. Matching the right vehicle to each route yields significant economic and environmental returns. In particular, the mass deployment of clean diesel Sprinter vans, which are about 70% to 100% more fuel efficient than the vehicles they replace, has played a key role in improving overall vehicle fleet fuel efficiency, especially in suburban and extended driving range markets. FedEx Express has more than 10,000 such vehicles in service, which equates to more than 35% of our U.S. P&D fleet. Moreover, the leadership position that FedEx Express has taken in deploying these vehicles has encouraged other major operators of medium-duty vehicles to replace their older delivery vehicles with more fuel-efficient Sprinter-type vans.

Clean Diesel Vans

35% clean diesel vans in U.S. pickup and delivery fleet



Team members at FedEx Freight are helping to reduce emissions and conserve fuel with the GREEN (Guiding Reductions in Emissions within our Environment and Nature) Fleet program, an EarthSmart @ Work initiative. GREEN Fleet educates drivers on fuel-efficient driving habits like progressive shifting, use of cruise control and idling reduction. And it encompasses vehicle improvements like trailer skirts that minimize drag and U.S. EPA SmartWay-approved tires with low rolling resistance, which helps to reduce emissions and save fuel. In October 2012, FedEx Freight began beta testing two new tractors powered by cleaner-burning engines that use only liquefied natural gas (LNG). The pre-production engine used in the new tractors is slated for limited release in 2013 and is currently the only all-natural-gas engine that begins to meet the size and power needs of Class 8 trucks. The tractors are based at the FedEx Freight service center in Dallas as part of regular line-haul operations and are logging nearly 1,000 miles per day. Such extensive use is helping FedEx Freight quickly and thoroughly test the new engine's ability to meet the needs of day-to-day operations. Additionally, FedEx Freight has conducted successful testing of a synthetic diesel fuel derived from biomass in our trucks at the Birmingham, Ala., service center. As a result, we continue to look forward to using such alternative fuels in the foreseeable future.

One of the most promising fuel-efficiency innovations being evaluated by FedEx Ground is the use of hydraulic hybrid vehicle technologies in P&D vans used on local delivery routes across the U.S. and Canada. Hydraulic-hybrid vehicle systems capture the energy used to slow and stop the vehicle by using the rear wheels to drive a large hydraulic pump, which in turn increases the pressure in

ECO-DRIVE ACCELERATES INTO EMEA

In 2010, FedEx Express launched our Eco-Drive program in Japan, working with experts from Isuzu Motors to teach FedEx drivers how to operate vehicles more efficiently, increasing their awareness of energy conservation, environmental protection and general road safety by applying the five key principles of the Eco-Drive program (see graphic) to their daily driving practices. The initial results were so impressive that the program was expanded into 10 other Asia Pacific (APAC) markets in 2011, where fuel savings of more than 5% were realized at participating stations. Eakaraj Ubonsamut, a FedEx courier in Thailand, says, "Eco-Drive is about helping to protect and save the environment. I adjust my speed according to the conditions and use the accelerator pedal more gently when starting the vehicle. I not only drive safer, but I am also reducing fuel consumption."

On World Environment Day — June 7, 2012 — the program was expanded to 24 countries in our EMEA region. To date, more than 300 FedEx couriers have received Eco-Drive training across that region, and preliminary results are positive, similar to those observed in APAC. The one exception so far is our station in Dubai, United Arab Emirates, which has reported an even more impressive fuel savings rate of 18% since the program was launched in that market. We plan to provide more details on the ongoing success of this program in next year's report.



the vehicle's hydraulic fluid system. When the driver steps on the accelerator, the high-pressure hydraulic fluid stored in the system is released to power a hydraulic motor that drives the vehicle's rear wheels. The entire system is computer controlled so the engine is stopped when not needed and started automatically when the computer senses power demands. This eliminates unnecessary engine operation, which in turn saves fuel and reduces engine wear and tear. FedEx Ground has collaborated with Freightliner Custom Chassis Corp., Parker Hannifin Corp. and Morgan Olson to develop and test a fleet of six hydraulic hybrid vehicles in a 24-month trial. So far, the vehicles have accumulated a total of 49,276 miles, with average fuel economy showing a 50% improvement over conventional P&D vans. FedEx Ground independent contractors in the locations where hydraulic hybrid vans are being tested have expressed an interest in buying them if the return-on-investment studies find the vans are economically viable.



Another promising innovation being tested by FedEx Ground involves developing and installing aerodynamic-shaped plastic, fiberglass and metal fairings to reduce wind resistance and air turbulence around and between 28- and 33-foot drop-frame trailers. These trailers are used for most of the FedEx Ground long-haul, hub-to-hub movement of packages. FedEx Ground currently has four different manufacturers working independently to create prototype fairings, with specifications requiring at least a 5% fuel economy improvement.

Four of the FedEx operating companies (FedEx Custom Critical, FedEx Express, FedEx Freight and FedEx Ground) are active members of the U.S. EPA's SmartWay Transport Partnership program, which creates a market mechanism that gives carriers and shippers incentive to improve operational efficiency, increase environmental performance and increase supply-chain sustainability. In 2012, FedEx Ground was recognized by the EPA with the SmartWay Carrier Award in the large package carrier category. Through the SmartWay Excellence Awards program, EPA recognizes leading shippers, logistics companies and freight carriers that are optimizing the environmental performance and efficiency of their freight operations and serving as role models for other businesses to follow.

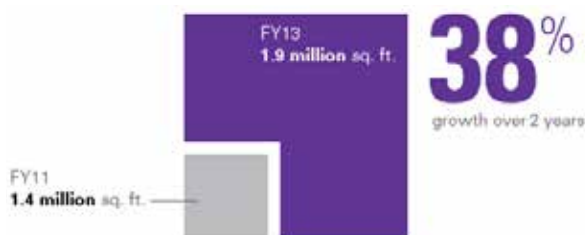
GREENING OUR FACILITIES

ENERGY CONSERVATION

Every major FedEx operating company manages its own programs and strategies to minimize the environmental impacts of its facilities.

In 2010, FedEx Express established a goal to seek LEED certification on all new FedEx Express buildings in the U.S. This program was later formalized as an EarthSmart Innovation, and today nine FedEx facilities have achieved LEED certification, including the FedEx Express World HQ in Memphis and our Enterprise Data Center—West in Colorado Springs.

LEED-Certified Facilities



The FedEx Freight GREEN Building program encourages team members to participate in companywide strategies and improvements that create efficiencies that reduce emissions by supporting EarthSmart-designated Energy Watch, Waste Watch and Supply Watch initiatives. Related projects, such as implementing energy-efficient lighting upgrades and paper shredding, etc., can be created by teams of employees within Facility Services or across other functional areas.

The FedEx Freight EarthSmart-designated GREEN Site program focuses on specific actions — such as recycling, turning off lights, using double-sided printing and following environmental compliance procedures — that team members can take to “green” or reduce their facilities’ emissions and environmental impacts. The GREEN Site program has two levels of actions that support all three of the associated EarthSmart-designated Energy Watch, Waste Watch and Supply Watch initiatives, with varying degrees of team member engagement and goal attainment. The metrics for this program are unique to each site, but they include such measures as landfill-waste reduction, electricity saved and environmentally preferable products purchased. A total of 120 sites have been certified since the program began in September 2011.

LOCAL ENVIRONMENTAL ACTION

The FedEx Freight EarthSmart @ Work Local Environmental Action Facilitators (LEAF) program designates employees at every location to champion their site's sustainability efforts, with a goal of achieving GREEN Site certification for those sites. A LEAF-specific SharePoint site provides educational resources and lets facilities collaborate and share ideas. Larry Arnold, a fleet maintenance manager at the fleet maintenance shop in northwestern Atlanta, typifies the dedication of the 375 designated LEAFs toward the success of this program. Arnold led his location to GREEN Site certification through the implementation of actions that promote sustainable practices, such as recycling copy paper, aluminum cans and cardboard packaging. In addition, Arnold's team worked with FedEx Freight Facility Services to have energy-efficient lighting fixtures and motion sensors installed so overhead doors open and close automatically to reduce energy loss. The net effect of these activities reduced the site's waste disposal and heating/cooling costs, making it a great success.

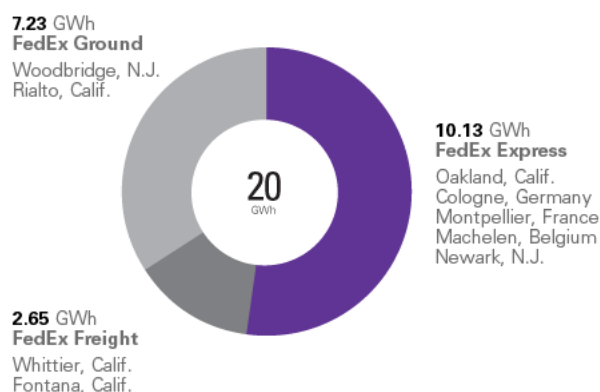
We've seen tremendous electricity, emissions and cost savings across our enterprise because of an ongoing initiative to retrofit internal lighting fixtures inside FedEx facilities with energy-efficient lighting, such as T5HO fluorescent high-bay lights for interior sorting areas and employee parking lots, LED lighting for loading docks and T8 fluorescent lighting for office buildings. In addition, occupancy sensors were installed where appropriate for additional energy savings. This initiative has saved 166,565,203 KWh of electricity (equivalent to avoiding 117,520 metric tons of CO₂e, based on the EPA's Greenhouse Gas Equivalencies Calculator) in 447 FedEx facilities since 2006. The FY12 annualized savings alone amounted to 59,910,238 KWh of electricity (equivalent to avoiding 42,270 metric tons of CO₂e) in the 164 FedEx facilities that were upgraded through the program.



RENEWABLE ENERGY

Solar-energy systems at FedEx locations have generated more than 20 GWh of electricity since we built our first EarthSmart Innovations solar facility in 2005. We now have nine solar-energy facilities (six in the U.S. and three in Europe). Those facilities alone have reduced CO₂ emissions by an estimated 6,989 metric tons — roughly equivalent to 783,520 gallons of gasoline or 179,205 tree seedlings growing for 10 years, based on the EPA's Greenhouse Gas Equivalencies Calculator. In September 2012, a report from the Solar Energy Industries Association listed FedEx among the top 20 commercial users of solar electricity in the U.S.

Solar Electricity



In addition, FedEx Office continued to help support renewable power generation by purchasing 25,000 megawatt-hours of renewable energy credits (RECs) in 2012. Each REC represents 1,000 kilowatt-hours of electricity produced by a renewable energy source, and their purchase helps sustain and expand the renewable energy grid. Consequently, FedEx Office was recognized among the top 20 retail companies on the U.S. EPA Green Power Partnership list in 2012.

Renewable Energy Credits

25,000 MWh

WASTE AND RECYCLING

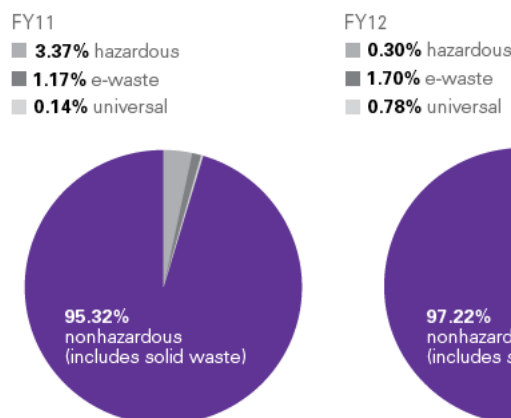
WASTE GENERATION

In FY12, the total waste generated that we were able to track at FedEx facilities amounted to 74,624 U.S. tons. The majority of that waste is considered nonhazardous and municipal solid waste, while the remaining waste streams include: regulated nonhazardous waste, such as oil filters, in certain U.S. states; hazardous waste, which is dangerous or potentially harmful to human health or the environment; "universal waste," which includes batteries, mercury-containing equipment and fluorescent light bulbs; and e-waste, such as obsolete handheld scanners, computers and peripheral devices.

Waste Type (in U.S. Tons)	Total Waste	Sent to Recyclers	% Sent to Recyclers
Total Waste	74,624	43,251	58%
• Solid Waste	67,501	37,843	56%
• Regulated	5,048	3,479	69%
Nonhazardous Waste			
• Hazardous Waste	224	78	35%
• "Universal Waste"	585	585	100%
• E-Waste	1,266	1,266	100%

We continue working toward a goal of reporting the total solid waste generated at all facilities across our global enterprise in the near future. However, we still have some gaps in the collection of our waste data. At the present time, only regulated hazardous and nonhazardous waste is being tracked at FedEx Ground facilities, and regular solid municipal waste is not currently being reported at that operating company. In addition, there are some smaller facilities at other operating companies, including many FedEx Office stores, which have waste disposal services bundled with facility leases. As a result, we have no way to track waste disposal at those facilities at this time. And finally, we are working on improving our visibility into waste generation at FedEx Express facilities outside the U.S.

Waste Streams





RECYCLING

In FY12, we recycled 38.6 million more lbs. of the waste generated at our facilities than we did in FY11. Based on the waste disposal data we currently track, our recycling rate rose 22 percentage points, to 58% in FY12. We attribute this growth to increased participation in recycling programs across our operating companies, including the EarthSmart @ Work-designated Ground Green at FedEx Ground and Waste Watch at FedEx Freight, and the EPA Waste Wise-recognized FedEx Express Recycle Program, which features its very own mascot, “R.E. Cycle,” who provides useful tips to team members on waste minimization and recycling. EarthSmart @ Work continues to challenge our team members to find new ways to recycle and/or reuse a significant percentage of waste, including nonhazardous, hazardous, “universal” and e-waste.

Recycling Percentages



Recycling Totals (in millions of lbs.)



DOING THE RIGHT THING

Matt Hawks, an operations manager at the FedEx Express Memphis World Hub, came up with a big idea: Let's start recycling plastic bottles and aluminum cans in the Hub Cafe, which sells about 3,000 beverage containers to FedEx team members each day. Having a degree with a focus on sustainable enterprise and having lived in New York City, where residents recycle or pay a fine, Hawks was already in the habit of sorting waste. After noticing that there were no recycling bins at the Hub Cafe, he and Shelly Gunn, a station manager at the hub, put their heads together, and by the end of 2011, recycling was in full swing at the Cafe. "If given a choice, team members are willing to do the right thing," Hawks says. "I'm proud of what we've accomplished, but there's potential to do so much more locally and throughout the company."

Similar programs are planned for other hubs. What's next? Hawks dreams of recruiting volunteers to plant greenery on the hub's expansive rooftop to lower energy costs, reduce storm-water runoff and extend the roof's life.

Ground Green is an EarthSmart @ Work program, in conjunction with the EPA Waste Wise program, designed to integrate waste reduction and recycling techniques into the FedEx Ground everyday operating procedures by educating, encouraging involvement and increasing team member awareness. Among the materials recycled through Ground Green are office paper, cardboard, plastic (soda bottles, rain shields and plastic bags), wooden and plastic pallets and even scrap metal. In addition, cardboard shredding equipment has been deployed in some locations to provide an alternative to conventional packing materials. Since the program's inception in 2006, 93 million lbs. of materials have been diverted from landfills. In FY12 alone, Ground Green was responsible for recycling more than 27 million lbs. of materials at FedEx Ground facilities in the U.S. and Canada.

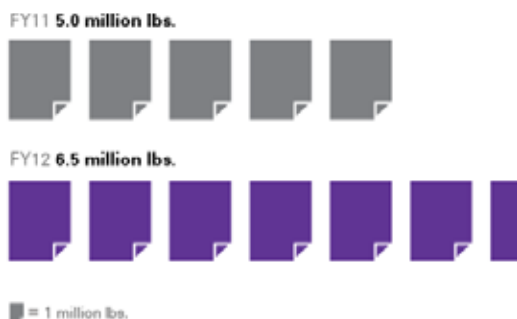


The FedEx Ground Environmental Services Department provides tools and information to team members on Ground Green through its intranet site, newsletters and routine conference calls. Every year, to commemorate Earth Day, FedEx Ground hosts a weeklong event called “Ground Green Week,” which includes activities such as volunteer efforts, free e-waste recycling for employees and educational workshops.

FEDEX PAPER RECYCLING PROGRAM

At FedEx Office, recycling programs have helped divert millions of pounds of waste from landfills. For example, our EarthSmart Innovations-designed in-store recycling program at FedEx Office allowed us to recycle more than 6.5 million lbs. of paper in FY12, saving more than 9,700 cubic yards of landfill space and more than 55,000 trees. In FY13, we decided to fully leverage the program by offering it as a value-added service to our customers, who can now bring sensitive paper documents, such as old tax forms and financial records, to FedEx Office stores and take advantage of the ease and convenience of our secure shredding services. Those customer documents are placed in locked containers, which are picked up and transported to Iron Mountain facilities for secure shredding and recycling.

FedEx Paper Recycling

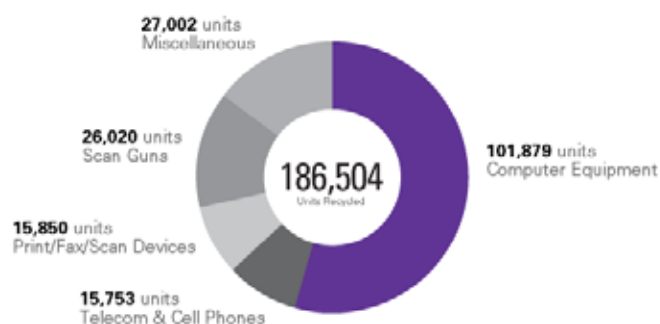


RECYCLING ELECTRONIC WASTE AT FEDEX

U.S. domestic e-waste generated by our operating companies is processed through the FedEx IT Asset Disposition (ITAD) program, which recycled 2.5 million lbs. of electronic assets in FY12, a tremendous growth rate of 67% over the previous fiscal year. ITAD was established at the FedEx TechConnect Repair Service Center (RSC), a 138,000-square-foot, state-of-the-art electronics repair facility in Collierville, Tenn., to provide a standardized process throughout FedEx to securely and responsibly dispose of obsolete or irreparably damaged IT equipment.

Among the most common types of IT assets processed through ITAD are PCs, servers, hard disk drives, computer monitors (CRT and flat screen), package scanners, printers and fax machines (see infographic). FedEx Express®, FedEx Ground® and FedEx Freight® services are used to transport IT assets from our U.S. operations to the RSC for recycling. The RSC also operates its own fleet of plug-in electric vans for local pickups in the Memphis area. The RSC works with a national R2/RIOS-certified e-waste recycling vendor to ensure that all e-waste materials are recycled in an environmentally and socially responsible manner. In addition, the RSC itself employs reusable materials, including specially designed shipping boxes and recyclable plastic holding containers, as part of its standard operations.

Electronic Waste Recycling





FEDEX GROUND CARDBOARD/PLASTIC BALERS

Joe Stearns, a senior environmental compliance specialist at FedEx Ground, helped start Ground Green by making lease-to-own deals for 50 balers to bundle cardboard and plastic, making it easier for external recycling vendors to collect those materials for recycling. These lease-to-own arrangements helped the program pay for itself in six months. This recycling procedure is now standard practice at FedEx Ground, where there are balers at the 60 largest hubs and stations with materials collected at every station throughout the U.S. and Canada.

PAPER AND PACKAGING MATERIALS

The main materials we use in our operations are the FedEx-branded cardboard packaging that we provide to customers and the paper stock we consume for retail print and copy services at FedEx Office.

PAPER CONSUMPTION

In FY12, FedEx Office stores consumed 25,838 U.S. tons of paper stock, in addition to 793 U.S. tons of materials used in the provision of print-pack-and-ship services to customers. We do not include retail products such as stationery, file folders and mailing supplies sold directly to customers through our FedEx Office stores in this metric at this time — the weight of those materials is relatively low compared to the other materials used in our operations.

FSC-CERTIFIED PAPER AT FEDEX OFFICE

We seek to buy paper for our FedEx Office stores from suppliers that have been certified by the Forest Stewardship Council (FSC), which helps ensure responsible forest management. In FY12, we increased the percentage of FSC-certified paper used in those stores to 83%. In addition, the boxes used to deliver copy jobs to customers at FedEx Office stores are made from a chip paperboard that is 100% post-consumer reclaimed fiber, 100% recyclable and printed with water- and soy-based inks. This product is certified by the FSC, as are the facilities that manufacture the boxes. In addition, we provide consumers sustainable solutions to choose from through our diverse portfolio of paper-product offerings at our 1,800-plus FedEx Office stores in the U.S., Canada and other international locations. Approximately 79% of our paper-product offerings contain recycled or FSC-certified materials.

FSC-Certified Paper

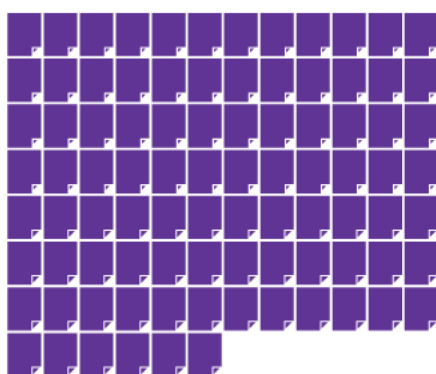


As with all large multinational companies, FedEx consumes paper products for internal use such as office document printing, business cards, etc. In FY12, FedEx operating companies consumed 3,903 U.S. tons of paper for internal operations. All FedEx operating companies are working to increase the amount of responsibly sourced paper used for internal operations. In FY12, we increased the percentage of paper produced from recycled content or FSC-certified sources that we consumed for internal operations to 52% of our total internal paper consumption. In FY11, that percentage was 36%. This increase was due both to improved reporting of responsibly sourced paper usage by our key suppliers as well as enhanced product offerings to meet the demand for recycled paper content across the enterprise.



Our customers also value sound environmental practices. To help them save paper, time and money, we offer FedEx® Electronic Trade Documents, one of our EarthSmart Innovations that allows customers to submit customs documentation electronically so they no longer need to print multiple copies. Customers in 90 countries can now submit customs documents electronically using FedEx Electronic Trade Documents, saving tons of paper each year.

Electronic Trade Documents



■ = 1 country

PACKAGING MATERIALS

The total weight of FedEx branded packaging materials purchased from our suppliers for our customers' direct use was 38,161 U.S. tons in FY12. This represents a 7% increase over FY11. The FedEx branded corrugated customer packaging (envelopes and boxes) we provided in FY12 consisted of 60% recycled content by weight. In fact, all of the FedEx branded cardboard packaging that we provide to our customers includes some recycled content.

At the FedEx Packaging Lab, our engineers use the latest materials and tools to solve shipping challenges, including environmental ones, and today, most FedEx packaging is recyclable and contains recycled materials.

- The iconic FedEx Express® overnight envelope is composed of 100% recycled paperboard and is recyclable.
- FedEx® 10-kilogram and 25-kilogram boxes contain a minimum of 70% recycled content and are recyclable.
- FedEx boxes sold at our retail locations contain a minimum of 20% recycled content and are recyclable.
- Most FedEx® Paks contain 60% recycled content and are recyclable at select locations.

In addition, FedEx Freight consumed 2,788 U.S. tons of dunnage cardboard packaging used to secure customer shipments during transit in FY12; these dunnage materials consisted of 86% recycled content. FedEx Ground used 890 U.S. tons of cardboard packaging for "repack" purposes in FY12 to ensure the integrity of centrally sourced customer packages; the cardboard boxes used to repack FedEx Ground customers' packages consisted of 25% recycled content. In addition, FedEx Ground uses plastic bags to protect customers' packages while in transit. These bags are made from 30% recycled plastic and are utilized in a closed-loop system, which returns the bags to the manufacturer for recycling into new bags. Certain nonrenewable packaging materials, including plastic film, packing peanuts and bubble wrap, are also used in our long-distance shipping processes. At this time, we do not report consumption of those materials.

There are some minor data gaps in the compilation of these indicators, most notably additional "repack" materials purchased locally by our FedEx Ground operations. In addition, we do not include the weight of other consumable materials we use in our operations, such as tires, sorting belts and wooden pallets. At this time, we do not report the recycled content in other packaging materials purchased and used by consumer customers at our retail FedEx Office stores.

BIODIVERSITY AND CONSERVATION

Since most FedEx operations are located in urban areas, we have few facilities near sensitive natural habitat areas. In cases where we do have such facilities — including protected wetlands near our FedEx Ground hub in Portland, Ore., beside our FedEx Freight operations in Chicago Heights, Ill., and near our FedEx Express hub location in Anchorage, Alaska — we proactively manage the impacts of our business operations to ensure those areas are protected. We have formal policies and programs in place to manage the environmental impacts of our operational activities in local communities.

The FedEx Office Forest-Based Product Procurement policy includes vendor requirements for responsible forest-management practices as well as recycled-content standards. This policy has helped FedEx Office increase the number of products it offers that have received FSC certification, meaning that timber contained in these products comes from well-managed forests, independently certified in accordance with FSC rules. FedEx Office conducts annual audits of selected suppliers to ensure they are meeting the requirements set forth in policies and contracts. FedEx Office requires suppliers furnishing forest-based products to have audited procurement systems that include third-party raw materials suppliers, guarantee that none of their supply sources or operations result in the logging of old growth or endangered forests, and use best management practices for avoidance and minimization or mitigation when dealing with endangered or threatened species. Suppliers agree to submit to annual audits by FedEx Office and provide the documentation necessary to show that they are in compliance with the policy.



In addition to our efforts to minimize the environmental impacts of our operations, FedEx actively supports initiatives that help make communities cleaner, healthier and more efficient by encouraging sustainable transportation, parks and green urban spaces and resilient ecosystems through EarthSmart Outreach, our philanthropic and volunteer program centered on effective environmental stewardship in the communities we serve. More information can be found in the [Community & Disaster Relief](#) section of this report.

ENVIRONMENTAL COMPLIANCE AND POLICIES

ENVIRONMENTAL MANAGEMENT PROGRAMS AND SYSTEMS

Our companywide environmental policy is as follows: FedEx recognizes that the long-term health of our business is directly connected to the health of the planet and local communities. We remain focused on sourcing environmental solutions that will lessen our footprint, while serving as an example to our peers. The full environmental policy can be viewed at

<http://about.van.fedex.com/environmental-policy>

In addition, each FedEx operating company has its own environmental policies and programs that are tailored to its business operations. These policies and programs focus on compliance with applicable laws and regulations and help manage the environmental impacts of operational activities, such as aircraft, vehicle and fuel tank maintenance, hazardous waste disposal, storm water pollution and spill prevention. As stated above, FedEx Office has a Forest-Based Product Procurement policy that establishes environmental standards for purchasing products manufactured from timber and other forest-based natural resources, ensuring those products originate from well-managed, nonendangered forests in addition to promoting the use of recycled material and innovative forest-based alternatives.

The Environmental Management department at each transportation-based operating company manages compliance with that company's specific environmental policies and procedures.

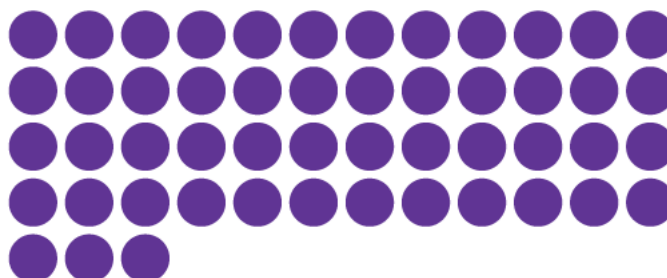
- FedEx Express maintains an Environmental Management Information System (EMIS) to monitor air emissions and water quality data, to record underground storage tank parameters, to compile emergency spill data, to track waste disposal and recycling activity, to coordinate permits and associated regulatory documentation and to track many other environmental performance measurements. The EMIS is a critical part of the FedEx Express Environmental Management System (EMS), based on the ISO 14001 standard, which allows the FedEx Express Environmental Management department and other stakeholders (e.g., Operations, Maintenance, Location Environmental Coordinators, etc.) to use existing information to streamline the critical environmental risk management and analysis processes. The EMS also includes the FedEx policy commitment to continually improve environmental performance, internal auditing, computer-based and classroom training, procedure manuals, sustainability goals and a website to engage team members

in environmental stewardship. In addition, 51 FedEx Express facilities in the EMEA region, including the FedEx international hub in Paris, have achieved ISO 14001 certification of their local EMS since 2008.

- The FedEx Ground Senior Manager Environmental Compliance Guide prescribes specific tasks for station managers at FedEx Ground facilities to ensure compliance with environmental regulations and company policies, including maintaining records for each applicable environmental compliance permit or program (e.g., storm water management, vehicle and fuel system tank maintenance, hazardous waste, etc.). Relevant information is then updated on Environmental Reports for each station that can be accessed on the FedEx Ground intranet. Environmental compliance at FedEx Ground facilities is monitored via routine field audits of facilities and through semiannual, self-audit environmental and waste management tests completed by each facility.
- The FedEx Freight Environmental Services department tracks compliance information in several areas: on-site bulk fuel services and petroleum storage tank integrity testing, industrial waste water pretreatment (designed to keep oil, grease and solids from entering sanitary sewer lines), spill prevention control and countermeasures and storm water pollution prevention. In addition, the FedEx Freight GREEN Site certification program requires that facilities follow applicable environmental compliance policies and guidelines in order to earn and maintain certification.

Each transportation-based operating company's Environmental Management department communicates with team members in its respective operating company using a variety of communications channels, including intranet portals, email broadcasts and departmental and work group newsletters for team members who don't have regular access to computers. In particular, information about applicable environmental regulations and internal policies and guidelines (e.g., waste/recycling, internal temperature control settings, vehicle idling, etc.) are communicated to specific team members through online policy and procedure manuals, downloadable forms and tip sheets, computer-based training modules and even on CDs for drivers at FedEx Freight.

ISO 14001 Certification



FY12
51 facilities



SIGNIFICANT SPILLS AND PENALTIES

In FY12, we recorded 82 significant spills of hazardous materials such as oil, fuel and chemicals across our FedEx Express, FedEx Ground and FedEx Freight U.S. operations. We define “significant” spills as those reported to the appropriate environmental regulatory agency, such as the U.S. government’s National Response Center. We have robust processes and systems in place for spill prevention and containment, including comprehensive response plans provided primarily through contracted specialty service providers, to ensure that spills do not cause significant harm to the well-being of our team members, the community or to the local environment.

In FY12, 99 environmental inspections by external agencies led to four violations that resulted in monetary fines at our FedEx Express and FedEx Ground U.S. operations. We also received one monetary environmental sanction at our FedEx Freight U.S. operations. Fines related to environmental violations amounted to \$26,074 across all FedEx operating companies in that year.

AWARDS AND RECOGNITION

- 2013, *100 Best Corporate Citizens List*, Corporate Responsibility Magazine
- 2013, *Top 20 Retail Companies (FedEx Office)*, U.S. EPA Green Power Partnership
- 2012, *Climate Innovation Leaders Index*, #37, Maplecroft
- 2012, *Social Media Sustainability Index*, Top 10, SMI-Wizness
- 2012, *U.S. EPA SmartWay Carrier Award (FedEx Ground)*, Package Carrier Fleet
- 2012, *Silver Eco-Airline of the Year Award (FedEx Express)*, Penton Media’s Air Transport World
- 2012, *Top 100 Thought Leaders in Trustworthy Business Behavior*, (Mitch Jackson, vice president for Environmental Affairs & Sustainability), Trust Across America



APPENDIX: FEDEX ENVIRONMENTAL SUSTAINABILITY INITIATIVES

EARTHSMART INNOVATIONS

INITIATIVE	DESCRIPTION
Zero Emission All-Electric and Low-Emission Hybrid-Electric programs (FedEx Express)	Deployment of zero-emission electric vehicles (EVs) and low-emission hybrid-electric vehicles (HEVs) in high-density urban markets such as New York, San Francisco, Los Angeles, London, Paris and Hong Kong. We had 364 HEVs and 118 EVs in the fleet as of the end of FY12.
Solar Electricity Facilities	Solar energy systems at FedEx locations have generated more than 20 GWh of electricity since we built our first solar facility in 2005. We now have nine solar-energy facilities (six in the U.S. and three in Europe). In September 2012, a report from the Solar Energy Industries Association listed FedEx among the top 20 commercial users of solar electricity in the U.S.
Paperless Processing (Electronic Trade Documents)	FedEx Electronic Trade Documents automates the flow of international trade documents, allowing customers to electronically upload their own or FedEx-generated documents, thus eliminating the need for manually printing customs paperwork. This allows both FedEx and the customer to save paper, hence reducing paper waste.
LEED-Certified Facilities (FedEx Express)	Strategic commitment by FedEx Express to obtain LEED (Leadership in Energy & Environmental Design) Certification for all new facilities in the U.S. We currently have nine LEED-certified facilities, including the FedEx Express World HQ in Memphis and our Enterprise Data Center—West in Colorado Springs.
FedEx Carbon-Neutral Envelope Shipping (FedEx Express)	For every FedEx Express® envelope shipped worldwide, FedEx will offset the carbon emissions related to its transport, no matter where it travels. We calculate the emissions it takes to transport an envelope to its destination, and we pay a not-for-profit offset provider (BP Target Neutral) to offset those emissions for every envelope we carry.
FedEx Paper Recycling (FedEx Office)	The FedEx paper recycling program is designed to provide consistent and reliable recycling for paper waste produced within FedEx Office stores. In FY12, this program recycled more than 6.5 million lbs. of paper, saving more than 9,700 cubic yards of landfill space and more than 55,000 trees.
Zero Emission Electric Tricycles (FedEx Express)	In December 2011, FedEx Express introduced seven electrically assisted tricycles for package deliveries and collections in the third, fourth and tenth districts of Paris. Following this trial, we increased the coverage area from three to five districts in FY12 with the introduction of four additional tricycles.
FedEx Reusable Sturdy Pak (FedEx Express)	The FedEx Sturdy Pak is the second reusable packaging option in the FedEx Express portfolio and accepts more material and weight (up to 20 lbs.) than the FedEx Reusable Envelope.



APPENDIX: FEDEX ENVIRONMENTAL SUSTAINABILITY INITIATIVES

EARTHSMART INNOVATIONS (CONTINUED)

INITIATIVE	DESCRIPTION
FedEx Color Management Program (FedEx Office)	Utilizing ICE (Intelligent Color Engine) software, the color management ink reduction project allows our wide format printing devices to use 31.2% less ink while achieving better color output, thereby reducing unwarranted waste when printing large format files for our customers.

EARTHSMART @ WORK

INITIATIVE	DESCRIPTION
Fuel Sense (FedEx Express)	With more than 30 different programs, Fuel Sense encompasses a comprehensive team-driven approach to optimize how we plan and actively manage our aircraft operations, ensuring the best possible tradeoff between fuel efficiency and on-time performance.
Alternative Aviation Fuels (FedEx Express)	The FedEx Express alternative fuel goal is to source 30% of our aviation fuel needs by 2030. FedEx Express is working with alternative fuel companies as they transition from pilot projects to sustainable, scalable and competitive production quantities.
Vehicle Refresh Plan: Reduce, Replace and Revolutionize (FedEx Express)	FedEx engineers use detailed analysis techniques to match the right vehicle to each route profile, yielding significant economic and environmental returns. This program has helped us achieve a 22% fuel efficiency improvement in the FedEx Express vehicle fleet since FY05. In particular, the use of more than 10,000 clean diesel Sprinter vans has played a key role in improving overall vehicle fleet fuel efficiency.
Eco-Drive (FedEx Express)	In 2010, FedEx Express launched its Eco-Drive program in Japan to teach FedEx drivers how to operate vehicles more efficiently by applying the four key principles of the Eco-Drive program to their daily driving practices. Since then, the program has expanded to 10 Asia Pacific and 24 EMEA markets with some participating stations realizing fuel savings of more than 5%.
LEAF: Local Environmental Action Facilitators (FedEx Freight)	The Local Environmental Action Facilitators (LEAF) program designates employees at each location to champion their site's sustainability efforts, with a goal of achieving GREEN Site certification for those sites. Over 370 designated LEAFs assist with implementation of programs, campaigns and initiatives to support FedEx Freight sustainability goals and objectives, such as reducing energy consumption and waste production.
Energy Watch (FedEx Freight)	The Energy Watch program offers practical tips and resources for reducing energy consumption at FedEx Freight work locations while reducing costs. Each location's on-site LEAF keeps tabs on energy consumption stats via monthly reports shared with the team. A little friendly competition among locations makes the program fun and encourages participation.



APPENDIX: FEDEX ENVIRONMENTAL SUSTAINABILITY INITIATIVES

EARTHSMART @ WORK (CONTINUED)

INITIATIVE	DESCRIPTION
Waste Watch (FedEx Freight)	The Waste Watch program offers practical tips and resources for reducing waste generation at FedEx Freight work locations while reducing costs. With a LEAF keeping tabs on waste statistics via monthly reports, team members can see their efforts paying off.
Supply Watch (FedEx Freight)	Supply Watch is a program designed to promote environmentally responsible supply decisions. Team members include sustainability attributes as part of product sourcing efforts, purchase more environmentally preferable products, exchange excess supplies between locations to reduce initial purchases and eliminate packaging waste and use less paper with electronic invoicing.
GREEN Site (FedEx Freight)	The GREEN Site program focuses on specific actions that employees can take to reduce their facilities' emissions and environmental impacts, supporting the associated Energy Watch, Waste Watch and Supply Watch programs. More than 120 sites have been certified since the program began in September 2011.
GREEN Fleet (FedEx Freight)	The GREEN Fleet program encourages team members to implement and participate in companywide strategies and improvements that create efficiencies within our fleet that reduce emissions. Initiatives within the GREEN Fleet program include implementation of trailer skirts, SmartWay-approved low-resistance tires, fuel cell forklifts in Springfield, Mo., and liquefied natural gas Class 8 tractor testing in Dallas, Texas.
GREEN Building (FedEx Freight)	The GREEN Building program encourages team members to implement and participate in companywide strategies and improvements that create efficiencies within our buildings that reduce emissions. Initiatives within the GREEN Building program include energy-efficient lighting upgrades, Supply Exchange Program and paper-shredding program.
Ground Green (FedEx Ground)	Ground Green is an EPA Waste Wise-recognized program designed to integrate waste reduction and recycling techniques into FedEx Ground's everyday operating procedures by educating, encouraging involvement and increasing team member awareness. Since the program's inception in 2006, 93 million lbs. of materials have been diverted from landfills.
Simplify Your Center (FedEx Office)	Simplify Your Center is a program for streamlining day-to-day administrative functions, through simple changes like electronic shipping and transitioning to reusable safety deposit bags, at more than 1,800 FedEx Office stores to produce operational efficiencies that benefit our customers and meet our quantifiable environmental standards for sustainability.



APPENDIX: FEDEX ENVIRONMENTAL SUSTAINABILITY INITIATIVES

EARTHSMART @ WORK (CONTINUED)

INITIATIVE	DESCRIPTION
REACH: Reps Engaged And Connected @ Home (FedEx TechConnect)	Approximately 900 of our FedEx TechConnect customer service representatives now work remotely from their homes through this program. Every representative who works from home saves an estimated 2,500 lbs. of CO ₂ emissions each year — and over the last three years, REACH has already spared the planet 2,800 tons of CO ₂ emissions.

EARTHSMART OUTREACH

INITIATIVE	DESCRIPTION
EMBARQ (Sustainable Transportation Projects)	Through a nearly \$2 million, four-year investment in EMBARQ, the World Resources Institute's Center for Sustainable Transport, FedEx is helping to improve the quality of life for citizens of Mexico, Brazil and India. By contributing our extensive knowledge and expertise of vehicle patterns and transportation, we're helping address congestion, air pollution and unsafe roads to provide a safer, faster and cleaner commute for people in these developing markets.
National Fish and Wildlife Foundation (Sustainable Cities Projects)	FedEx team members are committed to making a positive impact in the communities where we work and live. That's why we support the National Fish and Wildlife Foundation (NFWF) to address urban environmental challenges across the U.S. Approximately 1,300 FedEx team members volunteered with NFWF since the beginning of the program.
Tree Canada (Sustainable Cities Projects)	FedEx supports Tree Canada's work to rejuvenate school grounds by adding a variety of trees and shrubs. Its purpose is to teach students the value of trees, including energy savings, carbon sequestration and beautification and explain the mechanics of tree planting and maintenance.
Greennovate (Sustainable Ecosystem Projects)	In China, FedEx is proud to support the Greennovate Foundation, dedicated to providing free educational programs inspiring children and professionals to become environmental ambassadors in their communities.
We Deliver Green! Classroom (Sustainable Cities and Ecosystem Projects)	We Deliver Green! Classroom promotes the planting of native plants, delivery of tree saplings and educating the next generation on biodiversity and environmental protection.



APPENDIX: FEDEX ENVIRONMENTAL SUSTAINABILITY INITIATIVES

OTHER FEDEX ENVIRONMENTAL SUSTAINABILITY INITIATIVES

INITIATIVE	DESCRIPTION
FedEx Express Aircraft Asset Replacement	Strategic asset management planning to replace all of our Boeing 727s with more fuel efficient 757s, and to replace many of our MD-11 aircraft with more efficient and greater payload Boeing 777s. The net effect of these aircraft replacements is an estimated fuel savings of more than 37 million gallons (avoided 353,792 metric tons of CO ₂ emissions) in FY12 alone.
FedEx Ground Hybrid Hydraulic Vehicle Testing	Currently testing the use of hydraulic hybrid vehicle technologies in P&D vans across the U.S. and Canada. A fleet of six hydraulic hybrid vehicles has been deployed in a 24-month trial, accumulating a total of 49,276 miles, with average fuel economy showing a 50% improvement over conventional P&D vans.
Cross-Operating Company Building Lighting Retrofits	Ongoing initiative to retrofit internal lighting fixtures inside FedEx facilities to energy-efficient lighting and occupancy sensors for additional energy savings. This initiative has saved 166,565,203 KWh of electricity (avoiding 117,520 metric tons of CO ₂ e) in 447 FedEx facilities since 2006.
FedEx Express Baggage Tow Truck Hydrogen Fuel Cell Testing	Collaboration with Plug Power Inc. to retrofit 15 Charlotte baggage tow tractors at our Memphis and Oakland hubs with hydrogen-powered fuel cells, as part of a three-year project funded with a \$2.5 million grant awarded to Plug Power from the U.S. Department of Energy.



COMMUNITY & DISASTER RELIEF





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All currencies are translated in U.S. dollars.



FEDEX DELIVERS MORE THAN THE GOODS AND SERVICES THAT POWER THE WORLD'S ECONOMY. OUR NETWORK OF TEAM MEMBERS, TRUCKS, PLANES AND RESOURCES HELPS COMMUNITIES AROUND THE WORLD.

Our business model connects people to economic opportunity everywhere. And every year, we improve the efficiency of our networks so we can spread opportunity in more sustainable ways. But we also apply our expertise and resources to solve other problems faced by the communities in which we operate.

Our work is increasingly driven by the fact that more people live in cities than at any other time in history. Almost 90% of the migration to cities is happening in developing countries, producing about 70 million new city dwellers each year. People are looking for economic opportunity in cities, but few cities are designed for such rapid expansion. Pollution, congestion and safety issues are straining urban infrastructures. When disasters strike and community transportation networks shut down, huge numbers of people are left vulnerable — including our customers and our team members. That's why we're increasing our focus on community and disaster-relief issues, using our core resources, talent and investments to work with nonprofits, community leaders and advocates.

For more than 15 years, we have used the scale and reach of our network without hesitation to deliver critical supplies, services and expertise in times of disaster. When Superstorm Sandy struck, we moved immediately to help the 17.5 million people affected. We donated \$1.5 million to charities and in three weeks moved approximately 4 million lbs. of disaster aid on behalf of relief organizations. Over the past 10 years, we've delivered approximately 50 million lbs. of aid to disaster victims around the world. We also work with communities and small businesses to help them prepare before disasters occur.

We're also dedicated to making streets and highways safer. Every day, millions of vehicles are on the road, sharing the streets with pedestrians and cyclists, including more than 90,000 owned and contracted FedEx trucks and vans. Road crashes take the lives of nearly 1.3 million people every year and injure 50 million more. Road deaths are predicted to be the fifth leading cause of death by 2030. Increased congestion and unsafe behavior contribute to these numbers. While FedEx will continue to educate and train our drivers to act responsibly, we know we must focus on helping an ever-growing number of urban centers improve their infrastructures, promoting awareness of traffic hazards and increasing safety for everyone. In 2000, FedEx teamed up with Safe Kids Worldwide to create the Safe Kids Walk This Way program, which is designed to create safer, more walkable communities, benefiting the most vulnerable road users. Our Walk This Way work includes increasing awareness of pedestrian safety issues in developing countries, funding infrastructure improvements and volunteer efforts by our team members in local communities.

We also work to make transportation more sustainable. Our work with EMBARQ, the World Resources Institute's Center for Sustainable Transport, tackles issues like making Mexico City's public transportation system more efficient. Our support to optimize the city's Bus Rapid Transit (BRT) system has reduced CO₂ emissions there by 10,000 metric tons since 2010. Overall BRT has eliminated 290,000 tons of CO₂ since 2010. We are also collaborating with The Nature Conservancy to create a biofuels roadmap for the long-distance transportation sector, including aircraft. This roadmap will serve as a compass for biofuels adoption in our fleet and potentially across the industry.

Our team members have also pitched in to help improve the sustainability and quality of life in communities around the U.S. In our fiscal year 2012, we engaged 16,589 people in a wide variety of community projects, including programs that resulted in more than 86,000 new trees being planted.

CORE GIVING AREAS

We organize our corporate giving in three core focus areas:

- **DISASTER READINESS, RELIEF AND RECOVERY**— working with international disaster relief organizations to transport aid to victims and support disaster preparedness education initiatives.
- **PEDESTRIAN AND ROAD SAFETY**— supporting organizations that increase awareness of pedestrian issues and create infrastructure improvements to keep pedestrians safe.
- **ENVIRONMENTAL SUSTAINABILITY**— focusing investments and volunteer activities that create sustainable transportation solutions, promote healthy urban environments and preserve valuable ecosystems.

In addition to these three core areas, we support strategic community investments in education and diversity, as well as local-market community service initiatives by team members.

Our total charitable contributions across all our giving areas amounted to \$46 million in FY12.

Charitable Giving

Cash and in-kind giving

\$46,000,000

This consisted of direct cash contributions and donated shipping services to nonprofit organizations, and team member contributions to our annual United Way campaign. We plan to include the value of pro bono team member services and charitable donations of retired assets (e.g., aircraft, computers, etc.) in future years.

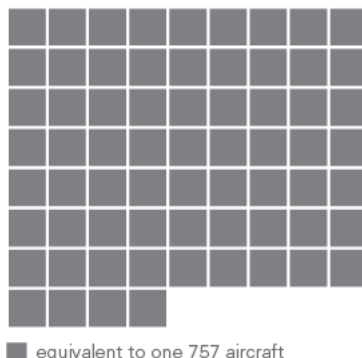


DISASTER READINESS, RELIEF AND RECOVERY

For decades, FedEx has used our powerful and versatile transportation and logistics network to deliver critical supplies, services and expertise to support victims of disaster. Disaster relief is in our DNA. Our operations teams, pilots and drivers consider it an honor to be a part of relief teams that save lives around the world.

Each year, we set aside space for as much as 4 million lbs. of disaster-related charitable shipping. We primarily align with four nonprofit agencies to coordinate relief efforts: American Red Cross (ARC), Direct Relief, Heart to Heart International and The Salvation Army. But we know that delivering supplies is only one piece of how we can help communities affected by disasters. That's why we also leverage our logistics expertise, scale and influence to invest in preparedness initiatives for families, communities and small businesses.

Charitable Shipping



4.0 million lbs. total space set aside for charitable shipping

AMERICASRELIEF TEAM

FedEx recently sponsored a workshop in Miami for AmericasRelief Team, convening representatives from the Dominican Republic Airport Authority, Delta Air Lines, American Airlines, Florida International University, the U.S. Southern Command, Miami International Airport and others. These experts evaluated response efforts in the wake of the Haiti earthquake and determined that the airport there could have been up and running much faster if there had been a more robust disaster-response plan in place. In fact, many airports in the Caribbean, a region hit frequently by hurricanes, could benefit from such planning. Moving forward, we'll help develop standard operating procedures for airports and seaports to recover from disasters. We started with a pilot program in the Dominican Republic in February 2013, which will then roll out throughout the Caribbean to interested airports and seaports.

AMERICAN RED CROSS

FedEx has been a supporter of ARC for 18 years. We're proud that ARC considers us a vital part of its U.S. logistics and international relief team. Through the years we've provided more than \$10 million in cash and in-kind support. Each year we provide shipping for thousands of pounds of relief supplies. Our support includes the time and talents of our team members all over the world. In FY12, we shipped 800,000 lbs. of supplies for ARC.

American Red Cross

800,000 lbs.

Just as immediate access to aid is vital after a disaster, FedEx understands that families, communities and small businesses must be prepared for disasters. Preparation can mean the difference between life and death. We recently launched several initiatives with ARC focused on preparedness:

- **RACE TO PREPARE:** Since 2009, the FedEx Racing Team, NASCAR driver Denny Hamlin and ARC have teamed up to help kids learn the importance of being prepared for disasters. Together, we have held Race to Prepare events in several cities across the U.S. each year. These events engage elementary schoolchildren, where they "race to prepare" starter preparedness kits containing basic materials one might need in case of disaster (e.g., gloves, flashlights, whistles, water bottles, etc.).
- **READY WHEN THE TIME COMES:** FedEx team members in six cities across the U.S. have participated in Ready When the Time Comes, an ARC corporate volunteer program. Through specialized training, ARC teaches our team members how to execute crucial disaster-response functions like mass feeding operations and shelter care. In the event of a disaster in their community, they're prepared to act as part of ARC's local response team.
- **READY RATING:** FedEx support for this ARC program gives businesses, schools and other organizations access to toolkits that help them prepare for disasters and, should one strike, to maintain or recover operations and protect lives and property.
- **INTERNATIONAL PREPAREDNESS:** In collaboration with the International Federation of Red Cross and Red Crescent Societies, we have also supported the Regional Disaster Management Unit network with operations in Dubai, Panama and Kuala Lumpur. These disaster-management units are large warehouse complexes that enable the organization to help up to 5,000 families anywhere in the world within 72 hours. We have also supported training designed to build the skills and capacity of first responders in Tanzania in the event of a natural disaster.



DIRECT RELIEF

Since 2003, FedEx has provided more than \$1.8 million in cash grants and transportation assistance to Direct Relief. We have worked together to help some of the world's most vulnerable communities prepare for and respond to natural disasters. In FY12, we donated 400,000 lbs. of shipping to that organization.

Direct Relief

400,000 lbs.

After 9/11, the U.S. Surgeon General mandated that each state establish Medical Reserve Corps (MRC) units to help address community health needs in case of a public emergency. MRC units function at the county level and are teams of trained, credentialed medical volunteers who supplement existing emergency and health professionals. While counties across the U.S. have recruited and trained units, there is a lack of funding to equip the teams with supplies. In response to this critical need, FedEx supported Direct Relief to design, field-test and donate customized Med-Packs to MRC units. The packs help MRCs to be both effective and highly mobile. Each pack contains medical essentials, including first-aid supplies, triage materials and basic diagnostic equipment, and can be carried as a backpack by volunteers.

To date, we've distributed more than 1,200 Med-Packs to 15 counties in California. Our goal is for the pack to serve as a national model, helping MRCs across the country to be better prepared for emergencies. In 2012, the Office of the Surgeon General recognized FedEx with its National Leadership and Partnership Award for this initiative.

FedEx and Direct Relief are also working together to help U.S. and international healthcare facilities maintain care during disasters. Through in-kind shipping support, we help Direct Relief equip health clinics in the U.S. with hurricane preparedness packs. So far, we've placed 30 kits, each with enough medicine

and supplies to treat 100 people for up to five days, in clinics in Texas, Alabama, Mississippi, Louisiana and Florida. Internationally, we support Direct Relief's one-of-a-kind Hurricane Preparedness Module program, which pre-positions medicines and medical supplies in the Caribbean and Central America in preparation for hurricanes. To date, we have helped place 26 modules across Haiti, the Dominican Republic, Jamaica, El Salvador, Nicaragua and Honduras. Together, the modules can treat 26,000 people for up to one month.

HEART TO HEART INTERNATIONAL

FedEx has worked with Heart to Heart International for almost 20 years to assist that organization in its effort to provide disaster assistance and humanitarian aid to more than 50 countries around the world. In total, FedEx has helped Heart to Heart distribute \$900 million in medical aid. Additionally, a new Heart to Heart initiative called the "Ready Relief Box" is now part of the donated medical shipment program. These sturdy containers, built to withstand travel and the elements, contain enough medicine to treat 400 people.

THE SALVATION ARMY

Since 2006, FedEx has helped The Salvation Army and its emergency response teams reach victims and other first responders with vital materials, food and water immediately after disasters strike. We have donated 15 Disaster Response Units (DRUs, or canteen trucks) valued at a combined \$1.5 million to increase the speed and efficiency of The Salvation Army's disaster response network. Each DRU will feed up to 2,500 people a day in times of disaster recovery and during regular feeding programs year-round.

DRUs are now located in U.S. cities, including Boston, New York, Washington, Atlanta, Miami, Chicago, New Orleans, San Francisco, Los Angeles and Memphis. Internationally, DRUs are located in London, Sydney, Mexico City, Puerto Rico and Winnipeg. Three more DRUs will be delivered in 2013 to São Paulo, Pittsburgh and Mumbai. At FedEx, we understand the value of increased speed and efficiency better than almost anyone, and we're proud that the DRUs we've donated have provided immediate relief to people affected by wildfires in California and Australia, floods in Chicago and Mexico, an oil spill in the Gulf of Mexico and most recently in New York City in response to Superstorm Sandy.



SUPERSTORM SANDY

When Superstorm Sandy hit the shore of the East Coast of the U.S. in the fall of 2012, it affected 17.5 million residents and crippled the infrastructure of New York and New Jersey. In times of disasters like Sandy, FedEx is one of the only options available to deliver critical supplies and help communities back onto the path toward normalcy.

We're honored that New York Governor Andrew Cuomo asked Bill Bonneau, manager of station operations for FedEx Express, to help direct delivery of supplies throughout New York state. Even in the face of great devastation, Bonneau found a way to make it work. He helped direct an effort that, when completed, assisted in delivering almost 4 million lbs. of relief aid on behalf of agencies such as the American Red Cross, Heart to Heart International, Direct Relief and The Salvation Army. Bonneau and his team delivered everything from meals and clothing to water and medical supplies. They helped provide logistical expertise in delivering more than 85 generators to LaGuardia Airport as well as police stations and even polling stations to help residents exercise their right to vote during the national presidential elections.

Thousands of team members also found ways to join Bonneau's efforts. Days before the storm hit, team members began coordinating with relief agencies to set in motion the pre-staging of supplies including bottled water, ice, generators and tarps. Our pilots flew the first planes to touch down once airports reopened. Many of our team members, including people who themselves were without power, showed up at work to keep trucks rolling, our planes flying and get our customers' packages delivered. Team members worldwide participated in volunteer efforts ranging from purchasing blankets or assembling disaster care kits to volunteering at local food banks.

Superstorm Sandy



PEDESTRIAN AND ROAD SAFETY

With more than 90,000 owned and contracted FedEx trucks on the road each day, the safety of drivers, pedestrians and cyclists is of utmost concern to us. Safety training for our drivers is mandatory, but we also recognize that we can help improve the awareness of safety issues to prevent injuries to all road users. In 2000, FedEx teamed up with Safe Kids Worldwide to do just that, and together we established the Safe Kids Walk This Way program. In the past 12 years, our support has helped Safe Kids grow from just three cities in the U.S. to more than 200 cities in the U.S. and 10 countries internationally.

Programming includes annual events as well as year-round initiatives. With programs in the U.S., China, Brazil, India, Canada, Mexico, South Korea, Vietnam, Thailand and the Philippines, hundreds of thousands of children, teachers and parents each year join FedEx volunteers to celebrate International Walk to School Day. These local celebrations include mass walks to school, educational programs and opportunities for community leaders to shine a light on particular pedestrian safety issues in their communities. These important local issues have included unsafe intersections, schools that lack crossing guards and streets that lack safe sidewalks.

Safe Kids Walk This Way



In addition to community outreach, FedEx also sponsors Safe Kids to create safer walking environments, conducting risk assessments with the goal of improving infrastructure such as sidewalks and crosswalks. Together we also work to influence traffic legislation, like establishing the first pedestrian zones in China, and to support task forces that identify local issues and enact solutions, like adding countdown signals with child-friendly buttons.

In August 2012, FedEx and Safe Kids released "Walking Safely, A Report to the Nation," the third report in a series that examined 15-year trends in child pedestrian injuries and deaths in the U.S. The study reported some positive findings and some startling ones. Overall, the number of children injured or killed is down, but the increasing risk for kids today has shifted to a surprising demographic: teenagers. The report reaffirmed the need to continue programs that have been effective for younger children, like Safe Kids Walk This Way, while also casting our focus on education and behavior change for older children.



SAFE KIDS CANADA

In Canada, more than 14,000 pedestrians are injured every year, including 1,500 children, many of these by unsafe drivers. For more than 10 years, we've worked with Safe Kids in Canada to promote safe driving habits and to keep pedestrian safety top of mind. One of the initiatives we have launched includes Canada's Pace Car Drivers, a program that encourages Canadians to pledge to be safe, responsible drivers. This program alone, which is promoted by NASCAR driver Denny Hamlin, has reached thousands of Canadians over the last two years.

UNITED NATIONS DECADE OF ACTION FOR ROAD SAFETY

In May 2011, the United Nations launched the Decade of Action for Road Safety 2011–2020, organized to address the sobering statistics of 1.3 million deaths and 50 million injuries each year from traffic-related incidents. As a member of the UN Road Safety Collaboration, we plan to share our safety expertise with a diverse group of global organizations to help improve safety conditions for our communities and our team members.

FedEx also supports the UN Decade of Action through our investment in the UN Road Safety Fund. The fund supports strong, evidence-based road injury prevention programs like the Safe Kids Model School Zone Project. This pilot designs “model school zones” by assessing the needs of an individual school to make physical modifications, increasing awareness among children and parents, reinforcing traffic laws for motorists and educating on behavioral changes. The Model School Zone Project is designed to be replicated at other schools where pedestrian safety is an issue.

ENVIRONMENTAL SUSTAINABILITY

At FedEx, we believe that the success of our business and the future of the environment are deeply intertwined. Our commitment starts with our own operations, but it also includes environmental stewardship in the communities we serve. Our enterprisewide sustainability program, EarthSmart®, includes EarthSmart Outreach philanthropic and volunteer efforts that focus on promoting sustainable transportation, cities and ecosystems.

THE NATURE CONSERVANCY

As the first adopter of hybrid-electric delivery vehicles, FedEx is proud to be a pioneer in fuel-efficient technology and emissions reduction. But our commitment to reducing our carbon footprint doesn't stop on the road. Aircraft

emissions make up more than 80% of our total fleet emissions. Because our company has always been dedicated to innovation and game-changing ideas, we have set a goal to use 30% alternative fuels in our aircraft by 2030. To help guide our progress toward this goal, we're collaborating with The Nature Conservancy to create a sustainable biofuels roadmap for the entire long-distance transportation sector. This roadmap, which will be based on extensive research and collaboration, will help us tackle issues such as identifying the most viable biofuels for our industry and ways to use them in existing aircraft engines — all in a way that is fiscally and environmentally sound. We also see opportunities to apply biofuels technology to long-haul trucking segments that can't utilize electric or hybrid-electric technologies.

EMBARQ

Our sustainable transportation programs are designed to reduce emissions and congestion, enhance safety and expand accessibility in developing nations. Through a nearly \$2 million, four-year investment in EMBARQ, the World Resources Institute's Center for Sustainable Transport, FedEx is helping to improve the quality of life for citizens of Mexico, India and Brazil.

- **MEXICO:** Our first grant to EMBARQ is designed to help Mexico City's Bus Rapid Transit (BRT) system optimize its vehicle operations. BRT operates buses that travel like trains, moving along special corridors and stopping only at designated stations. The benefits are immediate: BRT carries more than 800,000 riders daily, taking thousands of cars off the road and eliminating about 290,000 tons of carbon dioxide pollution since 2010. In 2013, Mexico City received the Sustainable Transport Award from The Institute for Transportation Development and Policy — in part due to the impact of their BRT system. We also recently launched a two-year project focused on road safety to address community safety issues associated with BRT.
- **INDIA:** By 2030, it's estimated that India will have 215 million new urban residents and that its carbon dioxide emissions will grow nearly sevenfold. Our investment in EMBARQ's Bus Karo Plus program can help alleviate worsening congestion, pollution and safety concerns by supporting a peer-to-peer learning network for public transport providers. The aim of Bus Karo Plus is for at least 20 Indian cities to have more than 40% of motorized trips take place on public transportation by 2016. The program currently reaches 26 cities and has the potential to impact 22 bus agencies, 42,000 buses and 28 million passengers daily.
- **BRAZIL:** As Rio de Janeiro prepares for the World Cup in 2014 and the Olympics in 2016, an improved BRT is an urgent need. EMBARQ and FedEx plan to explore opportunities to engage local experts to train BRT drivers on safety and create toolkits for transit agencies outlining how to enhance the performance, image and perception of the system.



RAIL ISN'T ALWAYS THE ANSWER FOR MASS TRANSIT

Once upon a time in the 1960s, the city of Curitiba, Brazil, was choking on its own growth. Residents feared their city's character would be sacrificed to traffic jams and sprawl. An architect named Jaime Lerner proposed a solution: buses that act like trains. Each would carry hundreds of passengers from special stations along only a handful of corridors, channeling growth and reducing pollution. Lerner would implement the plan as Curitiba's mayor, becoming a hero in the process. But instead of becoming the model for sustainable urban growth, Curitiba's lessons went unlearned. "It was a brilliant idea, brilliantly executed. And then, as an idea, it languished," says Clayton Lane, who would help resuscitate the idea 30 years later.

Lane is the chief operating officer of EMBARQ, a global network of planners and experts dedicated to sharing the Curitiba model with local governments. Its first Center for Sustainable Transport opened in Mexico City in 2002, leading to the creation of a bus rapid transit (BRT) corridor through the heart of the capital that costs far less than rail but carries a similar volume of passengers. A year after the BRT corridor's launch in 2005, Mexico City's incoming mayor vowed to expand the system to 10 lines. Mexico City's "Metrobus" now carries 800,000 riders daily. Just as striking are the environmental benefits: Metrobus takes cars off the road and runs on ultra-low-sulfur diesel fuel, reducing smog and eliminating an estimated 290,000 tons of CO₂.

Lane is quick to correct any misconceptions that "sustainable transport" is about carbon emissions or buses. It's about people and time. Jaime Lerner didn't design a bus system; "he was really designing a small city that could grow out and grow up in a compact way," Lane says. "Transportation is a 'derived demand.' People use it to do the things they want, and that involves moving across long distances within cities or states — distances that could be reduced with better patterns of development."

THE NATIONAL FISH AND WILDLIFE FOUNDATION

Our support of the National Fish and Wildlife Foundation (NFWF) gives our team members opportunities to make a positive impact in their communities and address urban environmental challenges across the U.S. Through urban conservation projects, the program transforms cities by making them cleaner, more accessible and vibrant places to play, learn and work. Through FedEx team member engagement, the projects restore wetlands, improve air quality, encourage environmental stewardship and foster community environmental education.

For the past three years, FedEx has helped revitalize urban environments in 14 cities: Pittsburgh, Memphis, Washington, Philadelphia, Dallas, Indianapolis, Los Angeles, Chicago, Colorado Springs, Newark, Seattle, Miami, San Francisco and Boston. More than 1,300 FedEx team members have volunteered with NFWF in these events.

EarthSmart Outreach



FedEx team members in Dallas volunteered with the Trinity Commons Foundation to remove 500 gallons of trash and replant native species as part of the 10,000-acre Trinity River Corridor project. The project's aim is to create the "Central Park" of downtown Dallas, a destination for walking, biking, running and water sports, a venue for special events, connector of Dallas neighborhoods and vital tool for improving air quality across the city.

FedEx participates in two NFWF grant programs that have various levels of federal and private matching: community-based conservation grants to support wetlands, tree planting and streambank and riverbank restoration projects and watershed grants awarded to groups working on a local project to improve watersheds in the Chesapeake Bay basin. NFWF is able to leverage public funding with private money, which means our investment will receive a minimum of 1:1 leverage from agencies such as the Environmental Protection Agency and the U.S. Forest Service, as well as from recipient nonprofits and other corporate partners. Our total conservation impact over the next three years is anticipated to be more than \$3.43 million for on-the-ground conservation projects.



WASTE PAYS: BRAZIL RECYCLING COMBATS POVERTY

Our Latin American and Caribbean region has worked to protect the environment for more than a decade — recycling everything from cardboard to motor oil — but one team in the Brazilian city of Campinas, São Paulo State, decided to take the effort further. Five employees saw an opportunity to take the idea of reuse and reinvent to the next level and tackle some pretty big issues at the same time.

In 2008, Teresa Bertelle, Ana Rita Bosshard, Ronaldo Farias, Paulo Bovo and Fernando Campos formed the Environmental Quality Means Better Life program. The team wanted to give their co-workers a chance to use recyclables from their homes and their workplaces for some good. The team figured out that if they donated the salvaged waste to local nonprofits, nongovernmental organizations (NGOs) could give the waste a second life. “We started recycling around 2000, and after a few years, we began to think about how to make our efforts bigger and help the poor,” says Bertelle, who is freight movement center coordinator of our ramp facility in Campinas.

Examples of how they are turning waste into opportunity are impressive. Sociedade Interativa Sol Nascente, an NGO that provides aid to socially vulnerable mothers and their children, uses donated recyclables to teach new job skills. Mothers in the program turn disposable packs used in coffee machines into stylish bags, generating income for their families and for the organization. They also develop their creativity and motor skills — not to mention a stronger sense of self-esteem — as they discover they can create and produce. Interativa Sol Nascente is just one of dozens of NGOs participating in programs coordinated by the Campinas government to assist the 22,400 people in the area who live in extreme poverty.

Indaiatuba, a nearby city in partnership with Campinas Federal University, runs a biofuels project that reuses motor and cooking oil. Since 2006, more than 28 tractors and heavy vehicles have used the spent oil that otherwise would have wound up in sink drains and polluted water supplies. In all, more than 200 FedEx team members have recycled almost 78.7 tons of cardboard, paper, plastic and aluminum cans, 3,961 liters of oil, 805 printer cartridges and 526 disposable coffee machine packs.

FedEx Brazil figured out how to keep waste out of landfills and how to keep water supplies cleaner; it also helped create a better life for the community. Bertelle sees that team members are also more aware of how waste can make a difference. “We don’t do this to be heroes,” she says. “We do it from the heart.”

THE ARBOR DAY FOUNDATION

In November 2012, FedEx approved a contribution enabling the company to become the national sponsor of The Arbor Day Foundation’s Disaster Recovery Program. This program will be the national resource for communities to turn to as they seek to restore urban tree canopies and ecological balance in the face of extreme devastation. The Arbor Day Foundation has been active in responding to the needs of communities after natural disasters, including work in Alabama, Missouri and Texas. This national collaboration will help save money and energy by ensuring that after disasters, the right trees are planted at the right times in the right places. By developing a national program with an established recovery process and fulfillment system, The Arbor Day Foundation will be able to respond efficiently, effectively and strategically to the varied needs that communities face. Our Enchanted Forest Facebook campaign is another way we support The Arbor Day Foundation. Launched in honor of Earth Day, the campaign will help The Arbor Day Foundation plant 100,000 trees that have the capacity to absorb up to 30,000 tons of carbon dioxide over their life span and reduce storm-water runoff and soil erosion.

TREE CANADA

FedEx continues to revitalize school grounds across Canada through our Greening Canada’s School Grounds program. Since 2007, FedEx has sponsored the greening of more than 60 school grounds across Canada. In addition, we have planted more than 60,000 trees in support of reforestation programs, including Tree Canada’s B.C. Fire ReLeaf program, which helped homeowners, landowners and municipalities in British Columbia to replant trees after a wave of forest fires in the summer of 2009. FedEx Express Canada is the 2009 recipient of the Eterne Award, a national award given to an outstanding sponsor of Tree Canada to recognize its environmental stewardship and commitment to improving the lives of Canadians through greening and reforestation projects.

OTHER CHARITABLE GIVING

In addition to our core focus areas of Disaster Readiness, Relief and Recovery; Pedestrian and Road Safety; and Environmental Sustainability, FedEx provides additional charitable shipping, education programs, strategic community investment and other local efforts that support the service initiatives of our team members.

FIRST ROBOTICS

Our collaboration with FIRST Robotics (For Inspiration and Recognition of Science and Technology) encourages students across the globe to embrace technology, innovation and forward thinking. Our donated shipping supports student teams



as they design, build and program their robots to compete. Teams are required to develop strategy and build robots based on sound engineering principles. Total shipments equaled 900,000 lbs. of in-kind shipping in FY12, our second-largest recurring charitable shipping program.

FIRST Robotics

900,000 lbs.

ORBIS INTERNATIONAL

ORBIS operates the world's only Flying Eye Hospital. We provide complimentary maintenance support for the aircraft, and our pilots serve as volunteer crew members. We also support two Flying Eye Hospital medical programs each year. Our team members serve as volunteers in support of local market initiatives, and we sponsor two ORBIS FedEx Fellowships each year, which provide medical training to ophthalmologists. We also provide complimentary transportation of medicines to hospital-based programs worldwide. In recognition of 30 years of FedEx support for ORBIS International, FedEx won the Ueltschi Humanitarian Award from the National Business Aviation Association and the Boston College Center for Corporate Citizenship CSR Film Festival award [for a video showcasing our support for ORBIS International](#).

AIRCRAFT DONATIONS

FedEx Express has donated 66 aircraft, such as Boeing 727s, that have reached the end of their useful lives in our fleet and now will serve another life with external organizations such as aviation museums, college/university aviation departments, airport fire departments and law enforcement agencies throughout the world. These donated airplanes are used mostly for training and education. These in-kind donations are conservatively valued at approximately \$30 million since the program began in 1995, when we donated our first plane to the Children's Museum of Memphis as the centerpiece of its "Going Places" flight simulation exhibit.

ACTION MEDEOR

Around half a million women die every year because of pregnancy-related complications, and over 90% of these maternal deaths occur in developing countries. To help combat this issue, FedEx Express donated \$50,000 to United Way Worldwide in support of the medical aid organization Action Medeor for a new maternity clinic in Tanzania. The maternal mortality rate in Tanzania, a developing country in East Africa, is one of the highest in the world. The nomadic Maasai people are particularly affected by this problem. FedEx funding will provide important medical equipment to a facility in the northern part of Tanzania, which had previously been poorly equipped. The contributions will also support the installation of solar panels and the purchase of a new transport vehicle to bring expectant mothers from remote residential areas to the clinic.

JUNIOR ACHIEVEMENT

Through financial grants and the time and talent of more than 600 of our team members, FedEx supports 350,000 Junior Achievement students in 88 countries. We sponsor six regional JA Company of the Year competitions, which invite winning student teams in each country to present their business ideas to panels of experts, entrepreneurs and business leaders, including FedEx executives. FedEx team member volunteers have helped more than 1,000 student entrepreneurs learn how their businesses can be vital tools for opening new markets, creating jobs and developing products that make people's lives better. The program is inspiring a new generation of globally minded small-business owners in Europe, Latin America, Asia, North America, Africa and the Middle East.

ACCESS SCHOOL CURRICULUM

Erika Tolar, FedEx services sales manager, and Rick Siciliano, FedEx services solutions advisor, helped to create a six-month curriculum based entirely on the FedEx business. Students used FedEx communication materials as "textbooks," listened to a FedEx earnings call to learn about goal-setting and performance measures, took a tour of our ramp facility at Houston Intercontinental Airport to understand how our network operates and learned about corporate and personal branding.

Throughout the curriculum, students used technology to access the expertise of FedEx employees in the U.S., Mexico and India. Students and employees exchanged emails and blog posts to discuss assignments and answer questions. In the spring of 2012 [this project](#) caught the attention of the Alliance for Excellent Education, which featured it during one of many Digital Learning Day activities, engaging 2 million students nationwide.

OTHER EDUCATION GRANTS

We are committed to helping students from all backgrounds gain access to quality education. We are proud to support organizations such as Teach For America (TFA) and New Leaders Inc., programs that provide innovative methods to close the educational achievement gap within low-income communities.

Through the help of FedEx, TFA was able to recruit its most diverse corps in history with 20% growth in African-American corps members, a 40% increase in Latino corps members and a 5% increase in Native American corps members in 2012. Our support has helped TFA build a team of experienced diversity and inclusion leaders focused on developing a robust network of diverse teachers and staff members. Their mission is to raise awareness about the challenges and opportunities related to diversity in education.



FedEx Office, headquartered in Dallas, launched a new multi-year program with TFA to include executive and employee engagement. FedEx Office also donates educator discount cards to TFA corps members. FedEx Office has distributed more than 18,000 of the cards, which give TFA teachers discounts for print and copy services, lowering their out-of-pocket expenses for classroom materials. In the 2012–2013 school year, TFA teachers will reach 750,000 students, 90% of whom are African-American or Latino, in low-income communities every day.

FedEx support of New Leaders Inc. helped to attract and prepare 85 outstanding principals and administrators to lead urban Memphis schools, reaching 45,000 students. Our support helps to build the capacity of the Aspiring Principals Program, the Emerging Leaders Program and New Leaders Inc.

MINORITY SCHOLARSHIPS

FedEx supports more than 60 scholarships to minority students in the U.S. and provides grant and program support to organizations such as the Hispanic Scholarship Fund, the Asian & Pacific Islander American Scholarship Fund, the United Negro College Fund, the American Indian College Fund, Facing History and Ourselves, Memphis Challenge and INROADS. Our goal is to provide diverse young people across the country with access to educational opportunities.

DRESS FOR SUCCESS

Dress for Success Worldwide is an international nonprofit organization dedicated to improving the lives of women in 110 cities across 12 countries. Each year, the organization helps 55,000 women rebuild their lives and gain economic independence. FedEx supports the organization across both of these key dimensions, providing philanthropic donations, in-kind shipping and hands-on team member engagement. The Women's Network at FedEx supports Dress for Success through local fundraising efforts and clothing drives and by sharing their expertise via the organization's Professional Women's Group.

A DRESS FOR SUCCESS STORY

Three years ago, Eve Cardona was an unemployed mother of two children (one with special needs and the other with health issues) living in an apartment with her unemployed husband. A few months later, she was a single parent, forced to move in with a relative for financial reasons.

Now, thanks to several programs run by Dress for Success — including clothing donation, financial literacy training and its Professional Women's Group — Cardona is employed. In fact, Dress for Success has helped more than 650,000 disadvantaged women find jobs at places like FedEx. Cardona has earned two associate degrees (one in paralegal studies and one in liberal arts with a concentration in psychology) and has managed her money well enough to pay off \$13,000 in debt. She has also secured an apartment in New York City for herself and her kids and is saving for her own home.

TEAM MEMBER VOLUNTEERING AND THE UNITED WAY

FedEx plays an active role in improving life in the communities we serve. Thousands of our team members volunteer each year to make our local communities better places to live, work and play. Each of our operating companies and regions assess their local community needs and coordinate with the team members in those areas. Efforts span a range of focus areas, including volunteer activities at local hospitals, food pantries, clothing drives and more.

FEDEX CARES WEEK

FedEx also works with the United Way to sponsor our annual companywide contribution campaign. Activities kick off with FedEx Cares Week, providing volunteer and service opportunities for team members in the U.S. and around the world. We also encourage team members in the U.S. to participate in a payroll-deduction contribution campaign, which is in its 37th year.

Our goal is not only to give back to the communities in which we operate, but also to raise awareness of United Way's mission, partner agencies and programs. Ultimately, we strive to create meaningful volunteer experiences and foster a common culture of participation and giving.

In the fall of 2012, more than 6,000 team members around the globe participated in FedEx Cares Week, a 36% increase in participation from the previous year. Team members invested nearly 34,000 volunteer hours in their communities — from building solar-powered playhouses in the San Francisco Bay Area to helping prepare meals in Atlanta to combat malnutrition. In addition to their time, team members generously pledged \$12.1 million in their local communities through our annual United Way campaign.

Team members also participated in the second annual FedEx Cares Tote Bag contest where they contacted a local agency, collected items needed by the agency, delivered the items and took creative photos to capture the deliveries. The teams then submitted their photos and stories in the contest for a chance to win a grant for the organizations they served. FedEx gave 16 grants totaling \$12,250 to the organizations served by the winning teams.

We also participate in a number of additional activities with the United Way, including the Loaned Executive program. Over the past seven years, we have "loaned" over 500 FedEx team members to assist the United Way with local campaigns. We're proud to say we are one of the few remaining companies to connect our executive corps with the needs of local communities through this program.

FedEx Cares Week



6,000
volunteers



34,000
hours
volunteered



72
communities



RAISING THE ROOF

TECHO (Spanish for “roof”) is a nonprofit organization with a presence in 19 countries across Latin America and the Caribbean. TECHO’s goal is to build transitional shelters for the region’s most marginalized and excluded populations. Teams in seven FedEx markets participated: Brazil, Colombia, Costa Rica, the Dominican Republic, Guatemala, Panama and Venezuela. In addition to the homes it builds, TECHO also works to implement social inclusion programs in communities. The intent is to empower impoverished citizens to become active players in improving their own quality of life and in establishing sustainable communities.

This year was the first time that FedEx collaborated with TECHO, and the effort resulted in life-changing experiences for all the team members involved — and especially for the families in need, who got new homes.

Yesid Gonzalez, FedEx operations coordinator in Colombia, says, “It was intense work building the homes, but extremely rewarding. Our whole team was so excited to bring the FedEx Cares spirit to the TECHO project. Our volunteers really brought it both physically and intellectually at each step of the process, and the result was truly memorable and rewarding moments — seeing the faces of the families receiving their new homes.”

In all, 32 homes were built for homeless families. This experience opened the eyes of many FedEx volunteers, who had never understood how fortunate they were. That realization sunk in deeply as they listened to families express happiness at simply being able to live under a sturdy roof, to walk on a well-made floor, to own a home. These results were made possible by the sacrifice and dedication of 157 FedEx team members.

OTHER TEAM MEMBER GIVING EFFORTS

Our team members around the world are involved in thousands of efforts designed to support their local communities. Here are just a few examples:

- “Tug-a-Plane” events are competitions in which teams of 20 to 25 people pull a FedEx aircraft 12 feet in a timed competition. Each team pays approximately \$1,000 to compete, and all proceeds go to charity. There is no cost to the charity for FedEx participation in the event. The 20th anniversary of the first Plane Pull, which involved FedEx and the Special Olympics of Virginia, came in 2012. Since that time, many other airlines have launched similar programs based on the FedEx “Tug-a-Plane” program.
- Hockey is Canada’s game, and with that in mind, FedEx Express Canada launched a program in 2012 with Skate To Great to provide less fortunate kids with the chance to enjoy the country’s national pastime. Skate To Great is a Canadian nonprofit organization that provides new and used figure skates and hockey equipment to deserving children and at-risk youth through local charities. Through the program, FedEx has donated \$20,000 worth of new skates and equipment to Canadian charities, including Big Brothers Big Sisters and Courage Canada, and our team members generously donated skates during our 2012 national holiday drive. FedEx Express Canada also provides donated shipping in support of Skate To Great programs.
- As part of Clean Up the World, an environmental campaign that originated in Australia in 1987, more than 80% of FedEx Trade Networks Taiwan team members devoted their Saturday morning to cleaning up their neighborhood park. Team members gathered at Bi-Hu Park, which is located just a few minutes from the FedEx Trade Networks office in Taipei City. They picked up trash and swept dry leaves away from walking paths. This project is the office’s second organized activity to help protect the environment. Last year, they participated in tree planting. Team members appreciated the opportunity to better their community and make a difference in their own neighborhoods.
- In Vietnam, team members have brought free healthcare to more than 5,500 children in 21 provinces since the launch of the FedEx Delivers Heartbeats program in FY12. Now entering its second year, FedEx Delivers Heartbeats allows thousands of poor children to be examined and diagnosed by the country’s top cardiologists and surgeons without leaving their home provinces. FedEx volunteers are encouraged to contribute their time and efforts toward FedEx Delivers Heartbeats by assisting the families with registration at the clinics and conversing with them while their children wait to be examined. They also help promote the program by interviewing the families and writing profile stories for the Heartbeat website and newsletter.
- In Hong Kong and Taiwan, 200 schoolchildren from four primary schools have been shown how to lead lifestyles with lower-carbon dioxide emissions through the FedEx We Deliver Green! Classroom program, developed in conjunction with the Jane Goodall Institute.



AWARDS AND RECOGNITION

- 2013, *Bronze U.S. President's Volunteer Service Award*, Junior Achievement
- 2013, *Best Action To Prevent Accidents And Damage To Health, Brazil*, Mapfre Foundation
- 2012, *Civic 50, #12*, National Conference on Citizenship and Points of Light, in partnership with Bloomberg LP
- 2012, *Outstanding Medical Reserve Corps National Leadership and Partnership Award*, The Office of the U.S. Surgeon General
- 2012, *Ueltschi Humanitarian Award*, National Business Aviation Association
- 2012, *First Place, Boston College Center for Corporate Citizenship Film Festival*, Boston College Center for Corporate Citizenship
- 2012, *Best International Ambassador Award*, Finalist, U.S. Chamber Business Civic Leadership
- 2012, *Excellence in Education Award*, Asian & Pacific Islander American Scholarship Fund
- 2012, *Corporate Social Responsibility Award*, American Chamber of Commerce in Shanghai



PEOPLE & WORKPLACE





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All currencies are translated in U.S. dollars.



THERE'S ONE REASON FOR OUR SUCCESS AS A COMPANY: OUR TEAM MEMBERS.

Team members drive our networks, connecting more than 90% of the world's GDP in 1 to 3 business days. Their ideas create new efficiencies and ways of thinking. Our people are the reason we continue to be ranked as one of the world's most admired companies.

Our 300,000 team members span geographies, backgrounds and cultures, yet we are united by a common goal: to make every FedEx experience outstanding. We call this the Purple Promise. It guides our actions and delivers results. We see this promise when we sort and deliver 9 million packages a day, when we work with an entrepreneur to outline his or her first trade route or when we test a new energy-efficient innovation. Our promise also guides us through extraordinary times. When Superstorm Sandy hit, team members kept goods and supplies flowing through our network even when their own homes were flooded or had no power.

Our continued success depends on our team members' ability to contribute. Their ideas and actions are more important than all of our trucks, planes and technology combined. A recent survey sampled team member sentiment, and 83% of team members feel like they can make a difference, while 86% feel a source of pride in what they do. These numbers reflect the strength of our people-focused culture and our commitment to empower a workforce that's as diverse as the communities we serve.

Across the world, we are seeing changes in the makeup of our workforce and the needs of our team members. It's estimated that 1 billion women will enter the global workforce in the next decade, bringing significant benefits to businesses and economies. As a consequence, the U.S. GDP could increase by 5%, Japan by 9%, the United Arab Emirates by 12% and Egypt by 34%. This trend will change the faces of both our customers and our team members. Efforts like our recent Global Women's Forum are increasingly important in order to support women's leadership opportunities. Our culture must evolve as we enter new markets, ensuring we can make every experience outstanding for everyone we serve. We'll continue to offer a range of educational assistance, developmental opportunities, work-life balance and skills-based volunteering programs so that people across ranks and functions, full time and part time, can find their own unique ways to grow and contribute in a supportive work environment. Above all, our people are our future, and we are committed to providing the resources needed for them to excel in today's global market.

A P-S-P CULTURE

People are at the heart of our culture — whether it's the service we deliver to our customers or each other. People are also at the heart of our management philosophy. Without the efforts of our 300,000 team members, there would be no FedEx. "People-Service-Profit" (P-S-P) is the corporate philosophy that helps us deliver on the Purple Promise and is a concise and comprehensive statement of the principles that govern every FedEx activity. All programs and policies, at every organizational level, must synchronize with this philosophy. All FedEx managers are expected to scrupulously follow, as well as communicate to their team members, the successful formula inherent in our P-S-P philosophy. Our People emphasis produces outstanding Service for customers, which in turn

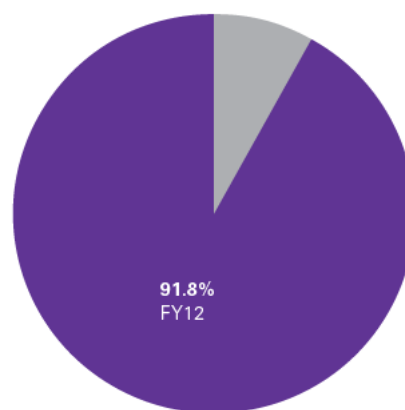
produces the Profit required to fund our future and reward our People. Each aspect of P-S-P is integral to the whole and each element — People, Service and Profit — is essential for the success of FedEx.

TEAM MEMBER ENGAGEMENT

With most of our team members behind the wheel of a truck, sorting packages in a hub or flying a plane across the world, we engage team members on their terms, through traditional means and newer social channels. Open dialogue with team members can tell us what's working and what isn't, and we can act on their feedback. Ultimately, our success depends on the ability of our people to deliver; knowing that, we take responsibility for helping to develop their talents so they can succeed.

We know we're on the right track when we see positive results. Overall participation in our annual surveys last year was almost 92% of our workforce, up from 89% the previous year.

Team Member Engagement



During these surveys, people can express themselves anonymously to help us understand what's working and where we need improvement. Employees respond to questions about their managers and leadership teams on everything from fairness to effectiveness to company compensation and benefit programs. In follow-up meetings, managers sit down with their teams to hear employee concerns firsthand. Together, the group develops and commits to a plan of action for the upcoming year that addresses these concerns. We also incorporate suggestions that affect the broader enterprise, like feedback on how to improve benefit programs or communication channels between leadership and team members. Open Door programs also encourage employees to communicate upward and give their opinion or ask questions on workplace issues.

We are proud to have been named last year to *Fortune* magazine's list of the "100 Best Companies to Work For" in the United States. This survey relies on employee feedback to provide insight into workplace culture. FedEx has made the prestigious list 11 of the past 14 years and was named to the "Best



Companies to Work For" Hall of Fame in 2005. For more than 10 years, we have also consistently ranked in *Fortune's* "World's Most Admired Companies" and "America's Most Admired Companies" lists.

Quality Driven Management (QDM) is another way we engage the expertise of our global workforce. Team members worldwide have access to a comprehensive set of QDM tools that helps them examine the way we do business and figure out how to make it better — from day-to-day activities of workgroups to re-examining the efficiency of routes. Our goal is to improve our processes and efficiency, while upholding the service levels customers expect. Using a set of principles and a problem-solving model, improvements at FedEx go beyond applying a bandage; they get to the root cause. We also award an annual QDM Cup that recognizes teams that accomplished significant results. The QDM Cup joins a broad recognition program, including our Purple Promise and Humanitarian awards, designed to show appreciation for outstanding team member performance.

CROWDSOURCING FOR QUALITY: A QDM SUCCESS STORY

FedEx Express couriers used to make 200,000 regularly scheduled pickups across the U.S. every day. But on average, 45,000 of these stops resulted in no package pickup. Zero-package stops cost millions each year — and prevent us from optimizing our network to offer even more service and value to customers. So when the couriers raised their concerns about repeatedly going to these nonproductive stops, their managers listened.

A team consisting of employees from Marketing, FedEx Express Dispatch and Sales Efficiency got together and started using QDM processes to address the extra trips. The team created a pilot to work with the Worldwide Sales and Corporate Sales Account Executives to identify which locations truly needed regular stops and which could be cancelled or modified, always listening to the customer. They also highlighted process improvements that allowed FedEx Express Dispatch to reach out directly to customers in other business segments and discuss ways to optimize pickup schedules.

The results have been dramatic: The total number of zero-package regular stops has dropped by almost 3,000 a day, saving more than \$2.9 million per year. Our trucks now also produce fewer greenhouse gas emissions. With Solutions, Sales and FedEx Express all working together, great things have happened, literally from the ground up.

Today, we are in the process of developing some larger, collaborative web tools to help employees connect and innovate even more easily. Other methods of communication and engagement include *From The Chairman*, a semiannual communication mailed to all employees at their homes; webcasts, town halls and site visits that give team members the opportunity to engage directly with company leaders; and informal get-togethers like cookouts at local facilities. Intranet sites and an extensive global video network keep team members informed and let them see what their global peers have accomplished.

PREPARING FOR A 21ST CENTURY WORKPLACE

First and foremost, we ensure that our employees have the training and resources to be able to deliver on the Purple Promise. It starts with a comprehensive new-hire orientation and a curriculum of training and educational opportunities that includes access to FedEx University, an extensive and free library of online courses, and tuition assistance for college courses.

Some of our newest efforts have led us to unique approaches. Whether it's rethinking the physical layout of a call center or giving our team members a chance to volunteer their skills in order to hone them, we are seeking to offer new development opportunities to help team members grow in an evolving, global workplace.

One such program is our TechConnect customer service program, REACH (Reps Engaged and Connected @ Home). REACH is designed to transition brick-and-mortar call centers into virtual work-from-home opportunities for our call-center agents. The program is saving time and money and improving the quality of life for our customer service representatives. About 900 of our FedEx TechConnect customer service representatives now work remotely from their homes.

Over the last three years, REACH has already spared the planet 2,800 tons of carbon emissions. As we continue to transition customer service reps to work remotely from their homes, the savings compound. In fact, every person who works from home saves an additional 2,500 lbs. of carbon emissions each year. That's a total savings of 2.25 million lbs. of CO₂ emissions per year, or the equivalent of planting over 26,000 trees and letting them grow for 10 years.

Another program gives promising employees a chance to enhance their leadership and teamwork abilities through international skills-based volunteerism. The Global Leadership Corps (GLC) introduces 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. Over a six-month program, teams of participants spend four weeks in a developing market working on projects for nongovernmental and/or nonprofit organizations



REACH: A NEW WAY OF DOING BUSINESS

What began as an experiment to boost employee satisfaction and reduce costs turned into a new remote rep program called REACH, where 900 FedEx customer service reps, managers and senior managers work from home. The program has replaced nine brick-and-mortar call centers, leading to less energy used, happier employees and improved customer satisfaction. To get a team member's perspective, read this interview with Areina Taylor, an international customer service representative with FedEx TechConnect, who's been with FedEx for almost 15 years.

Q. What's it like working from home?

A. Before REACH, I used to have a two-hour, five-bus commute each way from my home in Philadelphia to the call center in Horsham, Pa. At the time, I had two school-age children, so balancing my commute with being a parent took a toll. Now, my workday is so much more manageable. I take better care of myself, my family, and I've lost weight! I'm home when my son comes home from school. I just couldn't make all this happen before.

Q. Have you noticed a difference in how you can serve customers in a home environment vs. a call center?

A. I feel more relaxed and less stressed out now. I can laugh and joke with customers to help build rapport and deliver an exceptional customer service experience. Yesterday, I spoke with a customer who was also working from a home office, and I could better relate to his situation.

Q. How do you stay connected with your manager and co-workers?

A. This can be a challenge. Before REACH, I would turn around and ask co-workers questions. We now use IM. It's slower, but I'm so much more relaxed so it's not a big issue. My workgroup also meets once or twice a year for social gatherings like our annual Christmas party.

Q. What other ways do you think this program helps?

A. I'm not sure about companywide, but I do know I don't have to pay to commute anymore! To buy lunch and spend money on expensive work clothes, makeup, etc. During Superstorm Sandy I was still able to work even though the buses weren't running. Also, I can work overtime if I want. It's so much easier when I don't have a two-hour commute.

to enhance their leadership skills while contributing to the community. GLC volunteers work on projects selected because of their alignment with FedEx corporate social responsibility initiatives. So far, we have sent teams to Salvador, Brazil, and Bangalore, India, to work in areas such as promoting the rapid adoption of sustainable energy technologies and developing a self-sufficient business model to provide free eye care to the rural poor.

In FY12, the average number of training hours tracked for FedEx employees was 12, with management employees at FedEx companies receiving an average of 15 hours of training and nonmanagement employees receiving an average of nine hours during the same time frame. These averages do not include our FedEx Office operating company, for which we do not have FY12 training data. We plan to include all FedEx operating companies in next year's report. We are currently implementing a comprehensive enterprisewide online employee-training platform, the FedEx Learning Center, which we expect will improve our ability to track and report employee training data in future reports.

PROMOTING FROM WITHIN

At FedEx, we are more likely to look inside our walls at our internal talent before recruiting externally. Open jobs are posted so that team members can apply to move up in the ranks or transfer from one location to another. Once any team member advances to management, we offer specific training to help prepare him or her to lead. We also offer advanced training as managers rise through the ranks.

Representatives from each of the FedEx operating companies form the Executive Development Team to design, develop and support programs for FedEx leaders. These programs include succession planning, preparing executives for new roles and intensive development programs for high-potential executives, plus ad hoc learning and development opportunities available through periodic classes and online.

Our standard professional development also includes annual performance reviews. In FY12, approximately 70% of employees in the U.S. were given performance reviews by their supervisors. In the case of management employees, these reviews provide a consistent framework for setting objectives, identifying leadership competencies and evaluating performance, which in turn helps employees be successful and focus on work that adds value for customers. In some cases, a supervisor may conduct performance reviews for a particular employee more frequently, whenever considered appropriate. Note that we do not track performance review rates by gender.



We believe the long tenure of our team members and excellent industry reputation are both strong indicators that our culture is an integral part of our corporate success. In fact, more than 80% of the managers at FedEx Express have been promoted from within. This past fiscal year, our full-time U.S. retention rate was 91.7%, compared to 90.1% in FY11.

Full-Time U.S. Retention Rate

FY12
91.7%



In FY12, 25.3% of full-time and part-time FedEx employees left the company, and 27.5% were hired in the same time frame. Those entering and leaving the company were comprised of about 75% males and 25% females. We currently don't track employee turnover rates by age group or region.

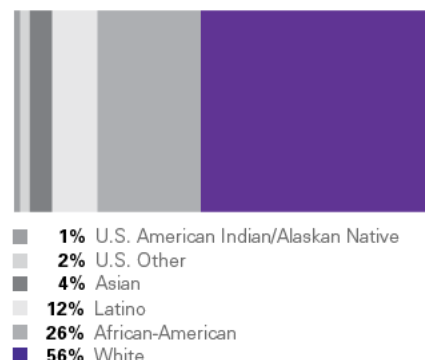
VOLUNTARY BUYOUT PROGRAM

In October 2012, FedEx Corp. announced a plan to target \$1.7 billion in profit improvement by the end of FY16. The plan consisted of several components, including a voluntary buyout program. In February 2013, employees eligible for the voluntary buyout were notified and provided with information and tools to aid in considering their offer. The program, which included both compensation and a healthcare reimbursement account, aimed to recognize the significant contributions of our employees and balance those against the changing business environment.

DIVERSITY DRIVES INNOVATION

At FedEx, we believe diversity is essential to innovation. The definitions of "diversity" and "minority" can shift depending on cultural context, and we value the contributions and perspectives of all team members regardless of race, gender, culture, religion, age, nationality, veteran status, disability, sexual orientation, gender identity or gender expression. In the U.S., 44% of our workforce is minority, and, globally, 27% of our employees are women.

Diversity in U.S. Workforce



TEAM MEMBER MAKEUP

Total # Team Members (approx.)	300,000
Employees	280,241
• Employees – Male:	204,047
• Employees – Female:	76,194
Independent Contracted Workers (approx.)	20,000
<i>Primarily employees of independent contractors performing services for FedEx Ground and FedEx Custom Critical</i>	
Management Employees	20,467
• Management Employees – Male:	15,908
• Management Employees – Female:	4,559
Nonmanagement Employees	259,774
• Nonmanagement Employees – Male:	188,139
• Nonmanagement Employees – Female:	71,635
Total Permanent Employees by Employment Type <small>(U.S. Workforce Only)</small>	
Total Full-time (U.S.):	138,833
• Full-time – Male:	101,099
• Full-time – Female:	37,734
Total Part-time (U.S.):	89,651
• Part-time – Male:	64,637
• Part-time – Female:	25,014



DIVERSITY IN LEADERSHIP

As women across the world play an increasing role in nontraditional industries, including ours, we will continue to foster opportunities for more women to work and lead. In FY12, women comprised 22% of our global management ranks, and, in the U.S., over 28% of managers were minorities.

We are currently creating more training and engagement programs with a focus on gender equality, recognizing this is an issue that cuts across cultures and affects more than half the world's population.

FedEx understands that developing talent among women at the company is critical to our support of diverse leadership throughout all of our global operations. FedEx recently presented its first Global Women's Forum for FedEx women leaders. More than 100 women in top FedEx leadership roles attended the two-day Executive Roundtable, developed in collaboration with the International Women's Forum. The event provided attendees with an opportunity to grow and develop both in their business and personal lives. With the help of experts from the worlds of business, government, science and academia, the discussions covered many global business trends, from the challenge of recruiting talent to the balance between personal and work life.

Women in the Workforce

27.5% women in our global workforce



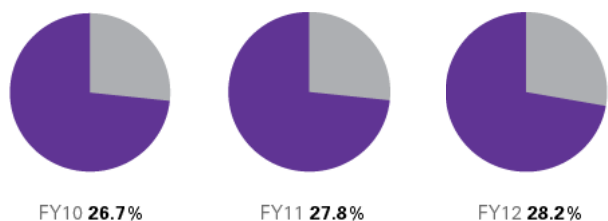
22.3% women in our management roles globally



Training in diversity and inclusion is delivered to employees and management alike. Recruiting at diverse colleges and universities and among minority- and women-centered organizations and agencies ensures that FedEx continues to be as diverse as the world we serve. In addition, we disclose the ethnic and gender diversity of our Board of Directors on page 24 ([Diversity section](#)) of our

[FY12 Proxy Statement](#)

Minorities in U.S. Management



EMERGING LEADERS IN EMERGING MARKETS

Despite decades of progress, it's still tough for women to reach the executive ranks of large companies. They also face obstacles when they attempt to start their own businesses. But around the world, FedEx works to empower women — either to rise within our own ranks or to become entrepreneurs. Either way, we know it's smart business. By empowering women, we broaden both the talent pool and the list of potential customers. **Meet some of the women who lead FedEx's efforts to empower others.**

Some of our other strategic diversity initiatives include Diversity Councils, which work to ensure greater awareness and positive perception of our diversity commitment. We also support multicultural programs within the company and the communities we serve. The Diversity Councils meet regularly to discuss strategy and oversee diversity efforts within the FedEx operating companies. For more information on our support for community-based diversity organizations, see our [Community & Disaster Relief](#) section of this report.

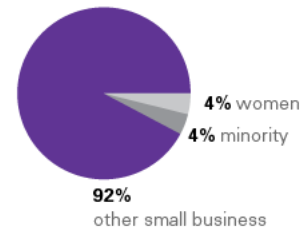
Since its inception in 1992, the FedEx Supplier Diversity program has provided avenues for suppliers to become part of the FedEx supply chain. We are committed to helping suppliers compete for FedEx business fairly and regularly. We contract directly with minority-owned, women-owned and small businesses that are competitive in quality, service and cost.

Supplier Diversity Spending

FY12
(in billions)

\$3.8

FY12
(small-business spending)



EMBRACING NEW TEAMS AND NEW CULTURES

We can gain a lot from the market expertise, talent and customer relationships of the companies we acquire. Over the past few years, FedEx has acquired companies in India and Mexico, followed by acquisitions in Poland, France and Brazil. We've instituted a global integration planning and execution process, named ACQUIRE, to help us integrate cultures in a way that respects employees and their talent. We take a people-centered approach by forming teams with joint representatives from FedEx and the acquired companies.



Each integration is kicked off in the local market, and meetings are conducted primarily in the local language, enabling active participation by all attendees. The integration teams use online collaboration tools and a comprehensive project management discipline to bring greater value.

FEDEX AND MULTIPACK

FedEx Express Mexico completed the acquisition of Servicios Nacionales Mupa, S.A. de C.V. (MultiPack) in July 2011. Carolina Chong, managing director for Human Resources at FedEx Express Mexico, and her team developed and implemented a Cultural Integration Plan to educate MultiPack employees on FedEx values, operating processes and systems, while demonstrating respect for the legacy of success that MultiPack had developed over its years of operation.

In addition to town halls and integration meetings, the newly formed teams actively participated in FedEx Cares volunteer team projects that enabled them to give back to their local communities. This was particularly encouraging for MultiPack employees who didn't have access to such programs before the acquisition.

In the first year, more than 1,000 FedEx Express and MultiPack team members planted more than 6,000 trees across Mexico City and Guadalajara. The program also included an adopt-a-tree program for team members' families, plus training at local stations on recycling, global warming and water usage.

WORKPLACE BENEFITS

FedEx believes that engaging employees in the management of both their health and their future financial security is beneficial both to the employees and the company. We make it a priority to identify and offer the best tools for this to our employees. We offer a comprehensive and competitive benefits package to team members, including health, vision, dental and life insurance, as well as a 401(k) and employee stock purchase options. Most of the FedEx operating companies also offer a cash balance pension plan. These benefits apply to at least 80% of the workforce at FedEx, which is primarily based in the U.S. Because our company comprises several different operating companies, each with its own distinct structure and employee makeup, different benefits apply to different operating companies.

Similar to other multinational corporations, we tailor our benefits packages for the specific countries where our team members live. This allows us to account for different cultural norms and practices regarding employee compensation and

benefits in the various global regions where we operate. Among the benefits we offer to employees in various regions are supplemental healthcare insurance, death/disability insurance, retirement savings and tuition assistance. Benefits are provided in accordance with local law and general practice in that market.

RETIREMENT BENEFITS

We offer retirement benefits, including a 401(k) savings plan with matching company funds, to eligible U.S.-based employees. Most operating companies also offer a 100% company-funded cash balance pension plan. Both of these benefits are portable, allowing employees to focus on saving for retirement throughout their career, whether it is at FedEx or elsewhere. The company also provides several programs to assist employees in planning for their retirement at every stage of their career, including calculators for determining appropriate levels of contributions over time to reach a desired retirement income.

HEALTH AND WELLNESS

Although the cost of healthcare continues to rise, FedEx continues to pay the majority of the cost of healthcare for most U.S.-based employees and their dependents. The healthcare plan offers a Health Information Line, which provides 24-hour-a-day access to a medical professional who can direct any employee with urgent healthcare issues to the nearest provider or offer self-care tips to use until the employee can see their own doctor.

We emphasize health and wellness through several programs designed to make team members more aware of the importance of good health. Lifestyle Management Programs, such as Tobacco Cessation, Stress Management and Weight Management, are available at no cost to the employee. FedEx healthcare providers have a Personal Health Team fully dedicated to FedEx and will provide a Healthcare Advocate who is a highly trained health professional, such as a registered nurse, nutritionist or other clinician. Another tool, Medical Decision Support, offers access to healthcare professionals who are experts in providing highly personalized information. These experts will research a medical diagnosis or health topic to provide answers and resources to employees. Employees enrolled in a FedEx Medical Plan have access to their online Personal Health Statement, which shows recent claims activity, expenses and prescriptions to help employees track and understand the cost of healthcare for their families. Employees can also set up alerts and messages, learn about potential saving opportunities and find links to health education.

We are committed to the health and well-being of our employees and their family members. We provide educational information regarding illnesses and diseases whenever possible and continuously evaluate our role in both health education and care. As an example, we have established a corporate-level team that — through close contact with leading health organizations and medical experts — monitors acute outbreaks of infectious diseases around the world. The team is responsible for developing and updating our pandemic contingency



plans. These plans provide for, among other things, regular communication of the latest medical advice to our workforce and operational adjustments to ensure continuing high levels of service to our customers when faced with such events. FedEx is also an active supporter of community-based organizations that provide education and support services on a variety of public healthcare issues such as child and maternal mortality, blindness and HIV/AIDS, and through our support for disaster relief initiatives such as Direct Relief's Med-Pack and Heart to Heart's Ready Relief Box programs. For more information on how FedEx supports these healthcare-related causes globally, please see the [Community & Disaster Relief](#) section of this report.

The FedEx Employee Assistance Program is available to most employees and their eligible dependents and household members. The program includes unlimited telephone consultation, as well as online tools and resources to assist in problem-solving, parental support, child rearing, relationship building, crisis intervention, community resources and more through a network of psychologists, social workers and licensed master-level therapists.

The FedEx WorkLife Balance Program is a resource and referral program available to employees 24 hours a day, seven days a week, to help manage daily responsibilities and life events, thus reducing stress and saving valuable time. An employee may call for a personalized request or log on to the customized website. There is a wide variety of topical information such as childcare and parenting, education, financial concerns, health and wellness, adult care and aging, daily life and a discount center.

WORKPLACE SAFETY

Each business day, FedEx delivers more than 9 million packages to customers in more than 220 countries and territories. Managing a global network of people, facilities, trucks, aircraft and technology demands that safety and health principles be incorporated into all aspects of our business. We actively promote and support a culture of health and safety for the benefit of our employees, contractors, stakeholders and the public.

SAFETY PROGRAMS

A culture of safety, which we have formalized through our Safety Above All program, is integral to everything we do. Our Chairman and CEO, Frederick W. Smith, says, "Building and maintaining an excellent safety record is key to our People-Service-Profit philosophy. Just as we seek to continuously improve the service we provide our customers, we must also continuously improve the practices that can make our workplace even safer for our team members."

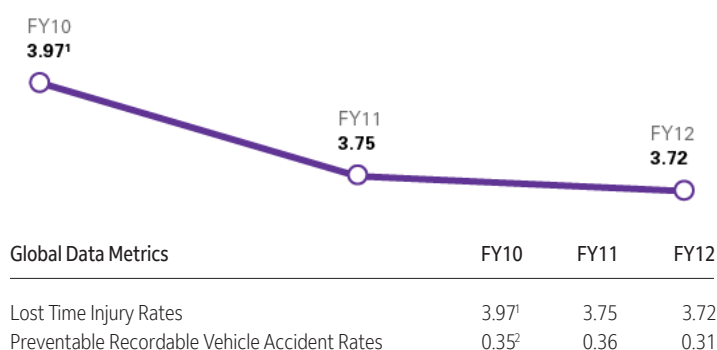
Each major operating company sets workplace safety policies and implements the Safety Above All philosophy through policies and programs that are relevant to their specific operations. And each company's Safety department conducts regular internal audits to ensure that all team members are following the policies.

FedEx Express has driven a nearly 56% reduction in vehicle accident rates and nearly 68% reduction in employee injury rates over the past 17 years. FedEx Express policies and best practices are outlined in The Safety Manual, which is a comprehensive policy and procedure manual that formalizes the guidelines of a safety program designed to reduce injury and illness. It covers a variety of safety-related topics including aircraft-operations ramp safety, vehicle safety, package handling, lifting, sorting and the handling of hazardous or flammable materials. FedEx Ground's safety policies also cover a variety of issues, including hazardous-materials handling, vehicle safety and preparedness for emergency situations such as severe weather, wildfires and earthquakes. FedEx Freight's main focus is on long-haul vehicle driver safety and dock loading and unloading (e.g., hazardous-materials handling).

We are publicly reporting our workplace safety data metrics. We calculate our Lost Time Injury Rate (per 100 employees) metric by dividing the total number of Lost Time Injury cases by the total number of hours worked by all employees multiplied by 200,000 (derived from 50 working weeks @ 40 hours per 100 employees). The term "Lost Time Injury case" means a nonfatal, traumatic injury that causes any loss of time from work beyond the day or shift it occurred, or a nonfatal, nontraumatic illness/disease that causes disability at any time. We are pleased to report that the FY12 rate of 3.72 represents a 6.5% improvement over FY10, signifying the success of our Safety Above All program across our operating companies.

In addition, we're also reporting our global Preventable Recordable Vehicle Accident Rates (per 1 million miles driven by FedEx vehicles). In FY12, the rate was 0.31, which represents an 11% improvement over the FY10 rate of 0.35. We base our definition of "Recordable" on the Department of Transportation's (DOT) definition, which means a preventable occurrence involving a commercial motor vehicle operating on a highway in interstate or intrastate commerce that results in at least one of the following: a bodily injury to a person who, as a result of the injury, immediately receives medical treatment away from the scene of the accident; one or more motor vehicles incurring disabling damage as a result of the accident, requiring the motor vehicle(s) to be transported away from the scene by a tow truck or other motor vehicle; or a fatality.

Lost Time Injury Rates



¹ Does not include FedEx Freight in Canada

² Does not include FedEx Express EMEA



One area of particular priority for FedEx operating companies is driver safety. An accident-free driving record and safe driving practices aren't just company goals for FedEx drivers, they're also sport — and a challenge from FedEx Chairman and CEO Frederick W. Smith, who conceived the Chairman's Challenge, a call to drivers from all operating companies to represent FedEx in the annual American Trucking Associations' National Truck Driving Championships (NTDC), the "Super Bowl of Safety," which was held in Minneapolis in 2012.

CHAIRMAN'S CHALLENGE

Conceived by FedEx Chairman and CEO Frederick W. Smith, the Chairman's Challenge is a call to hundreds of drivers from all FedEx operating companies to represent FedEx in the annual American Trucking Associations' NTDC. This challenge reinforces our commitment to driver safety for all our drivers, independent contractors and couriers, as well as the motoring public. Drivers who have been accident-free for one year can participate in the championships that begin at the state level and then progress to the NTDC.

There were many successful FedEx participants at the 2012 NTDC in Minneapolis, and Don Logan from FedEx Freight was named the NTDC Grand Champion. Logan's driving skills and knowledge of transportation and truck safety information topped those of 425 other professional drivers from all across the United States in the annual "Super Bowl of Safety."

On the way to his title, Logan logged 25 years as a professional truck driver, with more than 2.1 million miles behind the wheel. He began competing in state truck driving championships in 2006, and this year he made his sixth trip to the NTDC. This is the third win for Logan at the national level, placing first in the three-axle class in 2009 and in the twins class in 2010. Logan also holds six Kansas state titles.

With 24 National Champions, two National Grand Champions and four Rookie of the Year titles in the past seven years, Team FedEx has established a reputation for excellence. Since the first year of the Challenge in 2003, thousands of FedEx drivers and contractors have participated in state competitions, with close to a thousand FedEx state champions going on to compete at the NTDC.

We recorded four workplace fatalities in FY12 as a result of an occupational injury or disease sustained or contracted while in our employ. This does not include FedEx Express operations outside the U.S. — we plan to include those regions in future reporting.

WORKPLACE VIOLENCE

FedEx has zero tolerance for workplace violence and has established clear standards of behavior in our policies. Conflicts must always be resolved in a peaceful, professional and respectful manner. The FedEx Workplace Violence Prevention Program helps to provide team members and vendors with a safe and secure work environment. Our mission is to increase awareness of developing situations and other indicators of workplace violence. Unauthorized firearms or weapons are strictly prohibited on company-leased or -owned property and in buildings, aircraft or vehicles. Possession of firearms or weapons on company property may be grounds for immediate dismissal.

All FedEx employees are responsible for reporting potential or actual situations of workplace violence either through a special web-based reporting system, contacting a member of FedEx Management, Security or Human Resources, or calling the FedEx Alert Line in their respective countries.

All reported instances of workplace violence are investigated by a Workplace Violence Response Team, which is a group established to help maintain a safe and secure workplace. The team is made up of members from the following areas: Security, Legal, Human Resources, Benefits, Safety, Contract Relations and the Employee Assistance Program. When the Response Team receives a report of potential workplace violence, they properly investigate and make a recommendation of action to be taken.



FEDEX POLICIES AND GOVERNANCE

Across the globe, the FedEx name symbolizes great service, reliability and integrity. To maintain this reputation, every FedEx team member must demonstrate personal responsibility and professional conduct every day. **The FedEx Code of Business Conduct and Ethics** sets out the general principles that guide our team members in upholding high standards of business and personal ethics. To ensure all employees are aware of these principles, they receive Code of Business Conduct and Ethics training upon joining FedEx and on a periodic basis thereafter. This training is delivered in a variety of formats including live training or through online modules. Upon contracting with FedEx, independent contractors agree to abide by the Code where applicable. Additionally, we periodically release communications highlighting key principles set forth in the FedEx Code. These communications are designed to help our team members remain vigilant regarding these important issues and help our employees to deliver on our Purple Promise to make every FedEx experience outstanding.

Activities such as fraud, theft, falsification of company documents or records, misuse of company assets, possession of firearms and alcohol or drug use on company property, and criminal activities, as well as disruptive behavior, are prohibited. Any of these activities subject employees to disciplinary action or termination of employment.

The FedEx Code requires our employees and independent contractors to report immediately any suspected violation of those standards, and the FedEx Alert Line provides one mechanism for doing so. Using the Alert Line, callers are able to make anonymous, confidential reports, 24 hours a day, of suspected legal and ethical violations within FedEx by making a toll-free phone call, and the FedEx Code prohibits retaliation for making such a report. We promote the Code and Alert Line to team members through a variety of means, which include various operating company communications, as well as framing and hanging large Alert Line posters — translated into the appropriate local language — in permanent, conspicuous spots at all FedEx locations.

In the event that we do have to make the tough call to close a facility, we comply with all applicable laws of the countries and local areas in which we operate. For instance, in the U.S., the Worker Adjustment and Retraining Notification (WARN) Act requires most employers with 100 or more employees to provide 60-calendar-day advance notice of facility closings and mass layoffs of employees. Employees entitled to notice under the WARN Act include managers and supervisors, and hourly wage and salaried workers.

For more information on our FedEx Code of Conduct, our corporate governance and operating structure, please visit our Investor Relations site:

- Board of Directors: <http://investors.fedex.com/phoenix.zhtml?c=73289&p=irol-govboard>
- Corporate Governance: <http://investors.fedex.com/phoenix.zhtml?c=73289&p=irol-govmission>
- FedEx Code of Business Conduct and Ethics: <http://investors.fedex.com/phoenix.zhtml?c=73289&p=irol-govconduct>
- Policy on Political Contributions: <http://investors.fedex.com/phoenix.zhtml?c=73289&p=irol-govpolitical>

AWARDS AND RECOGNITION

- 2013, *100 Best Companies to Work For*, Fortune
- 2012, *World's Best Multinational Workplaces*, Great Place to Work Institute
- 2012, *50 Best Places to Work*, Glassdoor
- 2012, *40 Best Companies for Diversity*, Black Enterprise
- 2012, *Best Places to Work in IT*, Computerworld
- 2012, *Best Employers (FedEx Express) in Australia, Canada, United Arab Emirates and New Zealand*, Aon Hewitt Associates



GLOBAL REPORTING INITIATIVE INDEX



1. STRATEGY AND ANALYSIS		INFORMATION	REPORTED
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	See page 3 (“Letter from Chairman and CEO”) of Goals & Progress	●
1.2	Description of key impacts, risks, and opportunities.	See page 3 (“Introduction”) of Economics & Access , Environment & Efficiency , Community & Disaster Relief , People & Workplace	●
2. ORGANIZATIONAL PROFILE		INFORMATION	REPORTED
2.1	Name of the organization	FedEx Corporation	●
2.2	Primary brands, products, and/or services.	See page 9 (“Description of Business”) of FY12 Annual Report	●
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	See page 9 (“Description of Business”) of FY12 Annual Report	●
2.4	Location of the organization’s headquarters.	Memphis, Tennessee, USA	●
2.5	Number of countries where the organization operates, and the names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	See http://www.fedex.com/?location=home	●
2.6	Nature of ownership and legal form.	Publicly traded corporation	●
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	See http://www.fedex.com/?location=home	●
2.8	Scale of reporting organization.	See FY12 Annual Report	●
2.9	Significant changes during the reporting period regarding its size, structure, or ownership including: - The location of, or changes in operations, including facility openings, closings, and expansions; and - Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).	See FY12 Annual Report	●
2.10	Awards received in the reporting period.	See page 7 (“Awards and Recognition”) of Economics & Access ; See page 18 (“Awards and Recognition”) of Environment & Efficiency ; See page 13 (“Awards and Recognition”) of Community & Disaster Relief ; See page 11 (“Awards and Recognition”) of People & Workplace	●

Full = ●

Partial = ○

3. REPORT PROFILE		INFORMATION	REPORTED
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	FY12: June 1, 2011, to May 31, 2012	●
3.2	Date of most recent previous report (if any)	August 20, 2012(FY11 GCR)	●
3.3	Reporting cycle (annual, biennial, etc.)	Annual	●
3.4	Contact point for questions regarding the report or its contents.	csr@fedex.com	●
3.5	Process for defining report content, including: - Determining materiality; - Prioritizing topics within the report; and - Identifying stakeholders the organization expects to use the report.	Report content was developed based on materiality analysis of GRI data metrics relative to the industry sectors (Transportation & Logistics, Office Supplies/Commercial Printing) in which we operate. In addition we report progress on specific topics, such as providing access to global markets, our aircraft carbon emissions intensity target and our logistical support for disaster relief agencies, which we feel are particularly germane to our business operations.	●
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	<p>The information in this report applies to FedEx Corporation and all operating companies and associated companies globally within the reporting period, unless otherwise stated. For more information about FedEx Corporation, including operating companies, please go to http://about.van.fedex.com/fedex-overview</p> <p>Data pertaining to Environmental impacts are for entities and subsidiaries for which FedEx exercises operational control. In the case of the People & Workplace pillar, all data metrics related to workforce turnover, feedback surveys, training, and diversity only includes employees of FedEx, including operating companies and subsidiaries, and not to independent contractors. As noted in the appropriate sections of the report, some data metrics do not cover certain global regions.</p>	●
3.7	State any specific limitations on the scope or boundary of the report.	We provide explanations where our reported data sets have specific limitations in the appropriate sections of the report.	●
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	<p>The majority of data metrics disclosed in this report covers all subsidiaries, substantially all of which are wholly owned, and joint ventures where FedEx (including its operating companies) has a controlling interest. Data metrics are included for leased facilities and assets (e.g., aircraft, vehicles, etc.) for which FedEx has full operational control. We indicate where certain operating companies or regions are not covered by particular data metrics in the appropriate sections of the report.</p> <p>In cases where certain data metrics are affected by acquisitions and divestments, we will provide additional clarification in the appropriate section of the report.</p>	●

3. REPORT PROFILE (continued)		INFORMATION	REPORTED
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	Both data measurement techniques and any underlying estimation assumptions are documented within the appropriate sections of this report. Further explanation is provided where a particular data measurement technique does not comply with the GRI Indicator Protocol compilation recommendations. Wherever possible, we use standard-based protocols, e.g., WRI/ WCSBD GHG Accounting Protocol, to develop our data metrics for this report.	●
3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement (e.g., mergers/acquisitions, change of base years/periods, nature of business measurement methods).	Where applicable, we will clarify when certain data metrics have been adjusted from prior reports for comparability purposes. In cases where our reporting time frames change, e.g., corporate spending on suppliers that meet diversity characteristics, we will restate prior year data and provide additional clarification.	●
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	As this is our first year utilizing the GRI reporting framework, we have endeavored to follow the recommended data measurement guidelines set forth in version 3.1 of that framework. To that end, certain revised data metrics calculation methods, e.g., the reporting of GHG emissions as CO ₂ e (as opposed to CO ₂ emissions only), will be explained in the appropriate sections of the report.	●
3.12	Table identifying the location of the Standard Disclosures in the report.	See page 2 of “ GRI Index ”	●
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	With the exception of our direct aircraft GHG emissions that are subject to the European Union’s Emissions Trading Scheme (which are externally assured by Ernst & Young), the data metrics disclosed in this report have not been externally assured.	●
4. GOVERNANCE		INFORMATION	REPORTED
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	<ul style="list-style-type: none"> • See page 11 (“Director Independence”), pages 16 –17 (“Meetings and Committees of the Board of Directors” for info on Committees), and page 24 (“Diversity” for info on Board diversity/gender) of FY12 Proxy Statement • See also Corporate Governance section of Investor Relations website 	●
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization’s management and the reasons for this arrangement).	See page 10 of FY12 Proxy Statement (“Board Leadership Structure”) for FedEx position on Frederick W. Smith’s role as Chairman and CEO.	●

4. GOVERNANCE (continued)		INFORMATION	REPORTED
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	See pages 11–12 (“Director Independence”) and page 24 (“Diversity”) of FY12 Proxy Statement	●
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	<ul style="list-style-type: none"> • See page 13 (“Communication with Directors”) of FY12 Proxy Statement • See Article II, Section 5 (“Special Meetings”) of FedEx Amended and Restated Bylaws 	●
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization’s performance (including social and environmental performance).	See pages 25–62 (“Executive Compensation”) and pages 63–65 (“Directors’ Compensation”) of FY12 Proxy Statement	●
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	<ul style="list-style-type: none"> • See pages 14–15 (“Related Person Transaction”) of FY12 Proxy Statement • See Appendix A (“Policy on Review and Preapproval of Related Person Transactions”) and Appendix B (“Standards of Director Independence”) of Corporate Governance Guidelines 	●
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	See pages 13–14 (“Nomination of Director Candidates”) and pages 20–24 (“Experience, Qualifications, Attributes & Skills”) of FY12 Proxy Statement	●
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	<ul style="list-style-type: none"> • FedEx Mission, Strategy, Values • FedEx Code of Business Conduct and Ethics and related policies such as “Whistleblower Policy” and “Auditor Policy” on Corporate Governance site • Environmental Policy Statement • Diversity Mission Statement 	●
4.9	Procedures of the highest governance body for overseeing the organization’s identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	<ul style="list-style-type: none"> • See page 10 (“Board Risk Oversight” - “Diversity”) of FY12 Proxy Statement • See pages 19 and 71 (“Risk Factors”) of FY12 Form 10-K 	●
4.10	Processes for evaluating the highest governance body’s own performance, particularly with respect to economic, environmental, and social performance.	See pages 9–10 (“Board Leadership Structure”) of FY12 Proxy Statement	●

4. GOVERNANCE (continued)	INFORMATION	REPORTED
4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Our standard management practices consider many factors, including potential positive and negative societal impacts, when making strategic business decisions. For more information, see page 10 (“Board Risk Oversight”) of FY12 Proxy Statement.	●
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	<p>FedEx adheres to various external environmental standards and initiatives including:</p> <ul style="list-style-type: none"> • World Resources Institute / World Council for Sustainable Business Development GHG Protocol Corporate Accounting and Reporting Standard • ISO 14001 certification for 51 EMEA facilities and FedEx Express Environmental Management Systems is based upon elements in the ISO 14001 standard • Leadership in Energy and Environmental Design (LEED) certification for new FedEx Express U.S. facilities • Forest Stewardship Council-certified paper at FedEx Office Print and Ship Centers 	●
4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: - has positions in governance bodies; - participates in projects or committees; - provides substantive funding beyond routine membership dues; - views membership as strategic.	<ul style="list-style-type: none"> • FedEx maintains memberships with a variety of trade associations, e.g., U.S. Chamber of Commerce Business Roundtable, Airlines for America, American Trucking Associations, etc., expressly for the purpose of promoting and protecting the economic future of FedEx and our stockholders and team members. • FedEx also maintains membership in Environmental-focused organizations such as the Lindbergh Foundation's Aviation Green Alliance (founding member), Keystone Center National Energy Board and the Global Environmental Management Initiative (GEMI). FedEx also participates in the U.S. EPA SmartWay Partnership and U.S. Department of Energy National Clean Fleets Partnership. • FedEx is also a participating member of the Committee Encouraging Corporate Philanthropy and the Boston College Center for Corporate Citizenship. For information on humanitarian and community-based organizations that FedEx supports, please see the Community & Disaster Relief section of this report. 	●

4. GOVERNANCE (continued)	INFORMATION	REPORTED
4.14 List of stakeholder groups engaged by the organization.	<ul style="list-style-type: none"> At FedEx, we actively engage with a variety of internal and external stakeholders across all of our economic, social, and environmental impact areas. FedEx Corporation serves the investment community through an award-winning Investor Relations team and website, and investors can contact the IR department through an exclusive email address (ir@fedex.com). <u>See page 13 (“Communications with Directors”) of FY12 Proxy Statement.</u> On environmental issues, we actively work with government agencies, NGOs, manufacturers, suppliers, and other fleet operators to introduce fuel-efficient and low-carbon alternative fuel technologies and to promote the transformation of transportation through our advocacy for electrification. For more information, see the <u>Environment & Efficiency</u> section of this report. FedEx actively supports the communities we serve through strategic investment of our resources, our networks, and our people’s time. Through our Community & Disaster Relief programs, we focus our investments within three core focus areas for maximum impact: 1. Disaster Readiness, Relief and Recovery, 2. Pedestrian and Road Safety, and 3. Environmental Sustainability. For more information, please see the <u>Community & Disaster Relief</u> section of this report. Similarly, for our team members, we have an Open Door Policy whereby each operating company encourages both formal and informal dialogue. Although specific feedback systems take different forms depending on the operating company, team members everywhere can provide honest feedback without fear of retribution. For information on how we engage with our team members, see the <u>People & Workplace</u> section of this report. 	●
4.15 Basis for identification and selection of stakeholders with whom to engage.	See 4.14	●
4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. Also please indicate the principles formulated at corporate level that guide your company’s stakeholder engagement at site level. Please attach/provide supporting documents or indicate website.	See 4.14	●
4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	See 4.14	●

ECONOMIC		INFORMATION	REPORTED
EC DMA	Economic: Disclosure on Management Approach	See pages 9–37 (“Management’s Discussion and Analysis”) of FY12 Annual Report ; See page 3 (“Introduction”) of Economics & Access	●
EC 1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	See pages 66–71 (“Note 20: Condensed Consolidating Financial Statements”) of FY12 Annual Report ; See page 3 (“Charitable Giving”) of Community & Disaster Relief	●
EC 2	Financial implications and other risks and opportunities for the organization’s activities due to climate change.	See pages 34–37 (“Risk Factors”) of FY12 Annual Report ; See page 3 (“Introduction”) of Environment & Efficiency	●
EC 3	Coverage of the organization’s defined benefit plan obligations.	See page 8 (“Workplace Benefits”) of People & Workplace ; See pages 28–30 (“Retirement Plans”) of FY12 Annual Report	●
EC 4	Significant financial assistance received from government.	FedEx does not receive any significant financial assistance from governmental entities.	●
EC 8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or 21st Century Workplace”) of pro bono engagement.	See Community & Disaster Relief and page 4 (“Preparing for a”) of People & Workplace	●
EC 9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	See Economics & Access	●
ENVIRONMENTAL		INFORMATION	REPORTED
EN DMA	Environmental: Disclosure on Management Approach	See page 4 (“ Sustainability Strategy and Goals ”) and page 5 (“ EarthSmart ”) of Environment & Efficiency	●
EN 1	Materials used by weight or volume. See Indicator Protocol for guidance on calculation.	See page 15 (“Paper and Packaging Materials”) of Environment & Efficiency	●
EN 2	Percentage of materials used that are recycled input materials.	See page 15 (“Paper and Packaging Materials”) of Environment & Efficiency	●
EN 3	Direct energy consumption by primary energy source.	See page 6 (“Direct and Indirect Energy Consumption”) of Environment & Efficiency	●
EN 4	Indirect energy consumption by primary source.	See page 6 (“Direct and Indirect Energy Consumption”) of Environment & Efficiency	●
EN 5	Energy saved due to conservation and efficiency improvements.	See page 7 (“ Greening our Fleet ”) and page 11 (“ Greening our Facilities ”) of Environment & Efficiency	●
EN 7	Initiatives to reduce indirect energy consumption and reductions achieved.	See page 7 (“Greening our Fleet”) in Environment & Efficiency	◐
EN 11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	See page 16 (“Biodiversity and Conservation”) of Environment & Efficiency	◐

ENVIRONMENTAL (continued)		INFORMATION	REPORTED
EN 12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	See page 16 (“Biodiversity and Conservation”) of Environment & Efficiency and page 7 (“Environmental Sustainability”) of Community & Disaster Relief	●
EN 13	Habitats protected or restored.	See page 16 (“Biodiversity and Conservation”) of Environment & Efficiency and page 7 (“Environmental Sustainability”) of Community & Disaster Relief	◐
EN 16	Total direct and indirect greenhouse gas emissions by weight.	See page 6 (“Greenhouse Gas Emissions”) of Environment & Efficiency	●
EN 17	Other relevant indirect greenhouse gas emissions by weight.	See page 6 (“Greenhouse Gas Emissions”) of Environment & Efficiency	◐
EN 18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	See page 7 (“ Greening our Fleet ”), page 11 (“ Greening our Facilities ”) and page 19 (“ FedEx Environmental Sustainability Initiatives ”) of Environment & Efficiency	●
EN 22	Total weight of waste by type and disposal method.	See page 12 (“Waste and Recycling”) of Environment & Efficiency	●
EN 23	Total number and volume of significant spills.	See page 18 (“Significant Spills and Penalties”) of Environment & Efficiency	●
EN 26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	See page 7 (“ Greening our Fleet ”), page 11 (“ Greening our Facilities ”), page 15 (“ Paper and Packaging Materials ”) and page 17 (“ Environmental Management Programs and Systems ”) of Environment & Efficiency	●
EN 28	Monetary value of significant fines and total number of non-monetary sanctions/convictions for non-compliance with environmental laws and regulations.	See page 18 (“Significant Spills and Penalties”) of Environment & Efficiency	●
LABOR PRACTICES AND DECENT WORK		INFORMATION	REPORTED
LA DMA	Labor Practices and Decent Work: Disclosure on Management Approach	See page 2 (“About this Report”) in Goals & Progress and page 3 (“A P-S-P Culture”) of People & Workplace	●
LA 1	Total workforce by employment type, employment contract, and region, broken down by gender.	See page 6 (“Team Member Makeup”) of People & Workplace	●
LA 2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	See page 5 (“Promoting from Within”) of People & Workplace	●
LA 3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations.	See page 8 (“Workplace Benefits”) of People & Workplace	●
LA 5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	See page 11 (“FedEx Policies and Governance”) of People & Workplace	●

LABOR PRACTICES AND DECENT WORK (continued)		INFORMATION	REPORTED
LA 7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	See page 9 (“Workplace Safety”) of People & Workplace	●
LA 8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	See page 8 (“Health and Wellness”) of People & Workplace	●
LA 10	Average hours of training per year per employee, by gender, and by employee category.	See page 5 (“Promoting from Within”) of People & Workplace	◐
LA 11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	See page 5 (“Promoting from Within”) of People & Workplace	●
LA 12	Percentage of employees receiving regular performance and career development reviews, by gender.	See page 5 (“Promoting from Within”) of People & Workplace	●
LA 13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	See page 6 (“Diversity Drives Innovation”) of People & Workplace	●
HUMAN RIGHTS		INFORMATION	REPORTED
HR DMA	Human Rights: Disclosure on Management Approach	See page 11 (“FedEx Policies and Governance”) of People & Workplace	◐
HR 1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	See page 11 (“FedEx Policies and Governance”) of People & Workplace	◐
HR 2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.	See page 11 (“FedEx Policies and Governance”) of People & Workplace	◐
HR 3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	See page 11 (“FedEx Policies and Governance”) of People & Workplace	◐
HR 5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	See page 11 (“FedEx Policies and Governance”) of People & Workplace	◐
HR 6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	See page 11 (“FedEx Policies and Governance”) of People & Workplace	◐

HUMAN RIGHTS (continued)		INFORMATION	REPORTED
HR 7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	See page 11 ("FedEx Policies and Governance") of People & Workplace	●
HR 8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	See page 11 ("FedEx Policies and Governance") of People & Workplace	●
HR 9	Total number of incidents of violations involving rights of indigenous people and actions taken.	See page 11 ("FedEx Policies and Governance") of People & Workplace	●
HR 10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	See page 11 ("FedEx Policies and Governance") of People & Workplace	●
HR 11	Human Rights Grievance Mechanisms (number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanisms)	See page 11 ("FedEx Policies and Governance") of People & Workplace	●
SOCIETY		INFORMATION	REPORTED
SO DMA	Society: Disclosure on Management Approach	See page 3 ("Introduction") of Community & Disaster Relief	●
SO 1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	See Community & Disaster Relief	●
SO 3	Anti-Corruption Training (percentage of employees trained in organization's anti-corruption policies and procedures)	See page 11 ("FedEx Policies and Governance") of People & Workplace	●
SO 4	Corruption Response (actions taken in response to incidents of corruption)	See page 11 ("FedEx Policies and Governance") of People & Workplace	●
SO 5	Public policy positions and participation in public policy development and lobbying.	http://investors.fedex.com/phoenix.zhtml?c=73289&p=irol-govpolitical	●
SO 6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	http://investors.fedex.com/phoenix.zhtml?c=73289&p=irol-govpolitical	●
PRODUCT RESPONSIBILITY		INFORMATION	REPORTED
PR DMA	Product Responsibility: Disclosure on Management Approach	We adhere to all federal, state and local laws related to advertising, promotions and sponsorships.	●
PR 6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	We adhere to all federal, state and local laws related to advertising, promotions and sponsorships.	●