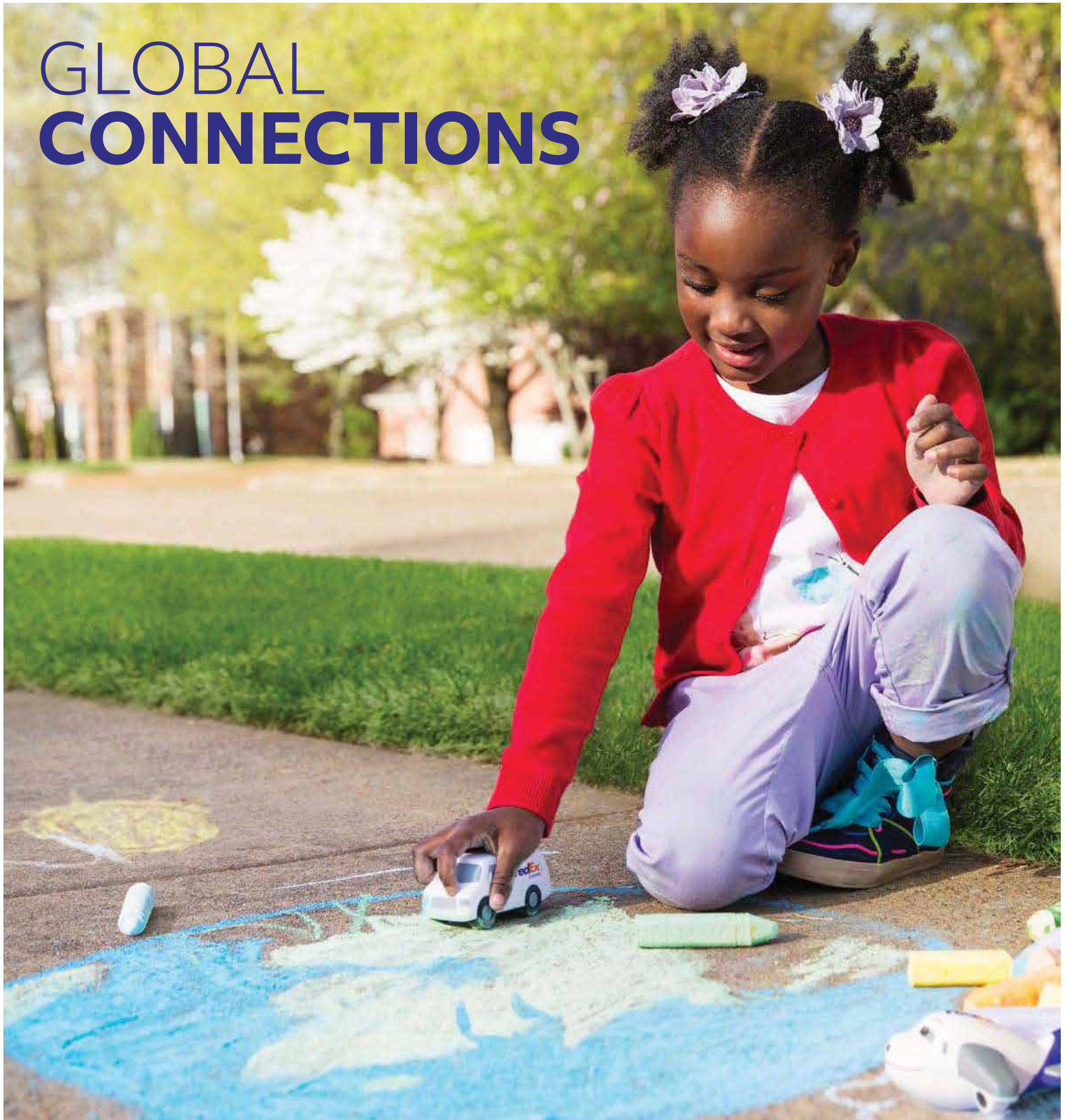


GLOBAL CONNECTIONS



2013 Report on
Global
Citizenship



Table of Contents

Chairman and CEO Letter	3
Q&A with Mitch Jackson	4
Economics & Access	5
Environment & Efficiency	16
Community & Disaster Relief	31
People & Workplace	41

About This Report

Our annual Global Citizenship Report (GCR) tracks enterprise-wide strategies, goals, programs and progress across four key pillars:

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

Our FY13 report covers our fiscal year 2013, which ended May 31, 2013, 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.

We have begun an assessment of our material issues this year, consulting external stakeholders on global citizenship issues most relevant for us. We plan to complete our analysis and begin reporting the results in our 2014 GCR.

Our FY13 report is aligned with the Global Reporting Initiative (GRI) G3.1 Guidelines. A full index of GRI indicators and reference material can be found [at csr.fedex.com](http://csr.fedex.com).

RECENT AWARDS

2014: FedEx Corporation ranked 8th in *Fortune* magazine's "World's Most Admired Companies," making the top 10 for the fourth consecutive year.

2013: FedEx Corporation placed in the top 25 commercial solar users in the U.S. by the Solar Energy Industries Association.

2013: FedEx Corporation was included in *CR Magazine's* 100 Best Corporate Citizens List.

2013: FedEx Corporation recognized as the transportation sector leader for disclosure of deforestation risks in the CDP (formerly Carbon Disclosure Project) Global Forests Report.

2013: FedEx Corporation recognized as one of The Civic 50's Most Community-minded Companies in America by The National Conference on Citizenship and Points of Light.

2013: FedEx Express awarded the Gold Award for Best Community Program as a global sponsor of the Flying Eye Hospital Program with ORBIS at the 5th Global CSR Awards in Davao, the Philippines.

2013: FedEx Corporation ranked among *Fortune* magazine's "100 Best Companies to Work for in America" for the 13th time in the past 16 years.

**GREAT THINGS HAPPEN WHEN YOU
CONNECT PEOPLE AND POSSIBILITIES.
IDEAS FLOW, INNOVATIONS OCCUR,
BUSINESSES ARE BORN, AND PEOPLE
THRIVE IN SEEING WHAT CAN BE
RATHER THAN WHAT IS.**

At FedEx, global citizenship is the bedrock for creating a more sustainable world. We're committed to finding planet-conscious solutions that meet the needs of society, both in developed and developing countries. We try and set an example by our own actions; we support our customers' global citizenship efforts; and we advocate policy changes that advance sustainable economic development.

FedEx global citizenship efforts help reduce costs, drive innovation, reinforce relationships, and strengthen our company for a brighter future.

ECONOMIC CONNECTIONS

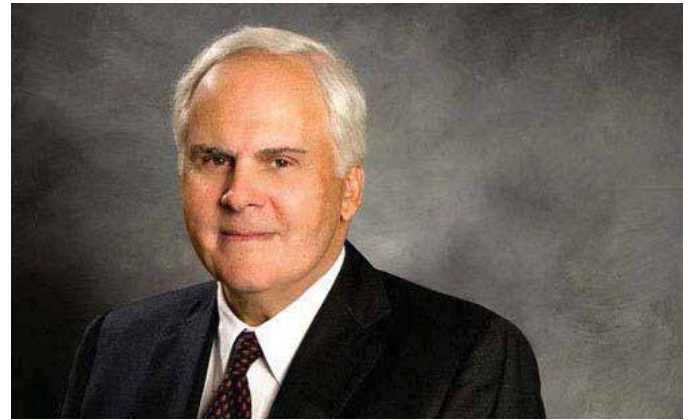
FedEx is an enabler of global trade, serving more than 220 countries and territories that generate more than 90% of the world's GDP. We continue to invest in our network, expanding infrastructure at key distribution hubs to help us reach new markets and enhance existing services. Our recent expansion includes FedEx Express operations in seven countries in Africa, new regional hubs in Singapore and Shanghai, expanded operations in Europe, and expansion of FedEx Express Brazil.

Such connections help many people around the world. For example, a family meat business decided to expand and depends on FedEx for reliable, low-cost, lower-carbon transport. The company also won \$5,000 from the FedEx Small Business Grant Contest which the owner is using to buy higher-quality, cold-ship boxes that provide more economical, flexible shipping options.

We engage the communities and countries we serve too, such as sharing our "movement" expertise through a program called EMBARQ that helps cities in Brazil, India, and Mexico transport people more efficiently and grow cities more sustainably. The results we envision: shorter commutes for workers and lower emissions even as economies grow.

EFFICIENCY AND ENVIRONMENT

Citizenship at FedEx emphasizes efficiency in our operations. For instance, in FY13, we brought our aircraft CO₂ emissions



to 22.3% less than 2005 levels, exceeding our original goal of 20%. Now we are well on our way towards our new goal of 30% by 2020. We also improved FedEx Express vehicle fuel efficiency by 27% from 2005 levels, again exceeding our original 20% goal last year.

Our core commitment to sustainable efficiency has had ripple effects in the nation itself. In 2006, in conjunction with SAFE (Securing America's Future Energy) we called for the first-ever fuel efficiency and greenhouse gas standards for all U.S. commercial vehicles. This law was subsequently passed in late 2007 with the regulatory standards just coming into effect in the U.S. now.

THE POWER OF PEOPLE

FedEx global citizenship also emphasizes people. We are immensely proud of the dedication of more than 300,000 team members who deliver outstanding service to our customers every business day, while supporting the communities we serve mainly through disaster relief, pedestrian and road safety, and environmental sustainability. To these ends, we contributed over \$46 million in cash, charitable shipping, and team member donations in 2013, not to mention thousands of hours "FedEx Cares" volunteers donated in various endeavors.

Envisioning lofty goals is easy. Achieving those goals takes hard work and commitment. We believe global citizenship is not a secondary activity. It's a core value, strengthening our company and improving the sustainability of our world. We are in it for the long haul, and FedEx global citizenship will remain a constant in an ever-changing global landscape.

Sincerely,

A handwritten signature in blue ink, appearing to read "F. W. Smith".

Frederick W. Smith
Chairman and CEO, FedEx Corporation

Q&A

QUESTION AND ANSWER SESSION WITH MITCH JACKSON, VICE PRESIDENT OF ENVIRONMENTAL AFFAIRS & SUSTAINABILITY AT FEDEX CORP.

Please describe your role.

My team oversees sustainability vision, strategy and implementation across FedEx. Our sustainability governance structure mirrors the way we run the business. Senior executives participate through our FedEx Enterprise Sustainability Council and we involve operating company functions like air operations, vehicles and supply chain through Sustainability Impact Teams run by my department. My team also leads EarthSmart, the FedEx roadmap for operating in an increasingly sustainable way and engaging our team members, customers, suppliers, vendors and communities in this critical effort.

Is your work based on a business case?

I believe there is a strong business case for sustainability within the logistics industry. This is based on improving efficiency, operational excellence and customer service. Sustainability can drive down costs and align us with our customers. It also stimulates innovation and technology leadership in the logistics sector, which are important to competitiveness and business success.

Can logistics really be sustainable?

In the early days, we thought of sustainability as our green initiatives. Now we have a wider understanding captured by the phrase *connecting the world responsibly and resourcefully*. Our core function, connecting customers to global markets, advances social and economic development. Sustainable logistics is about doing this as responsibly and efficiently as possible. So the answer is yes.

We are finding new and exciting ways to execute this vision. We often hear about the *license to operate*—meaning community acceptance of operations that impact them. At FedEx, we view sustainability as the *license to optimize*—to find and implement more sustainable ways to meet customer needs.

Back in 2005, for example, we believed a 40% improvement in fuel economy for delivery trucks was the most we could hope for from new technologies like hybrid electric. Yet vehicle technology today, combined with smaller models, has enabled some of our vehicles to achieve 80% greater efficiency than in 2005. We have also identified efficiencies in air operations that exceeded our initial targets. As a result, we have revised both our express vehicle fuel efficiency and aircraft CO₂ emissions intensity targets from a 20% improvement to a 30% improvement by 2020 (both with a 2005 baseline).

Which areas are you most pleased with this year?

I am immensely proud of all of our team members who provide outstanding service to customers while focusing on doing so more sustainably. In FY13, their efforts cut aircraft CO₂ emissions intensity by an additional 4.2% and improved FedEx Express vehicle fuel efficiency by 5%—significant progress towards our 2020 improvement goals. We work hard and think creatively to win these gains.

FedEx Express, for example, participated in research with the Federal Aviation Administration into wake turbulence behind aircraft approaching airports. The findings allowed us to modify landing procedures in ways that help save fuel and increase airport capacity. These are now being implemented at U.S. airports.

FedEx Office identified that many documents were not recycled because of concern about confidentiality. We responded by offering a secure shred-and-recycle service in selected centers, where customers can bring old tax forms, financial records and other confidential documents.

In communities in Mexico, India and Brazil, we collaborated with the non-profit organization, EMBARQ, to help bring more sustainable transportation to cities. This builds on our longstanding community work with organizations like Safe Kids to make streets safer and our vehicle fuel efficiency program to improve local air quality.

In our Latin America workforce, we promoted business education for women with seminars led by FedEx executives. The drive to give our female talent pool the opportunity to thrive is another component of our wide-ranging approach to sustainability.

Have there been any significant challenges or setbacks?

Yes, and we learn from these. In 2004, we began working on hybrid electric commercial vehicles with the Environmental Defense Fund. Although many fleets now utilize hybrid electric commercial vehicles, the technology has not been adopted as rapidly as we hoped.

Realizing hybrid technology needed a push, in 2006, we called for the first-ever fuel efficiency and greenhouse gas standards for conventional commercial vehicles in the U.S. This law was subsequently passed in 2007, with standards coming into effect now. This will raise the bar for all commercial vehicles.

We know that to be truly sustainable we will need to find what we call transformative *frugal innovation*. This must not only provide a step change reduction in the life-cycle footprint of our operations, but also be economical and durable. Full electric vehicles show great promise, but need to be supported by a nationwide low carbon power grid to achieve genuinely *frugal innovation*.

Public policy often gets caught up in a fixed vision of the future or defending the way we currently do things. Both business and government have to find immediate solutions within today's technological and economic realities, while striving for more as we proceed. The answers are often different to what we imagined and we have to be open to that.

What key messages would you like readers of the report to take away?

We are sincere in our efforts to be more sustainable and work hard to ensure they enhance what FedEx does every day—connect the world. We focus on goals to minimize our own environmental impacts, and through EarthSmart we offer our customers opportunities to reduce theirs.

FedEx is built on the belief that local economic growth requires connectivity with the rest of the world, and we accept that it is our role and responsibility to do this sustainably.



TRACKING OUR PROGRESS:

ECONOMICS & ACCESS

FOR OVER 40 YEARS, FEDEX HAS ENABLED GLOBAL ECONOMIC ACTIVITY AND PROSPERITY BY **CONNECTING PEOPLE AND OPPORTUNITIES THE WORLD OVER.**



Table of Contents

Overview	6
Governance	8
Global Citizenship Supports Our Business	9
Our Business Connects the Global Economy	10
Helping Small Business Go Global	13

Overview

In four decades, the way the world does business has changed beyond recognition, and FedEx has supported global economic growth along the way. Our operating companies now provide services and reach that we never dreamed of in 1971, but one thing remains the same: our commitment to connecting people to opportunity.

OUR BUSINESS

FedEx Corporation, headquartered in Memphis, Tennessee, provides transportation, e-commerce and business services through four operating companies that compete collectively, operate independently and are managed collaboratively. With revenue of nearly \$44.3 billion in FY13, FedEx is a globally recognized industry leader, consistently ranked among the world's most admired companies and trusted employers. We employ more than 300,000 team members and serve more than 220 countries and territories.

Trust in the FedEx brand is key to success in the competitive global economy. That is why we are uncompromising in our focus on meeting the needs of our customers, and on quality of service, ethical conduct, safety, environmental responsibility and community relations.



FedEx Operating Companies

Four operating companies carry out our daily business operations: FedEx Express, FedEx Ground, FedEx Freight and FedEx Services. Each includes branded specialty businesses as described below.

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. 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 3.9 million shipments each business day. The FedEx Express segment also includes FedEx SupplyChain Systems, which offers a range of supply chain solutions; and FedEx Trade Networks, which provides global freight forwarding services through flexible end-to-end services that include international air- and ocean-freight forwarding, customs brokerage, warehousing, distribution and trade-facilitation services. In FY13, FedEx Express revenues were \$27 billion, a 2% increase over FY12.

FedEx Ground provides small-package ground transportation, pickup and delivery services in the U.S. and Canada. Our residential arm, FedEx Home Delivery®, offers Saturday, evening and appointment delivery. FedEx SmartPost®, a subsidiary of FedEx Ground, uses the U.S. Postal Service for final delivery of low-weight, less time-sensitive, business-to-consumer packages to any residential address or post office box in the country. In FY13, FedEx Ground revenues were \$10.6 billion, a 10% increase over FY12.

FedEx Freight provides less-than-truckload (LTL) freight services throughout North America. The FedEx Freight segment also includes FedEx Custom Critical, a leading North American provider of time-specific, critical shipment services. FedEx Freight also serves Mexico, Puerto Rico and the U.S. Virgin Islands. FedEx Freight revenues were \$5.4 billion in FY13, a 2% increase over FY12.

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.

Business Performance

As we continue to implement our profit improvement plans, our focus remains on innovation. We are working to make our systems more efficient, modernize our fleet, transform our domestic network, improve international profits and expand our service offerings. For more information about these plans and our financial performance in FY13, see our [FY13 Annual Report](#)

FINANCIAL TRENDS AND HIGHLIGHTS

Below is a summary of our financial results for FY11–FY13. For more information and our quarterly results, go to our [FedEx Investor Relations website](#)

	FY11 ¹	FY12 ²	FY13³
Revenue (billions)	\$39.3	\$42.7	\$44.3
Operating Income (millions)	\$2,378	\$3,186	\$2,551
Operating Margin	6.1%	7.5%	5.8%
Net Income (millions)	\$1,452	\$2,032	\$1,561
Diluted Earnings per Share	\$4.57	\$6.41	\$4.91
Capital Expenditures (billions)	\$3.4	\$4.0	\$3.4
Debt to Total Capitalization	10.0%	10.2%	14.7%

1. Results for FY11 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 FY12 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 FY11.

3. Results for FY13 include \$560 million (\$353 million, net of tax or \$1.11 per diluted share) of business realignment costs and a \$100 million (\$63 million, net of tax, or \$0.20 per diluted share) impairment charge resulting from the decision to retire 10 aircraft and related engines at FedEx Express.



CREATING STAKEHOLDER VALUE

In addition to creating positive returns for our shareholders, FedEx also generates economic value for other stakeholders.

We generate direct economic value through competitive salaries and benefits, diverse supplier spend and investment in communities. Our global operations indirectly help to create economic value by connecting the people and businesses of the world. The table below summarizes direct economic value added.

STAKEHOLDER VALUE ADDED

	FY11	FY12	FY13
Dividends Paid to Shareholders (millions)	\$151	\$164	\$177
Salaries and Employee Benefits (billions)	\$15.3	\$16.1	\$16.6
Diverse Supplier Spending (billions)	\$3.4	\$3.8	\$4.1
Minority-owned Businesses (% of total supplier spend)	1%	1%	3%
Women-owned Businesses (% of total supplier spend)	1%	1%	1%
Other Small Businesses (% of total supplier spend)	23%	25%	26%
Community Investments (millions, cash and in-kind)	N/R	\$46.0	\$46.5

1. See the Community & Disaster Relief section of this report for details.

Our Supply Chain

We rely on a global network of suppliers to provide the goods and services that make our business run. These include equipment manufacturers, service contractors and fuel companies. Fuel is one of our largest expenses, accounting for over \$4.7 billion, or 11.4%, of our operating expenses in FY13. Our largest capital expenditure category is aircraft. In FY13, we spent \$1.2 billion on aircraft and related equipment. In FY14, we expect capital expenditures to increase from \$3.4 billion to \$3.7 billion due to investments in new aircraft as part of our fleet modernization program and continued expansion of the FedEx Ground network. For information about the environmental benefits of our fleet modernization programs, see Environment, [page 21](#)

Supplier Diversity

Since 1992, our company-wide Supplier Diversity Program has promoted the use of small businesses and those owned by women or minorities throughout our supply chain. Policies include:

- A minimum of one diverse supplier participant in all requests for proposals to supply commodities—where there are qualified diverse suppliers
- Diverse supplier language included in contracts as appropriate
- Reporting of diverse supplier spending by our top suppliers

Supplier diversity is overseen by an enterprise-wide Strategic Sourcing Organization. Its leadership team reviews our operating companies' sourcing processes to ensure that supplier diversity efforts dovetail with our overall sourcing strategy. The organization plans to develop supplier diversity goals to drive progress.

30%



of the independent businesses contracted to provide pickup, delivery and transportation services to FedEx Ground are minority- or woman-owned companies.

Governance

Commitment to ethical behavior, safety and customer satisfaction is integral to the FedEx mission. Strong oversight policies and clear roles and responsibilities at all levels of the business ensure that we approach new challenges and difficult decisions with the best interests of the company and our stakeholders in mind.

CORPORATE GOVERNANCE

Our global operations are overseen at the highest level by the Board of Directors. In FY13, the Board was led by Frederick W. Smith, FedEx Chairman, President and Chief Executive Officer (CEO), and comprised of ten independent directors and four standing committees overseen by independent chairpersons: the Audit Committee, Compensation Committee, Information Technology Oversight Committee and Nominating and Governance Committee. The chair of the latter committee



also acts as Lead Independent Director, presiding over the Board in the Chairman and CEO's absence, among other responsibilities. For more information about the Board, roles and responsibilities, go to our [investor relations site](#)

Risk Management

Our Board of Directors regularly reviews the most significant risks facing the company and oversees the day-to-day risk mitigation activities of company management. Our enterprise risk management system provides common frameworks and policies for the operating companies to manage financial and other material business risks. Where appropriate, specific risk categories are delegated to relevant Board committees for detailed oversight. The Audit Committee also reviews all risk-related processes and receives annual updates from management.

Executive Compensation

Our executive compensation program seeks to retain and attract highly qualified and effective executive officers, motivating them to contribute to long-term business success and aligning their interests with those of our shareholders. Performance-based cash compensation for senior executives is overseen by the Board Compensation Committee and made up of two variable plans: the annual incentive compensation (AIC) program and the long-term incentive compensation (LTI) program, which is tied to three-year financial performance. For FY13, our Chairman and CEO did not receive an AIC plan payout, and other executive officers received AIC payouts below targets. All executives received maximum LTI plan payouts. We also provide equity awards (stock options and restricted stock) to further motivate our executives to maximize long-term shareholder value.

GLOBAL CITIZENSHIP GOVERNANCE

Environmental sustainability strategy and our EarthSmārt platform are developed and overseen by senior officers that serve on the FedEx Enterprise Sustainability Council (FESC), and our executive Corporate Contributions Committee oversees corporate philanthropy efforts. Human Resources (HR) departments within each operating company oversee HR issues, including team member engagement and development. Our Corporate HR department coordinates efforts across operating companies and manages executive development, employee benefits and diversity strategy.

FedEx Corporation sets enterprise strategy related to global citizenship and encourages all operating companies to report on a core set of metrics. Though many of our programs and policies are created and implemented at the operating company level, our shared culture and purpose unite our efforts.

Global Citizenship Supports Our Business

Many risks and opportunities facing our business are directly linked to the ways that we interact with the communities where we operate and the natural resources on which we depend. Through this lens, we see global citizenship as a critical element of our business strategy. As the industry leader in transportation and business services, we are committed to becoming a better, stronger and more efficient company every year.

ACHIEVING LONG-TERM GOALS

Long-term planning and investments are essential to our success today and in the future, and include financial, social and environmental considerations. Our long-term financial goals are to:

- Achieve 10%+ operating margin
- Increase EPS 10%–15% per year
- Grow profitable revenue
- Improve cash flows
- Increase ROIC
- Increase returns to shareholders

The path to reaching many of these goals is linked to our global citizenship strategy and in particular to reducing our environmental impacts. For example, we are committed to modernizing the FedEx Express air fleet. Upgrading from older planes such as the A310-200 or the MD10-30 to the B757 or B767 results in fuel savings that produce a double win. They reduce trip costs by up to 20% and 30%, respectively, and also cut fuel use—our greatest source of greenhouse gas emissions. Similarly, FedEx Ground achieved environmental and business gains in FY13 by expanding the Ground Green recycling program. Combined aftermarket revenues of recyclable materials and reduced e-waste handling costs resulted in a financial benefit of more than \$5 million over the year.

ADVANCING OPPORTUNITIES

Our commitment to global citizenship leads to business opportunities and innovations that make FedEx stronger through:

- Enhanced reputation
- Cost savings
- Reduced risks



Our reputation with large enterprise customers and institutional investors is increasingly impacted by our corporate citizenship performance. They wish to do business with companies that share their values and demonstrate good practice in managing environmental and social impacts. During FY13, FedEx responded to numerous requests for information about our citizenship program and produced carbon emissions estimates for many of our customers. We estimate that the revenues from companies that requested this type of information on our citizenship program in FY13 exceed \$5.5 billion.

\$5.5B

We estimate that the revenues from contracts with companies that requested information on our global citizenship in FY13 exceed \$5.5 billion.

\$200M

Our Fuel Sense program alone saved us 59.8 million gallons of aircraft fuel and more than \$200 million in FY13.

Company-wide programs to improve operational efficiency and reduce fuel consumption and waste are resulting in immediate financial returns as we reduce our operating costs. Our Fuel Sense program alone saved us 59.8 million gallons of aircraft fuel and more than \$200 million in FY13. Meeting our commitment to improve FedEx Express vehicle fleet efficiency by 30% by 2020 will also generate a significant return on investment over time. We have also improved the way that we load our fleet vehicles, which has eliminated more than 2,500 trailers from the road. At around 11% of our annual operating expenses, fuel efficiency is a significant opportunity for our business.

MITIGATING ADVERSE IMPACTS THROUGH CITIZENSHIP

Our global citizenship program is an important element of our risk mitigation strategy. Responsible management and long-term planning throughout our operations help us to avoid adverse impacts on our costs, revenue and business continuity.

One potential area of exposure to adverse impacts for FedEx is ethics and governance standards in emerging markets, which are often weaker than in the U.S. Weak standards may impact our business continuity and lead to service disruptions or reputational damage. We implement our strong governance and compliance policies and processes (see [page 8](#)) in all countries and territories where we operate, regardless of government regulation, and are confident that they will help us avoid and navigate potential disruptions.

Our customers have a growing concern for social and environmental responsibility, which may affect our opportunities for growth with both new and existing customers. Our global citizenship programs and transparent reporting help us respond to inquiries about our global citizenship policies in RFPs and communicate with all stakeholders about our commitments to communities and environmental stewardship. (For more information on our citizenship programs, go [about.fedex.com](#)).

Rising fuel prices, as a result of resource scarcity or climate change regulation, impact our operating costs. We are mitigating this by supporting alternative fuel research (see [page 22](#)) that will allow FedEx to diversify away from fossil fuels in the future. We are also committed to increasing the fuel efficiency of our vehicle fleet by 30% by 2020 (see [page 17](#)), which reduces our fuel expenses. Likewise, we are upgrading our aircraft fleet and implementing strategic aviation fuel management approaches (see [page 21](#)).

Finally, driver and pedestrian safety is important to us, as vehicle crashes that affect our drivers, other vehicles and pedestrians may result in reputational damage and legal fees. We are committed to driver safety, requiring extensive safety training for all fleet and contract drivers (see [page 44](#)). In our communities, we are investing in pedestrian safety programs targeted at youth and teens (see [page 35](#)).

To learn more about these and other risks to our business, see our [2013 Annual Report](#)

Our Business Connects the Global Economy

FedEx connects companies to their suppliers and customers across the globe. We serve more than 220 countries and territories, using sophisticated technology and trade networks capable of connecting markets that generate more than 90% of the world's GDP through door-to-door, customs-cleared service, with a money-back guarantee.

Much of our future growth strategy is linked to the increasing interdependence of the global economy. The steady growth of e-commerce relies on our capability to deliver products across the globe. In addition, the expansion of manufacturing supply chains into new and less developed regions requires an efficient logistics network.

FedEx plays a central role in global trade, benefiting the global economy and, importantly, enabling the development of poorer countries. As more countries and regions participate fully in the global economy, we are on the ground, ready to serve new customers.

NEW AND ENHANCED TRADE ROUTES

Logistics and connectivity are at the core of providing consumers access to trade. We are expanding infrastructure at key distribution hubs to help us reach new markets and enhance our existing routes.

Africa

In June 2013, FedEx announced an agreement to acquire Supaswift (Pty) Ltd., our existing service provider in southern Africa. This acquisition would expand FedEx Express operations in seven countries in Southern Africa, including South Africa, and provide direct access to some of the world's fastest growing economies.

Asia Pacific

Our South Pacific regional hub, which opened in October 2012 in Singapore, is the first and only FedEx transportation facility in Singapore that brings together air, ground and clearance operations under one roof. It includes a fully automated high-speed sorting system that can process up to 12,000 packages per hour. It is also the only hub in Singapore with on-site customs clearance by the Immigration and Checkpoints Authority and Singapore Customs, which translates into faster, more convenient customs clearance for FedEx customers.

In Shanghai, we expect to open a new International Express and Cargo facility in 2017 at Pudong International Airport that will more than triple the capacity of the current FedEx facility. It will offer on-site customs clearance and process up to 36,000 packages per hour. The new facility will give our U.S. and European customers faster and more reliable access to Asia.

Europe, Middle East and India

In Europe, FedEx Express continued to expand operations with 48 new facilities in Austria, Belgium, Denmark, Finland, France, Germany, Italy and Sweden. In Germany, we expanded Boeing 777 service to major cities that offer faster connections and additional capacity on routes between central Europe and Asia and the U.S. We also launched domestic ground services throughout Belgium, Denmark, France, Germany, Italy, Luxembourg and the Netherlands.

In June 2012, FedEx acquired Polish courier Opek Sp. z o.o. (now FedEx Express Poland), gaining access to Opek's nationwide domestic ground network and related 12.5 million shipments annually. FedEx further expanded European

operations in July 2012 through the acquisition of TATEX (now FedEx Express France), a French business-to-business express transportation company. FedEx Express France increased our team member base by more than 1,000 and provides us with a central hub near Paris that connects FedEx to a national domestic ground network.

In September 2013, FedEx Trade Networks launched FedEx International Direct Priority Ocean service in India. Available from four major commercial centers—Bangalore, Chennai, Delhi and Mumbai—this solution offers specialized ocean freight forwarding services to the U.S. for companies exporting products out of India. The service is more cost-effective than air freight, but faster and more reliable than traditional ocean shipping.

North America

In October 2012, we completed expansions at our global hub in Memphis, Tennessee, that increased the speed, efficiency and throughput of our international operations by 30%. We also added 10,000 square feet of space to our FedEx International Priority Freight Service area that significantly increased freight handling capacity.

Our expansions throughout the world will help connect the more developed North American market to vendors and products from emerging economies.

South America

We have expanded our access to South American markets by acquiring Rapidão Cometa (renamed FedEx Express Brazil) in Brazil, which has allowed us to open new distribution centers in Pernambuco, Guarulhos and São Paulo. This provides our customers with a "one-stop shop" for domestic and international transportation and logistics services. The FedEx Express portfolio in Brazil now includes a domestic ground network of 45 branches and approximately 145 distribution points, 770 vehicles and trailers and 9,000 team members. Customers of FedEx Express Brazil now have access to the more than 220 countries and territories that we serve.

In addition to opening a new office in Rio de Janeiro, FedEx Trade Networks is also meeting the needs of Latin American and South American customers through new air consolidation services between the Benito Juárez International Airport in Mexico and São Paulo-Guarulhos International Airport in Brazil. These enhanced services make shipping between these two major hubs faster and more cost-effective.



SUPPORTING OPEN AND EFFICIENT TRADE

Trade restrictions and inefficient borders hinder the growth of international trade. It is clear that countries that are open to trade have stronger economic growth and higher standards of living. That is why FedEx advocates for trade policies and agreements that remove barriers to trade and simplify international business. Trade benefits all economies, but it is especially important for emerging economies that want to participate in global supply chains and improve their economic competitiveness. FedEx works around the world to support pro-trade policies that remove barriers, reduce red tape, improve border efficiency and streamline rules and regulations for our customers.



FedEx supports several trade negotiations, including the World Trade Organization Trade Facilitation Agreement, the International Services Agreement, the Trans-Pacific Partnership and the Trans-Atlantic Trade and Investment Partnership. Each of these agreements will help facilitate increased trade and investment and will open new commercial opportunities for our customers.

In addition to advocacy and thought leadership, our experts often testify on cross-border trade policies before the U.S. Congress. In October 2013, our FedEx Express COO and President, International appeared before the U.S. Senate Committee on Finance in support of the Transatlantic Trade & Investment Partnership (T-TIP) with the European Union.

FedEx also supported the groundbreaking World Trade Organization Facilitation agreement, which was concluded in Bali in December 2013.

Industry Collaborations

We work closely with industry and business groups that support trade. FedEx is a founding member of the Business Coalition for Transatlantic Trade (BCTT), which promotes economic growth through a new trade and investment agreement between the U.S. and Europe. We are also engaged in government-to-government initiatives such as Asia Pacific Economic Cooperation (APEC), the Association of Southeast Asian Nations (ASEAN), the U.S.-Canada Beyond the Border initiative and the U.S.-Mexico High Level Economic Dialogue, all of which focus on deepening economic integration and promoting increased trade and investment. FedEx provides policy advice and recommendations to these initiatives based on our unparalleled trade and commercial experience.

Our FedEx Express COO and President, International is a member of the Board of Directors of the U.S. Chamber of Commerce. Our FedEx Express Vice President of Operations for Southern Europe serves on the Executive Committee of AmCham (the international arm of the American Chamber of Commerce). In France, FedEx is an active participant in AmCham, where we sponsor events with industry peers and develop relationships that strengthen transatlantic trade relationships.

The President and CEO of our FedEx Freight segment serves on the Executive Committee and Board of Directors of the American Trucking Associations and on the Board of Directors of the American Transportation Research Institute. In addition, our Vice President for Environmental Affairs and Sustainability also serves on the American Trucking Associations' Board of Directors. They both represent the interest of FedEx on important policy issues.

In November 2013, we announced an alliance with the U.S. Export-Import Bank (Ex-Im), an independent federal agency that provides export financing services to U.S. exporters. Ex-Im offers services that protect small businesses against non-repayment risk and eliminate the need for letters of credit or cash-in-advance payments, which are costly and time consuming. Through the agreement, FedEx will educate customers about Ex-Im's services.

"At FedEx, we see firsthand the benefits of trade every day, which is why we support trade agreements that lead to business growth, jobs, higher living standards and a more efficient movement of goods."

— Frederick W. Smith
Chairman and CEO



Helping Small Business Go Global

With the growth of e-commerce, small- and medium-sized enterprises (SMEs) are playing an increasingly large role in the global economy. For such companies looking to expand their businesses globally, navigating the plethora of regulations governing their activities can be daunting.

In our 40 years, FedEx has developed significant expertise in trade regulations, supply chain management and logistics that can help our small-business customers succeed in the global marketplace. In addition to working with agencies like the U.S. Commerce Department and the U.S. Commercial Service to support the needs of SMEs, we offer targeted programs to help them compete.

NAVIGATING REGULATIONS

FedEx has several longstanding initiatives in place to help our small and medium-sized business customers navigate complex regulatory environments. Programs like FedEx Know and GrowSM and Export University provide resources and skills that equip our customers to do business internationally.

“Small businesses represent more than 99% of all employer firms. They drive the global economy and are an absolutely vital part of the success of larger companies such as FedEx.”

— Raj Subramaniam
Executive Vice President
of Global Marketing at FedEx Services



FedEx Know and Grow

The [FedEx Know and Grow](#) program is a suite of about 100 annual events, seminars and other training opportunities across the U.S. that provides export education to participants. Since the program's inception in 2009, we have provided training to more than 65,000 business owners, including about 15,000 in FY13.

In follow-up surveys conducted by the National Institute of Standards and Technology and the Manufacturing Extension Partnership, businesses attending FedEx Know and Grow programs in FY12 reported sales increases of up to \$772,000 and an expense reduction of up to \$150,000 within six months.

Export University

One of our hallmark FedEx Know and Grow programs is [Export University](#), a selection of export education programs developed and presented by District Export Council members and the U.S. Commercial Service. Together, we provide trade education for exporters focused on new market entry, regulatory compliance, export finance and new buyer identification. In 2013, we offered Export University in more than 20 U.S. markets and plan to enter an additional 15 markets in FY14 with more expansion planned for 2015. All FedEx exporting customers are welcome to attend Export University training sessions. Each session hosts about 75 students from SMEs looking to enter international markets and identify new customers. The program was enhanced with new Export 101 training materials in FY13 that help participants understand the inter-connectivity of export topics and how they influence company growth.



SUPPORTING ENTREPRENEURS

Whether they operate internationally or not, small and medium-sized enterprises are critical sources of innovation, job creation and economic growth. SMEs are also key FedEx customers, and we are growing services tailored to meet their needs, such as our freight forwarding and electronic trade documents. We support U.S. small businesses through the Small Business Center, our commitment to Small Business Saturday and a national FedEx Small Business Grant Contest.

FedEx Small Business Center

The FedEx Small Business Center, launched in spring 2013, is our new hub for small-business resources and information. It provides customers with information about international shipping, regulatory and paperwork requirements for different nations and our value-added services by country. Available by smartphone and tablet for busy entrepreneurs, it also offers an interactive chat feature to reach service representatives directly.

Small Business Saturday

Since 2010, we have participated in Small Business Saturday, a project launched by American Express to encourage consumers to support small, local businesses during the weekend after Thanksgiving, one of the biggest shopping weekends of the year. In November 2013, FedEx supported Small Business Saturday participants nationwide by providing free 11x17 "Shop Small" posters to display in their store windows.



GERMANPLATES GOES GLOBAL WITH FEDEX EXPRESS

In 2002, Christian Kleinschmidt started selling German license plates as a hobby from his basement near Berlin after he saw a growing interest, especially among American consumers, for unusual license plates as collectors' items. Through his website, www.germanplates.com, and eBay, he received two to three orders per day, and saw modest growth each year. After his big break came in 2009, when he identified sales partners in the U.S., he started receiving so many orders that he turned his hobby into his full-time job.

One of his sales partners in the U.S., foreseeing continued growth for Kleinschmidt's business, contacted FedEx to help streamline and professionalize the shipment of plates from Germany.

"At first, I wasn't even sure if it would be possible for Germanplates and FedEx to work together at all. As a small company, we have to keep a very close eye on our costs, while at the same time providing our customers with very attractive offers in terms of shipping."

FedEx offered him a tailored solution that met his needs for cost effective and reliable international shipping. Today, Kleinschmidt uses FedEx software and a label printer in his office to prepare plates for regular FedEx pick-ups.



FedEx Small Business Grant Contest

In 2012, we launched the FedEx Small Business Grant Contest, which awards grants to small businesses looking to improve their operations. Through the contest, we awarded six grants totaling \$50,000 to winners who were selected from over 3,500 applicants. Winners were chosen based on their applications and plans to use the grant funding, with some weight given to an online voting process where consumers and other visitors can support applicants by voting once per day during the contest period. Our second grant contest was launched in January 2014.

Supporting Independent Businesses Through Our FedEx Ground Model

Contractors are an important part of the FedEx Ground network. In FY13, the nearly 8,500 businesses that contract with FedEx Ground to provide package pickup, delivery and/or transportation services generated more than \$3.6 billion in revenue and employed more than 32,000 people. By engaging independent businesses, we are supporting the growth of entrepreneurs.



8,460

Small Businesses



\$3.6B

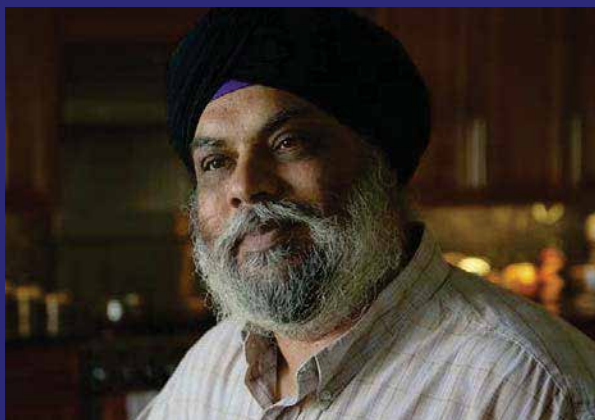
Revenue



32,500

People

Satgur Singh Athwal started Athwal FDS Corp. in 2005 with one cargo van and one FedEx delivery service area. In its first year, his company delivered 120 packages a day and generated \$120,000 in total revenue. Today, Athwal FDS Corp. has nearly 20 employees, operates 14 trucks on nine service areas and delivers up to 1,700 packages each day for annual revenue of more than \$1 million.

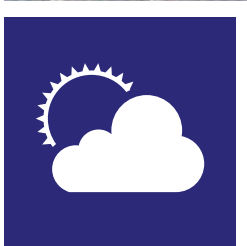


Danny Catullo is a third-generation butcher and owner of Catullo Prime Meats in Youngstown, Ohio. With the growth of e-commerce, Danny saw an opportunity to expand his family business by shipping high-quality meats across the country. FedEx offered him the speed and flexibility required to ship his perishable products long distances with reliable delivery from FedEx Ground and FedEx Express.

In 2013, Danny won \$5,000 from the FedEx Small Business Grant contest, which he is using to purchase higher-quality cold shipping boxes that provide him with more flexibility and greater cost-effectiveness.

"What surprised me about FedEx was that they care about small business as much as I care about small business. We're always trying to be better. If we're doing good, that's not enough. We want to be great. To be successful in small business, you have to have a passion about what you do. Working hard is not enough."

Danny is adapting his small business to meet 21st century demands, so that he can ensure a future for his own children. The FedEx Small Business Grant Contest and FedEx shipping solutions are helping him reach his goal.



TRACKING OUR PROGRESS:

ENVIRONMENT & EFFICIENCY

WE OPERATE 660 AIRPLANES, MORE THAN 90,000 OWNED AND CONTRACTED SURFACE VEHICLES AND MORE THAN 4,700 FACILITIES. OUR EFFORTS TO SHRINK OUR ENVIRONMENTAL FOOTPRINT ARE BASED ON PRACTICAL ENVIRONMENTALISM.

Goals & Progress

GOAL

PROGRESS

Reduce aircraft emissions intensity 30% from a 2005 baseline by 2020

In 2013, we reduced our aircraft CO₂ emissions intensity by a further 4.2% while increasing the number of flights and business revenue, bringing our total reduction in CO₂ emissions intensity to 22.3% from 2005 levels.

22.3%
since 2005

Increase FedEx Express vehicle fuel efficiency 30% from a 2005 baseline by 2020

In 2013, we further improved our fuel efficiency by 5%, bringing our cumulative improvement from 2005 levels to 27%.

27.0%
since 2005

Obtain 30% of our jet fuel from alternative fuels by the year 2030

Team members from FedEx are involved in international efforts to test, research and advocate for sustainable alternative fuels, moving us closer to being able to use alternative fuels for aviation in the near future.

Expand on-site generation and continuing procurement of renewable energy for our facilities

Our nine solar-energy facilities generated 6,492,977 kWh of electricity in FY13, enough to avoid 2,451 metric tons of CO₂e emissions, bringing the cumulative savings to 26.98 GWh since 2005.

27
GWh since 2005

We continue to purchase renewable energy across the enterprise, and have centralized our sourcing function as a strategic approach to help us obtain our goal.

Seek LEED (Leadership in Energy & Environmental Design) certification on all new U.S. FedEx Express buildings

Two new FedEx Express buildings received LEED silver certification in FY13, bringing the total to ten.

10
LEED certified
buildings



Table of Contents

Overview	18
Fuel, Energy and Climate Change	20
Use of Materials	27
Waste and Recycling	28
Environmental Management	30

Overview

We research and implement transformational solutions to reduce our fuel and energy consumption, and aim to inspire others to do the same. Our efforts to shrink our environmental footprint are based on practical environmentalism. They are designed to be economically viable, align with core strategic business objectives, involve and motivate team members and reflect our responsibility to the communities in which we operate.

This year, we continued to make steady progress towards our 2020 environmental goals, and are pleased to report innovations and improvements across our business. For example, our systematic approach to fuel efficiency and ongoing aircraft fleet modernization resulted in savings of 83.9 million gallons of jet fuel in FY13. We also saved 23 million kilowatt hours of energy by installing more energy-efficient lighting at our facilities.

In addition to implementing changes possible today, we invest in future solutions. For example, we have invested in infrastructure that will benefit both our business and wider society, including electric vehicle charging stations in cities including Hong Kong, London, Paris, Washington, D.C. and New York, and renewable energy installations across the U.S.

SUMMARY GLOBAL DIRECT ENERGY CONSUMPTION (terajoules)

197k FY13 Total Energy Consumption

	FY12	FY13
Aircraft Fuel	157,293	153,244
Vehicle and Emergency Generator Fuel (diesel, gasoline and propane)	38,506	38,891
Facility Use (heating oil and natural gas)	3,616	4,386
TOTAL	199,415	196,521

SUMMARY GLOBAL CO₂e EMISSIONS (metric tons)

16.7M FY13 Total CO₂e Emissions

	FY12	FY13
Scope 1	14,136,070 ¹	13,928,770
Scope 2	959,109	970,652
Scope 3	1,750,768 ²	1,786,437
TOTAL	16,845,947	16,685,859

1. Updated to reflect more accurate reporting, including an additional 44,192 metric tons of CO₂e emissions from forklift propane use at FedEx Freight.

2. Updated data includes fuel used by FedEx Freight contractors in Canada, and retail diesel purchased by FedEx Ground independent contractors using fuel card purchasing services.

REPORTING CARBON EMISSIONS

Through FY11, we reported only our CO₂e emissions. In FY12, we began measuring and reporting on our CO₂e emissions, which include other greenhouse gases emitted, such as nitrous oxide and methane. These are expressed in terms of the equivalent CO₂e emissions, which are calculated based on their relative global warming potential. In order to enable readers to compare our performance with previous years, as well as provide the more comprehensive data, this year we are reporting both CO₂e and CO₂e data. From next year, we will only report CO₂e data.

SUMMARY GLOBAL CO₂e EMISSIONS (metric tons)

16.5M FY13 CO₂e Emissions

	FY10	FY11	FY12	FY13
Scope 1	13,152,895	13,802,445	13,967,349 ¹	13,742,388
Scope 2	996,872	989,874	955,169	965,809
Scope 3	1,008,493	1,018,713	1,705,768	1,744,470
TOTAL	15,158,260	15,811,032	16,628,286	16,452,667

1. Updated to reflect more accurate reporting, including an additional 44,192 metric tons of CO₂e emissions from forklift propane use at FedEx Freight.

2. Updated data includes fuel used by FedEx Freight contractors in Canada, and retail diesel purchased by FedEx Ground independent contractors using fuel card purchasing services.



FedEx solutions for a more sustainable world



EarthSmart is our way of recognizing and encouraging innovative initiatives to improve our environmental performance, engage our team members and customers, and inspire others. Many programs described in this report have been designated as EarthSmart in one of the following three categories:

EarthSmart Innovations for products, services, assets and solutions that demonstrate:

- Innovation in environmental management beyond standard industry practices
- A clear and tangible benefit, not only to the environment, but also to our customers, team members and business

EarthSmart @ Work for projects that:

- Build a culture of environmental sustainability in our workplace through education and innovation
- Engage team members across our operating companies to understand and implement sustainable practices at work, at home and in the community
- Promote behavior change in the workplace related to environmental sustainability efforts

EarthSmart Outreach for programs that:

- Involve community mobilization and engage team members, as well as demonstrating measurable environmental benefits (see examples in Community & Disaster Relief section).

Fuel, Energy and Climate Change

Connecting people and businesses the world over means that FedEx has a large transport-related carbon footprint. Aviation fuel is the main source of our CQe emissions, followed by fuel used in our on-road vehicles. We focus our environmental efforts on reducing these impacts through fuel efficiency measures, fleet modernization and other initiatives. At the same time, we are researching and piloting pioneering technologies that could benefit our business and the environment in the longer term. FedEx is also committed to gathering more data so we can better understand and respond to our climate impacts.

DIRECT AND INDIRECT ENERGY CONSUMPTION (terajoules)

203k

FY13 Total Direct and Indirect Energy Consumption

	FY12	FY13
DIRECT ENERGY CONSUMPTION (SCOPE 1)		
Aircraft Fuel	157,293	153,244
Diesel (used in vehicles and emergency generator)	34,511	34,971
Gasoline (used in vehicles)	3,181	3,121
Propane (used in vehicles and facilities)	814 ¹	800
Natural Gas (primarily used in facilities)	3,608	4,371
Oil (used for facility heating)	8	14
TOTAL (Direct Energy Consumption)	199,415	196,521
INDIRECT ENERGY CONSUMPTION (SCOPE 2)		
Purchased Electricity		
TOTAL (Indirect Energy Consumption)	5,830	6,292
TOTAL DIRECT AND INDIRECT ENERGY CONSUMPTION		
TOTAL (Direct and Indirect Energy Consumption)	205,245	202,813

1. Updated to reflect more accurate reporting

DIRECT AND INDIRECT GHG EMISSIONS (CO₂e metric tons)


16.7M

FY13 Total Direct and Indirect Emissions

	FY12	FY13
DIRECT EMISSIONS		
Aircraft Fuel	11,120,040	10,833,815
Diesel (used in vehicles and emergency generators)	2,559,188	2,608,689
Gasoline (used in vehicles)	222,163	219,418
Propane (used in vehicles and facilities)	46,209 ²	45,654
Natural Gas (primarily used in facilities)	187,916	220,184
Oil (used for facility heating)	554	1,008
TOTAL Scope 1 Emissions	14,136,070	13,928,770
INDIRECT EMISSIONS (SCOPE 2)		
TOTAL Scope 2 Emissions (Purchased Electricity)	959,109	970,652
INDIRECT EMISSIONS (SCOPE 3)		
Contracted Transportation	1,697,824	1,737,802
Employee Business Air Travel	52,943	47,635
TOTAL Scope 3 Emissions	1,750,768²	1,786,437
TOTAL DIRECT AND INDIRECT EMISSIONS		
TOTAL (Scope 1 and 2)	15,095,179	14,899,422
TOTAL (Scope 1, 2 and 3)	16,845,947	16,685,859

1. Updated to reflect more accurate reporting.

2. Updated data includes additional 44,192 metric tons of CQe emissions from forklift propane use at FedEx Freight.

3. Heating oil use increased in FY13 compared with FY12 due to the impact of colder weather conditions in the Northeast on FedEx Express, and the addition of FedEx Ground data, which was not previously reported.

4. Updated data includes fuel used by FedEx Freight contractors in Canada, and retail diesel purchased by FedEx Ground independent contractors using fuel card purchasing services.

ENERGY SAVED

	FY12	FY13
Solar Electricity Generation (kWh)	6,657,481 (24 Terajoules)	6,492,977 (23 Terajoules)
Building Lighting Retrofits (kWh) ¹	59,910,238 (215 Terajoules)	23,230,286 (84 Terajoules)
FedEx® Fuel Sense (Gallons of jet fuel)	49,000,000 (6,692 Terajoules)	59,800,000 (8,167 Terajoules)
FedEx Express Aircraft Fleet Modernization (Gallons of jet fuel)	49,000,000 (5,053 Terajoules)	24,061,396 (3,286 Terajoules)
FedEx Express Reduce, Replace, Revolutionize Vehicle Efficiency (Gallons of diesel)	17,000,000 (2,390 Terajoules)	20,000,000 (2,811 Terajoules)
TOTAL	N/A (different fuel units) (14,374 Terajoules)	N/A (different fuel units) (14,371 Terajoules)

CO₂e EMISSIONS AVOIDED (Metric Tons)

	FY12	FY13
Solar Electricity Generation	2,400	2,451
Building Lighting Retrofits ³	42,270	16,390
FedEx® Fuel Sense	470,165	577,116
FedEx Express Aircraft Fleet Modernization	356,954	230,048
FedEx Express Reduce, Replace, Revolutionize Vehicle Efficiency	173,060	177,800
TOTAL	1,044,849	1,003,805

1. In last year's report, we incorrectly attributed these savings to our Vehicle Refresh Plan only, which is one element of "Reduce, Replace, Revolutionize."

2. The increase in CO₂e emissions saved relative to the decrease in solar electricity generated in FY13 is primarily due to updates in the published carbon emissions factors used to estimate the emissions savings at our Cologne, Germany facility.

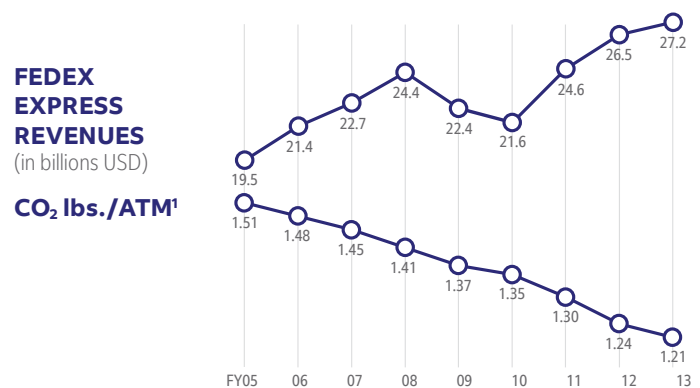
3. Data refers only to savings gained from retrofits completed during the fiscal year and does not reflect FY13 savings from previously upgraded facilities.

AIRCRAFT EMISSIONS

Reducing the emissions resulting from operating our aircraft is a top environmental priority. We take a three-pronged approach:

- Replacing older model aircraft with newer, more efficient models
- Identifying fuel efficiencies through our Fuel Sense program
- Working to replace some of the fuel we use with alternative, cleaner sources

In FY13, we improved the emissions intensity of FedEx aircraft (measured as pounds of CO₂ emissions per available ton mile) by a further 4.2%, bringing the cumulative improvement since 2005 to 22.3%. This puts us well on the way to achieving our goal of reducing aircraft emissions intensity by 30% by 2020 from 2005 levels.



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

Modernizing Our Aircraft Fleet

Since 2008, we have replaced older aircraft with more fuel efficient models. In FY13, 23 Boeing 777 model aircraft started serving international routes. These are 18% more fuel efficient than the MD-11 airplanes they replaced on certain routes. We have also retired our entire Boeing 727-200 fleet, replacing these planes with Boeing 757 models, which are 36% more fuel efficient. Compared with our FY12 fleet, in FY13 these changes saved:

- 24 million gallons of fuel
- 230,048 metric tons of CO₂e emissions

We also began introducing the Boeing 767 to the FedEx fleet in FY14, which is 30% more efficient than the MD-10 model it replaces.

As far as possible, we identify new uses for our old aircraft, including donations to aviation schools, community airports and fire departments for training purposes.

Fuel Sense

We believe that every drop of fuel counts and continually search for efficiencies in every phase of our operations. Our Fuel Sense team oversees this program, searching for innovations from within our company, our industry and external research programs.

In FY13, we implemented six new Fuel Sense initiatives, which collectively saved 6.15 million gallons of jet fuel, and avoided 59,423 metric tons of CO₂e emissions. In total, our 40 Fuel Sense initiatives saved 59.8 million gallons of jet fuel and 577,116 metric tons of CO₂e emissions in FY13. See “Key Fuel Sense Initiatives” to the right for a description of some of our most impactful programs.

Alternative Jet Fuel

We have set a goal of obtaining 30% of our jet fuel from alternative, more sustainable fuels by 2030. There are three big obstacles to achieving this goal, which we’re working to solve. These are scalability, the ability to generate enough fuel for our needs; logistics, the ability to transport this fuel from where it’s produced to where it’s needed; and economics, the need for these fuels to be competitively priced. We support alternative fuel companies by sharing our knowledge of the jet-fuel marketplace, so they can understand our needs and work to overcome these obstacles.

As members of the Commercial Aviation Alternative Fuels Initiative (CAAFI), an international coalition driving the efforts of commercial aviation to engage the emerging alternative fuels industry, we support the early development of sustainable alternatives. Through our membership in ASTM International (previously known as the American Society for Testing and Materials), we contribute to efforts to develop industry standards for a number of alternative aviation fuels. Two FedEx team members from our dedicated team in the airline operations division sit on testing groups for both CAAFI and ASTM International, reviewing alternative fuel standards and making technical assessments and recommendations.

The work of these groups resulted in the airline industry receiving approval this year to start using hydrotreated esters and fatty acids (produced from agricultural oil seeds and algae) and the Fischer-Tropsch process, which converts coal, natural gas and biomass to liquid hydrocarbons. Although there are obstacles to using these on a large scale, we expect to start using some alternative fuels in the near future.

FedEx is also working with The Nature Conservancy on a project to identify the most sustainable sources of biofuels, and with the U.S. Departments of Energy and Agriculture on ways to make alternative energy sources more economically feasible and profitable for American farmers.

CARBON NEUTRAL ENVELOPE SHIPPING

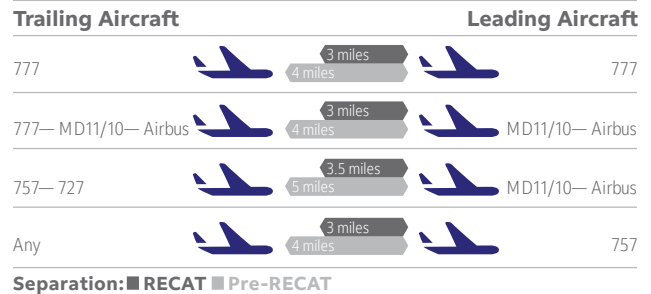
One example of an EarthSmart Innovation is our carbon neutral envelope shipping. For every FedEx Express® branded envelope shipped anywhere in the world, we offset the carbon emissions related to its transport through BP Target Neutral, a not-for-profit carbon offset provider, at no cost to our customers. Since the program launched in April 2012, we have offset more than 150,000 metric tons of CO₂e.

Key Fuel Sense Initiatives

Wake Turbulence Standards

Wake turbulence forms in the air behind an aircraft as it flies. Separation standards set the minimum allowed distance between aircraft in order to avoid flying into this unstable air. In some instances, shortening this separation can reduce taxi and flying time, save fuel and increase airport capacity, without compromising safety. FedEx has participated in Federal Aviation Administration (FAA) research in this area since 2006, allowing the use of our airline’s activities at Memphis airport, our global hub, to serve as a case study.

Weight Turbulence Separation Recategorization (RECAT)



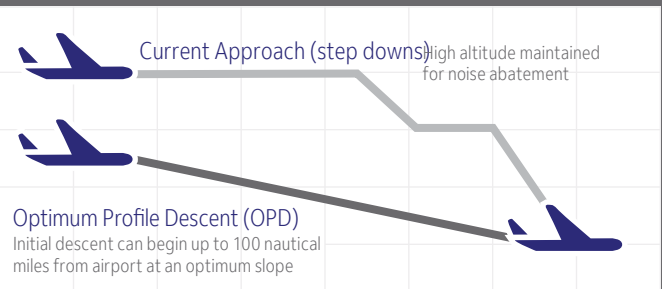
In FY13, our Air Traffic Operations department worked with the FAA to clarify new separation standards. As a result, certain aircraft can now depart simultaneously on two closely spaced runways as long as their flight paths diverge by more than 15 degrees, providing benefits in terms of fuel savings and airport capacity. This program currently saves FedEx more than 350,000 gallons of fuel, and eliminates 3,530 metric tons of CO₂e emissions, per month.

Contingency Fuel Analysis

Contingency fuel analysis uses statistical models to plan the amount of fuel required for air traffic delays or unexpected circumstances that may arise during a flight. We developed a complex new model that identifies opportunities to reduce the amount of contingency fuel carried on some flights, without compromising safety. Carrying less contingency fuel reduces the load of the plane, and consequently the fuel used. We then provided comprehensive training to aircraft dispatchers and flight crews. Implementing these changes saves over 80,000 gallons of fuel and eliminates more than 787 metric tons of CO₂e emissions a month.

Optimum Profile Descent

The most efficient and quietest way to land an aircraft is to descend at idle power from cruise altitude to the runway—this is called an Optimum Profile Descent (OPD). Conventional descents use leveling-off and maneuvering techniques.



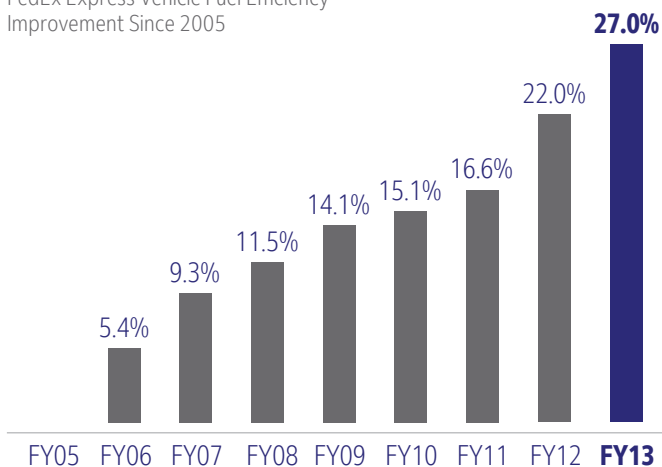
In FY13, we worked with air traffic control to implement OPDs on 60% of our flights into Memphis. This enables us to reduce emissions while having the flexibility to maintain air traffic flow without delays. We estimate that OPDs at our Memphis hub will save around 300,000 gallons of fuel and eliminate around 2,897 metric tons of CO₂e emissions a month.

VEHICLE EMISSIONS

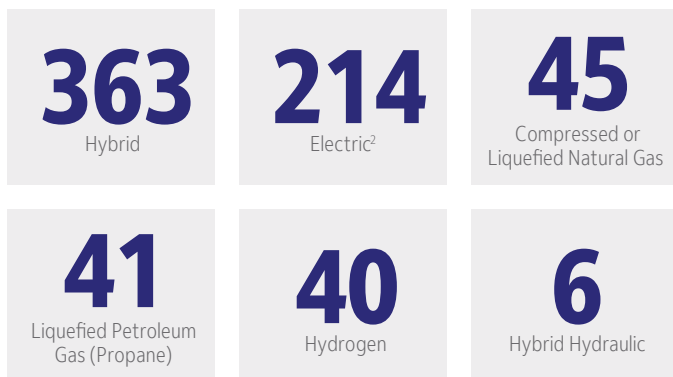
Our company-owned vehicles at FedEx Express and FedEx Freight are the second largest contributor to our Scope 1 emissions, while the vehicles operated by FedEx Ground independent contractors account for most of our reported Scope 3 emissions. At FedEx Express, we describe our approach to improving vehicle efficiency as Reduce, Replace and Revolutionize. By optimizing routing and driving habits, we are able to reduce miles on the road. We replace and upgrade less fuel-efficient vehicles for more efficient ones wherever possible. And we search for and invest in future technologies such as alternative fuel and electric vehicles. All our operating companies implement programs to reduce emissions.

FUEL EFFICIENCY AT FEDEX EXPRESS

FedEx Express Vehicle Fuel Efficiency Improvement Since 2005



GLOBAL ALTERNATIVE FUEL FLEET AT FEDEX¹



1. At FY13 year-end

2. Number includes 97 electric forklifts at FedEx Freight. Previously reported numbers included only on-road vehicles.

Reduce: Fuel-efficient Driving Habits

We incorporate fuel-efficient driving and routing habits by several means. We maximize the use of smaller, more fuel-efficient vehicles on routes that do not require additional capacity. And we use specialized software to plot the shortest routes and improve load density, so we can reduce unnecessary mileage and, in some instances, the number of vehicles needed.

In FY13, we extended our FedEx Express Eco-Driving program to Canada. Activities included a courier contest challenging stations to improve their year-on-year fuel mileage. As a result, the top performing stations improved their fuel mileage by more than 10%. A particularly harsh winter this year meant that overall fuel use in Canada remained constant, but we believe it would have been higher if not for our Eco-Driving initiative. In Asia, we have seen significant savings in fuel use since 2011 as a result of implementing Eco-Driving activities. For example, in Japan, where 550 team members have attended Eco-Driving training, fuel efficiency has improved by 12% since FY11. In China, where the initiative was launched in FY12, there has been a 5% improvement in fuel efficiency.

Reduce: Vehicle Improvements

We want to make the best use of the vehicles we operate today and continually search for ways to gain fuel efficiencies. For example:

- 32% of our FedEx Freight road fleet now includes automatic transmission, which enforces optimal shifting patterns, and 38% of trailers have aerodynamic trailer skirts that minimize drag. In FY13, these and other changes boosted fleet efficiency by a further 1.3%.
- FedEx Freight is advocating for new legislation that would extend the allowable trailer length from 28' to 33' when used in a twin-trailer configuration. This would allow roughly 18% more freight to be hauled on the same trip, significantly reducing the number of trucks on the road and the amount of fuel used.
- FedEx Ground worked with a trailer vendor to test aerodynamics technology that could deliver savings of 5% fuel use and more than 70,000 metric tons of CO₂ emissions a year if applied across our long-haul fleet of drop-frame trailers. We will conduct further testing in FY14. FedEx Ground has also outfitted our trailer fleet with low rolling resistance tires that improve fuel economy by between 2% and 5%, and has over 1,200 trailers outfitted with SmartWay certified trailer skirts.

Replace: Efficient, Advanced Technology Diesel Vehicles

Our U.S. clean diesel fleet at FedEx Express was a significant contributor to our 5% improvement in fuel efficiency in FY13. During the year, we added 1,200 new high-efficiency Isuzu Reach vans, as well as 2,500 Mercedes-Benz Sprinter vans to our fleet, retiring less-efficient models in the process. The Reach and Sprinter vans are a little smaller than the models they replace, but are respectively 65% and 85% more fuel efficient. In total, FedEx Express now has more than 27,000 diesel vehicles in service in the U.S.—more than 50% of our nationwide delivery fleet is clean diesel.

In Latin America and the Caribbean, we introduced 20 low-sulfur diesel vehicles in FY13, saving up to 50 gallons of fuel per vehicle a week on some routes. FedEx Ground has a longstanding practice of purchasing low-sulfur diesel fuel for resale to its independent contractors, and in 2011, we also began blending with biodiesel for resale.



INTERMODAL TRANSPORT SOLUTIONS

FedEx Freight looks for rail solutions where these enable us to achieve our service commitment to customers and make economic sense. We employ both intermodal containers and trailers that can be moved between truck and train. Rail transport offers significant environmental benefits in terms of fuel consumption compared to long-haul road (truck) transportation. In FY13, we increased our rail use in the U.S. to approximately 15% of our total line-haul miles.

70+%

Improved fuel efficiency
on a per-ton-mile basis

15%

Increase in our rail
use in the U.S.

Revolutionize: Alternative Fuel Vehicles

We already use a small number of hybrid electric, electric and natural gas-powered vehicles (see [page 23](#)), and investing in these and other cleaner technologies is an important part of our longer-term sustainability strategy. All FedEx operating companies are working to expand alternative fuel fleets and test relevant new technologies.

FedEx Express expanded our global fleet of electric vehicles in FY13, introducing ten electric vehicles in Hong Kong and six in Brazil. We also expanded the testing of the electric “zero-emission” Nissan e-NV200 EV prototype to Singapore and Brazil, and will test the model in the U.S. in FY14. In addition, we continued evaluating nine electric cargo tow tractors at airport hubs.

In the summer of 2014, we will begin a two-year evaluation of 15 hydrogen fuel cell cargo tractors in Memphis, Tennessee, as well as developing 20 hydrogen fuel cell delivery trucks to be tested in Tennessee and California. These new vehicles should have a range of up to 150 miles per charge. Current electric delivery trucks are limited to around 80 miles per charge. Almost doubling the vehicle range makes battery-based electric vehicles feasible for nearly all of our parcel delivery routes, and further increases efficiency. The U.S. Department of Energy considers this project to be one that could transform the electric vehicle market, and has provided \$3 million in funding.

FedEx Office installed two electric vehicle charging stations and began using two electric vehicles in Washington D.C. in December 2011. Both the vehicles and charging stations have performed well, and we are exploring the potential application for our FedEx SameDay City local courier service.

FedEx Freight began testing the performance of Liquefied Natural Gas fueled tractors in October 2012 and continues to assess the applicability of this technology in our fleet. FedEx Freight is also testing the performance of Compressed Natural Gas fueled tractors for long-haul operations.

FedEx Ground offers blends of biodiesel at approximately half of its fueling stations. In addition, FedEx Ground is completing a two-year trial of six hybrid hydraulic parcel delivery vehicles on local delivery routes in California and Michigan.

TRICYCLES AND BARGES REVOLUTIONIZE DELIVERIES IN PARIS

At FedEx Express, we've been using electric tricycles to deliver packages in Paris since 2011. This year, we launched a truly innovative new addition to our fleet of vehicles: a barge. The barge includes battery-charging stations for our tricycles and acts as a floating sorting office as well as transportation for our tricycles.

At the start of each day, freight is transported to the barge from our main central Paris sorting station. Packages are further sorted at the barge and distributed to our tricycles for delivery in a central district of Paris. By using the barge and tricycles instead of vans, we avoid and help reduce congestion in the city center while reducing CO₂ emissions. Our goal is to extend the barge's service to cover more districts in FY14.

INVESTING IN ELECTRIC VEHICLE INFRASTRUCTURE

Our long-term goal is to see the electrification of short-haul surface transportation. To achieve this, we are working with others to invest in and improve the supporting infrastructure in order to demonstrate the feasibility of this technology when implemented appropriately. In the U.S., FedEx Express has been working with General Electric, Con Edison and Columbia University since 2011 on a pilot project in lower Manhattan on how to build effective vehicle charging stations.

Technology developed at Columbia University is tracking electrical vehicle charging station data to establish the energy demands of each of our 10 electric trucks and coordinate optimal charging activity with Con Edison's electric distribution management system. We are currently monitoring power use at our FedEx charging facility and electric vehicle supply equipment activity.

Next, we will upload sophisticated software written by GE that will predict our local fleet's power needs based on real-time data, as well as historic consumption. This will enable us to employ battery backup and/or vehicle-to-grid power supplement when needed to mitigate the need for demand charges.



U.S. EPA SmartWay Transport Partnership

FedEx Freight, FedEx Express, FedEx Ground and FedEx Custom Critical are longstanding members of the EPA SmartWay Transport Partnership, which incentivizes carriers and shippers to improve environmental performance, operational efficiency and supply-chain sustainability. Other members include alternative fuel manufacturers and suppliers whose resources we can use to inform ourselves and our independent contractors about vehicle, fuel and grant options. In FY13, FedEx served on a working group that made recommendations to the EPA on refining and improving SmartWay, such as evaluating non-road vehicles and ocean carriers.



PRINTING AT YOUR DESTINATION WITH FEDEX OFFICE

FedEx Office has more than 1,800 digitally connected locations across North America. Through the FedEx Office Print Online service, customers are able to make printing arrangements at their closest center or online, but choose to have their documents printed at other centers located closer to their point-of-use, in order to reduce the need to ship cross-country. For example, a company wishing to distribute a manual to employees at several locations is able to print it nearby to each facility, avoiding the carbon emissions associated with shipping.

FACILITIES

We have more than 4,700 facilities worldwide, including major air and ground hubs, local stations, freight service centers and retail locations. Energy consumption at these facilities is a relatively small part of our overall footprint. Since 2006, we have improved the energy efficiency of our facilities—mainly by retrofitting lighting fixtures with more efficient technology. Although our reported absolute Scope 2 emissions (which encompass the electricity use at our facilities) increased slightly this year, this is a result of improved calculations, as well as business acquisitions in Europe and India.

Energy Conservation

Our lighting retrofit program reached a further 75 locations in FY13, saving more than 23 million kWh of additional energy, and avoiding approximately 16.4 million metric tons of CO₂ emissions during the year. In total, more than 25% of our targeted facilities have been upgraded through this program, with a cumulative impact of saving more than 222 million kWh of energy and avoiding 156,768 million metric tons of CO₂ emissions.

Other energy conservation highlights in FY13 included:

- FedEx Ground piloted a project at two automated stations that allows more control over lighting fixtures, plugs, thermostats and circuits, generating projected building electricity savings of 30–35%. We plan to roll this out to more facilities in FY14.
- FedEx Trade Networks installed daylight harvesting technology at our headquarters in Memphis. By using sensors to measure the amount of light in a room, we can make the most of natural daylight and use only the minimum needed fluorescent lighting at any given time. Tests show this reduced electricity consumption by 38–58% compared with standard fixtures.
- Two U.S. FedEx Express buildings, in Yuma, Arizona, and Elizabeth, New Jersey, gained Leadership in Energy and Environmental Design (LEED) certification.
- FedEx Express and lighting manufacturers began collaborating to develop a Light-Emitting Diode (LED) fixture to replace 1000 watt High-Intensity Discharge (HID) lights at aircraft gates.
- At our Memphis airport global hub, we aligned lighting with shift hours, and in Europe we installed light sensors in a number of facilities.
- We asked an external organization to assess our facilities to identify further strategic opportunities for energy conservation and management. Their findings indicate three main untapped opportunities to improve efficiency: converting outdoor HID lighting to LED lighting, increasing solar generation and heightening team member engagement and awareness. Recommendations are currently being evaluated and selected initiatives will be executed during FY14.

GREEN BUILDINGS AND GREEN SITES AT FEDEX FREIGHT

FedEx Freight continues to make improvements within our GREEN Building program, which implements initiatives that conserve energy, reduce waste and improve internal supply chain efficiencies across our facilities in the U.S. and Canada. Facilities that take additional actions in these areas can become certified GREEN Sites. We currently have two levels of certification. Level 1 focuses on creating awareness and increasing team members' familiarity with green actions. To achieve Level 2, sites must attain a greater level of engagement from their team members. At the end of FY13, 62 sites were certified as a Level 1 GREEN Site, and 45 had achieved Level 2 certification, bringing the total number to 107, up significantly from 40 at the end of FY12.

40 ➔ **107**

FY12 GREEN Sites

FY13 GREEN Sites

Renewable Energy

We have invested in on-site solar energy generation since 2005, and now have nine facilities worldwide—six in the U.S. and three in Europe. Our operating companies are also investigating other forms of on-site renewable energy generation such as wind power and combined heat and power generation. We look for opportunities to expand deployment of solar and other renewable energy sources where appropriate and financially feasible.

SOLAR ENERGY GENERATION

2,451 Metric Tons of Emissions Saved by Solar Hubs Annually (CO₂e)

	FY12	FY13
Number of Solar Facilities	8	9
Cumulative Solar Electricity Generated On-site (GWh)	20	27
Emissions Saved by Solar Hubs Annually (CO ₂ e)	2,400	2,451

Our nine solar-energy facilities generated 6,492,977 kWh of electricity in FY13, enough to avoid 2,451 metric tons of CO₂ emissions, bringing the cumulative savings to 26.98 GWh since 2005. Our latest installation, at our FedEx Express distribution hub in Newark, began operating in FY13 and will generate approximately 2.4 million kWh of electricity a year. In FY14, we aim to install solar panels on additional FedEx Express facilities and at the FedEx Ground site in Queens, NY and Dallas, Texas. FedEx Ground is also negotiating a Power Purchase Agreement for a new solar power generation site in the U.S.



In addition, we have begun construction of the Riverview Solar Technology Park—the new office and warehouse space for FedEx Trade Networks and New York State's first solar-ready business park. FedEx Trade Networks buildings are scheduled for completion in April 2014, and the park is expected to generate enough solar and hydro energy to meet 29% of its needs.

TOP 25

In 2013, we were recognized by the Solar Energy Industry Association as one of the top 25 solar-generating companies in the U.S.

Use of Materials

We use many materials in our operations, including paper, cardboard, plastic, wooden pallet and tires. The most significant in volume are paper and cardboard used in the FedEx® branded packaging we provide to customers and the paper stock used at FedEx Office. Our operating companies therefore focus materials efficiency and responsible sourcing efforts on paper and cardboard products.

We reduced our paper use in FY13 over the previous year, although the volume of packaging materials used across our operations rose due to business growth. However, the proportion of FedEx packaging containing recycled materials also grew from 60% in FY12 to 65% in FY13.

PAPER

CONSUMPTION AND RECYCLED CONTENT OF PAPER (U.S. tons)

3,972 U.S. Tons of Paper with Recycled Content

	FY12	FY13
Total Paper Consumed	29,741	28,663
Paper with Recycled Content	3,544	3,972

1. Due to improved supplier reporting, FY13 data includes additional commercial print items such as business cards, letterhead and bills of lading from FedEx Freight, which were not previously included. This equates to over 1.3 million U.S. tons of paper.

We look to use paper from more sustainable sources and/or with recycled content wherever possible. Our FedEx Office procurement policy for forest-based products specifies vendor requirements for responsible forest management practices, as well as recycled content standards. Our written commitment to sustainability and sustainable paper options are outlined in our Paper and Binding Book, which is used to showcase available options to customers. The book uses symbols for environmentally preferable options, including certified, containing recycled content and tree-free paper made from non-wood-pulp sources. In FY13, 84% of paper purchased by FedEx Office was Forest Stewardship Council (FSC) certified, and our use of tree-free paper more than doubled, to 128,950 lbs.

FedEx Freight encourages team members to use less paper through our GREEN Site program, highlighting the many actions they can take to limit paper use (see feature on page 26 for more information on GREEN Site). Through our FedEx Electronic Trade Documents program, FedEx customers in 89 countries and territories can save paper by submitting customs documentation electronically.

CDP GLOBAL FOREST REPORT

FedEx was ranked transportation sector leader in the CDP (formerly Carbon Disclosure Project) Global Forest Report in 2013, as a result of our commitment to responsible paper procurement at FedEx Office.



PACKAGING

PACKAGING WITH RECYCLED CONTENT (U.S. tons)



65%

Packaging with Recycled Content

	FY12	FY13
Total Packaging Consumed	42,632	48,091
Packaging with Recycled Content	25,422	31,494
% Packaging with Recycled Content	60%	65%

1. FY13 data includes shrink wrap from FedEx Freight, which was not previously included, but does not include janitorial items such as bathroom tissue and paper towels from FedEx Freight, which was included in FY12, as this data could not be provided by our vendor this year.

2. Updated to include re-pack materials at FedEx Ground.

All of our operating companies use packaging materials to transport our customers' documents, packages and freight. Primarily, this consists of cardboard, but we also use materials such as bubble wrap, chipboard, envelopes and tape. FedEx Office and FedEx World Service Center locations also provide packaging to customers who use FedEx Express and FedEx Ground shipping services. Two-thirds of our packaging is made with some recycled content, the majority for use by FedEx Express customers. Due mainly to an increase in the recycled content of our white FedEx branded boxes, the weight of packaging containing recycled content at FedEx Express increased by 6% to 66% in FY13.

FedEx Ground engaged with suppliers during the year, urging them to increase post-consumer recycled content in the cardboard materials we buy to secure shipments in transit. As a result, our supplier of corrugated cardboard increased the recycled content of packaging we use by 5% to 30%. FedEx Ground also shreds used corrugated boxes for re-use as packaging material, which cuts both waste and costs (see Waste and Recycling section for more details).

Other Materials: FY13 Highlights

- FedEx Express used remanufactured furniture for 90% of furniture purchases. In FY13, this resulted in over 700,000 lbs. of waste being redirected from landfill, and over 2 million lbs. of raw materials conserved.
- Through the Supply Exchange Program, FedEx Freight connects locations with surplus office supplies to other locations where these can be used, reducing waste sent to landfill and conserving natural resources. In addition, around 75% of furniture purchased by FedEx Freight was refurbished.
- The FedEx Freight GREEN Site program encourages team members to adopt waste-conscious habits such as using reusable drink containers.

WATER

The majority of water that we consume is for facility uses such as in bathrooms, kitchens and outdoor sprinklers. Most of our operating companies currently track some water consumption in facilities, although the data is incomplete. We also use some water for vehicle and aircraft maintenance. We do not track this data, as much of our vehicle washing is performed by third-party vendors who use their own water supply. Our airplanes and some of our trucks are mostly cleaned with a “dry wash” technique, which uses a soapy liquid and limits the use of water in the process. Because of large gaps in our water data, we are not currently able to report on water use.

Waste and Recycling

The majority of our waste is considered non-hazardous or municipal waste. Our largest waste materials vary by operating company, but include scrap metal, wooden pallets, plastic, cardboard and paper, as well as materials consumed by our team members such as aluminum cans and plastic and glass bottles. We aim to recycle as much waste as possible.

WASTE AND RECYCLING (U.S. tons)¹



40%

Average %
Sent to Recyclers

	FY12	FY13
Total Waste	89,004 ²	101,810
Total Sent to Recyclers ³	41,259 ⁴	41,190
% Sent to Recyclers	46%	40%

1. Refers to data collected in North America and Brazil.

2. Updated to include FedEx Ground “Ground Green” waste in our data, as well as some municipal waste from FedEx Freight.

3. Does not include recycled pallets at FedEx Ground.

4. Updated to reflect more accurate reporting.

FY13 WASTE AND RECYCLING STREAMS (U.S. tons)¹



67%

Average %
Sent to Recyclers

	Total Waste	Sent to Recyclers	% Sent to Recyclers
Solid Waste	93,012	35,006	38%
Regulated Non-hazardous Waste	6,430	4,291	67%
Hazardous Waste	736	260	35%
Universal Waste ²	42	42	100%
E-waste	1,592	1,592	100%

1. Refers to data collected in North America and Brazil.

2. Universal Waste encompasses certain hazardous waste items, including batteries and light-bulbs, whose collection and management are streamlined according to U.S. EPA regulations.

RECYCLING

The percentage of waste sent to recyclers fell slightly in FY13. This was due in part to improved waste and recycling data collection, as well as a trailer replacement program at FedEx Ground in FY12, which resulted in a large amount of scrap metal and a spike in recycling weight that year.

Nevertheless, our operating companies each made advances in recycling programs during the year, including the following:

- FedEx Freight increased U.S. recycling rates by 37% overall and now has 381 Local Environmental Action Facilitators (LEAFs), who champion sustainability at each local site.
- At FedEx Office, the EarthSmart paper recycling program increased revenue while generating recycling volumes in excess of 6 million pounds in FY13.
- FedEx Ground expanded the consolidation of materials recycling at larger facilities under our Ground Green Program, including plastic bottles and aluminum cans in addition to plastic film, cardboard and paper. As well as increasing recycling opportunities for smaller facilities, this helps us collect more accurate recycling data by using national vendors.

RE-USING WASTE

In addition to recycling, we look for opportunities to re-use materials wherever possible, keeping them out of the waste stream and reducing the need for new materials.

One of the areas where we do this very successfully is by shredding cardboard at FedEx Ground to be used as re-pack material during shipping in place of polystyrene and plastic air pillows. Our customers also prefer this repack material as it can be easily re-used or recycled with their other cardboard waste. This program was expanded in FY13 with a number of additional shredders and bailers installed at facilities in the U.S.

FedEx Freight re-uses much of our cardboard as loose packing material that protects freight during shipping. We also re-use shipping pallets and deploy reusable inflatable air bags to cushion freight in transit. Through our Furniture Refurbishing Program, we receive credits for sending surplus office furniture to be refurbished. These can be used by all FedEx operating companies to purchase refurbished furniture from our vendor at a deeply discounted price.

DATA COLLECTION

We improved our waste data collection this year, building a more complete picture of waste streams. As a result, the total waste reported on [page 28](#) has increased.

FedEx Office collects data for around 40% of operations, those not managed under landlord control. To increase efficiency and ease of recycling, FedEx Office switched to single-stream waste collection in the U.S. facilities we control in FY12, which means that waste and recycling materials can be deposited in the same receptacle and sorted after collection. The program has been successful, and we have seen an increase in recycling. However, the changes involved in calculating data have resulted in our waste and recycling figures not being directly comparable to the previous year.

FedEx Express also implements single-stream waste collection for select U.S. operations and now tracks waste data at 54% of U.S. facilities. As a result, waste reported by FedEx Express increased by 12 million U.S. tons this year, significantly increasing our overall waste numbers. In international operations, FedEx Express currently reports on waste generated in limited locations, but this is a data gap that we hope to address in future years.

The majority of FedEx Ground facilities either use local waste haulers that do not provide waste data, or have waste consolidated with other tenants. However, in the final quarter of FY13, FedEx Ground was able to begin collecting data for solid waste disposal at 37% of facilities.

FedEx Freight reports on waste data for 95% of facilities. In FY13, FedEx Freight in Canada began using a new third-party U.S. contractor to manage all local waste service providers. We believe this will provide better data capture in the future.

Despite improvements made in FY13, a number of significant data gaps remain in our waste tracking. We will strive to close as many as possible over the next few years.

Environmental Management

Our operating companies each manage their environmental performance, in line with business needs. They do so taking into account our corporate Environmental Policy, and the four building blocks of Practical Environmentalism—performance, transparency, innovation and leadership.

In order to provide support and share synergies, we have a number of global Sustainability Impact Teams (SITs) made up of operating company and corporate representatives. These create opportunities to advance the FedEx sustainability strategy within specific areas such as Vehicles, Facilities, Air Operations and Supply Chains, as well as advising on performance measurement. The SITs report to the FedEx Enterprise Sustainability Council (FESC), which develops and guides implementation of our sustainability strategy. Our Vice President for Environmental Affairs and Sustainability chairs the FESC and leads the collective efforts of our operating companies.

FedEx Express has had an Environmental Management System (EMS) since 1999, with 51 facilities in EMEA certified to ISO 14001. In FY13, we launched a FedEx-wide EMS based on the key elements of ISO 14001. This requires that each FedEx operating company identify relevant environmental impacts and maintain management programs that minimize or eliminate those impacts. The EMS is overseen and reviewed annually by the Vice President of Environmental Affairs and Sustainability. We continue working to improve our environmental performance data, especially greenhouse gas emissions, paper consumption, waste and recycling.

Compliance

In FY13, 147 environmental inspections by external agencies globally identified three minor regulatory violations. Two of these were for late submittal of reports, and one was due to a waste water pH limit violation as a result of a broken pipe.

We define “significant” spills of hazardous materials such as oil, fuel and chemicals as those reportable 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 the local environment.

SIGNIFICANT SPILLS AND PENALTIES

 **\$3,060** FY13 Environmental Penalties

	FY11	FY12	FY13
Number of Significant Spills	N/R	84	87
Penalties	\$1,700 ¹	\$26,074	\$3,060

1. In addition, FedEx paid a retroactive penalty of \$12,000 for an assessment from FY10.

Supply Chain

We are extending stewardship of environmental impacts from our core operating activities to include key suppliers. We plan to collaborate with strategic vendors to identify opportunities to make our supply chain more sustainable. To this end, we began taking steps this year to analyze our complex global supply chain and set up processes that will help us identify potential risks and opportunities for improvement. We created initial sustainability risk screening criteria for use in requests for information, quotes, proposals or bids from suppliers, which were incorporated from late 2012. This involves a set of questions looking at whether the potential supplier:

- Complies with relevant environmental regulations
- Has established sustainability purchasing guidelines for their own direct suppliers
- Gathers and reports on environmental sustainability performance data
- Has set any sustainability goals

Responses are reviewed by the appropriate environmental management personnel for additional follow-up evaluation and action if required. We are working towards ensuring this process is applied consistently across our operations.

In FY13, we became a founding partner in the [Sustainable Purchasing Leadership Council](#), a U.S. non-profit organization that supports and recognizes purchasing leadership towards a sustainable future. The council is working to create a standard set of principles around sustainable purchasing that will impact future procurement processes. We are also analyzing our supply chain for areas with potential to reduce CO₂ emissions (Scope 3). We will report further on this in our next report.



TRACKING OUR PROGRESS:

COMMUNITY & DISASTER RELIEF

FOR MORE THAN 40 YEARS, WE HAVE DEPLOYED OUR RESOURCES WHEN AND WHERE THEY ARE MOST NEEDED. FEDEX IS THERE IN TIMES OF DISASTER AND REBUILDING, AND TO HELP MAKE THE WORLD'S ROADS SAFER AND BUILD MORE SUSTAINABLE COMMUNITIES.



Table of Contents

Overview	32
Disaster Readiness, Relief and Recovery	33
Pedestrian and Road Safety	35
Environmental Sustainability	37
Health and Education Programs	38
Forty Years of Service: Volunteerism at FedEx	40

Overview

At FedEx, we understand our role in the world is greater than the services we provide. This is why for more than 40 years we have deployed our resources when and where they are most needed. FedEx is there in times of disaster and rebuilding, and to help make the world's roads safer and build more sustainable communities. In addition to providing funding and volunteers, FedEx utilizes our global logistics network to support people in need.

In FY13, we donated \$46.51 million in total contributions, including FedEx team member donations of \$9.4 million through our collaboration with the United Way (see table on page 33). Since 2001, FedEx and our team members have contributed over \$178 million to United Way agencies. In addition, we provided 7 million lbs. of charitable shipping globally.

Our Approach

We organize our charitable support in strategic focus areas that align with our business priorities and work through longstanding alliances to execute programs and initiatives. Our three main focus areas are:

- Disaster Readiness, Relief and Recovery
- Pedestrian and Road Safety
- Environmental Sustainability

Our efforts to strengthen the communities in which we live and work go beyond charitable giving. We also work with organizations to support strategic investments in education, health and diversity, as well as local projects that enhance community well-being.

CHARITABLE CONTRIBUTIONS

\$46.51m FY13 Total Contributions

	FY11	FY12	FY13
Philanthropy (cash and in-kind donations) as a Percent of Pre-tax Profits	1.24%	1.07%	1.19%
Total Contributions (millions)*	N/R	\$46.00	\$46.51

*Total contributions for FY13 include contributions from FedEx operating companies.

Disaster Readiness, Relief and Recovery

When disasters strike, they change people's lives and present community rebuilding challenges on a daunting scale. For decades, the FedEx global networks' reach and reliability have enabled access to affected regions soon after disasters hit. This allows us to quickly deploy our people, transportation network and logistics expertise to aid those in need. Our operations teams, drivers, pilots and other team members work tirelessly to deliver relief supplies, including medicine and food to communities. We also provide in-kind shipping and financial support to disaster relief organizations.

FedEx works mainly with four organizations to coordinate relief efforts: the American Red Cross (ARC), Direct Relief, Heart to Heart International and The Salvation Army. To prepare for emergencies, we set aside at least four million pounds of disaster-related charitable shipping capacity each year. In FY13, this totaled \$7.15 million in cash and charitable shipping.

Relief Efforts

Since the beginning of FY13, FedEx has been proud to provide critical relief supplies and services to communities impacted by natural disasters. Our assistance included:

Challenge	How FedEx Helped Address the Challenge
Typhoon Haiyan left millions of people in Southeast Asia, particularly the Philippines, in desperate need of food, water and access to medical and pharmaceutical supplies in November 2013.	Delivered more than \$10 million worth of relief aid and medical supplies to communities across the region.
Residents from Moore, Oklahoma, witnessed their community destroyed when a tornado struck in May 2013. Hundreds of people were left without homes, food and water.	Donated \$1.3 million in cash and in-kind support supplies, including FedEx team members delivering over 300 Heart to Heart disaster care kits.
Superstorm Sandy struck the shore of the East Coast in the fall of 2012, affecting over 17.5 million residents of the New York and New Jersey regions and damaging critical infrastructure.	Helped deliver 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.

Our work is not limited, however, to immediate relief. We also support disaster preparedness and longer-term recovery initiatives critical to rebuilding and lessening the impact should another disaster strike.

Delivering Relief Services with the American Red Cross

FedEx has been a proud supporter of the ARC since 1995. We use our networks, resources and people to support the relief agency's domestic and international relief efforts. Over the past 18 years, FedEx has provided over \$10 million in cash and in-kind support, and shipped thousands of pounds of ARC relief supplies to destinations around the world. In FY13, we provided the American Red Cross with \$2.14 million in cash and in-kind support.





We also assist ARC's efforts to promote disaster preparedness. In FY13, this included investing \$250,000 to support their Ready Rating program, a free disaster preparedness tool for small businesses. FedEx used creative approaches to increase awareness of the program, including:

- Participating on a panel about preparedness at the U.S. Chamber of Commerce America's Small Business Summit
- Hosting an exclusive dinner with former NFL coach Joe Gibbs at the U.S. Chamber of Commerce headquarters for summit attendees and local FedEx customers
- Engaging our FedEx NASCAR team owner and driver to support Ready Rating through personal appearances and a satellite media tour

During the month-long initiative, sign-ups for Ready Rating set a record of 409 new members over four weeks.

Providing Support to Stricken Communities with Direct Relief

FY13 marked the 11th year FedEx worked with Direct Relief to provide monetary and transportation support to help stricken communities in remote parts of the world access critical resources. In the United States, Direct Relief is the only non-governmental organization (NGO) licensed to distribute pharmaceuticals in all 50 states. We provide transportation services to distribute medications to some of the 1,200 health clinics nationwide to which Direct Relief provides donated pharmaceuticals.



In FY13, we provided \$885,000 in cash and in-kind support to Direct Relief. We also began working with Direct Relief to utilize SenseAware® powered by FedEx devices. These devices provided real-time location data, temperature and light exposure of pharmaceutical supplies en route to victims of the devastating tornadoes that struck Moore, Oklahoma in May 2013.

We have supported Direct Relief's one-of-a-kind Hurricane Preparedness Module program since 2010. The program provides hurricane preparedness supplies, including medicines and medical supplies to regions in the U.S. and in Latin America and the Caribbean. Since 2010, our financial contributions have supported the delivery of 59 modules to Latin America and the Caribbean and 171 modules in the U.S. Together, the modules can treat 26,000 people for up to one month.

Helping Heart to Heart International Make an Impact

Through our efforts with Heart to Heart International, FedEx has helped provide disaster assistance and humanitarian aid to more than 50 countries over the past 15 years. In FY13, we provided \$888,500 cash and in-kind support to Heart to Heart International. We also supported a new initiative—the "Ready Relief Box"—launched as part of its program of donated medical supplies. FedEx transported these boxes—each containing enough medicine to treat 400 people—to medical teams working with Heart to Heart worldwide.

In the U.S., when disastrous tornadoes struck the town of Moore, Okla., in the spring of 2013, team members sent over 300 Heart to Heart disaster care kits to impacted families via FedEx. These contained critical immediate relief items, including soap, bandages and personal hygiene products.

Transporting Essential Supplies with The Salvation Army

Since 2001, The Salvation Army has relied on the speed and efficiency of our network to reach victims of disasters across the globe with food, water and other relief supplies. Our collaborative efforts also provide vital supplies to first responders on the ground. In FY13, we provided \$617,050 cash and in-kind support.

We make it a priority to support local Salvation Army chapters, as well. In May 2013, we donated a canteen truck to The Salvation Army in Pittsburgh, home of our FedEx Ground headquarters. A canteen truck can hold enough food to feed 1,000–2,500 people per day. When not being utilized for disaster response, they often serve as mobile feeding units for underserved or homeless populations. This most recent donation makes a total of 19 canteen trucks delivered by FedEx to Salvation Army chapters around the world.

HELPING TYPHOON HAIYAN VICTIMS IN THE PHILIPPINES

Relief efforts to help victims of Typhoon Haiyan faced a number of logistical challenges. Providing our unique airlift, logistics and medical supply-chain technical expertise, we teamed up with Direct Relief and Heart to Heart International to deliver more than \$10 million worth of relief aid and medical supplies to communities across the typhoon-ravaged Philippines in November 2013.

The shipment comprised 200,000 lbs. of pharmaceuticals and medical supplies, part of which was assembled in Kansas City, Kan., where FedEx Custom Critical picked up 125 pallets of medical aid from Heart to Heart International. FedEx transported these goods to Los Angeles, and onward by air to Cebu, the Philippines, where organizations on the ground were able to distribute the supplies to those in dire need. This effort was the largest emergency airlift in Direct Relief's 65-year history.

FedEx also worked with Water Missions International in November to deliver two "Living Water Treatment Systems" capable of filtering more than 5,000 gallons of water per day to affected communities. These systems provided water to victims who otherwise would have lacked access to safe drinking water.

FedEx is proud to play a part in helping the victims of Typhoon Haiyan begin their road to recovery.



\$10M

Relief aid and medical supplies delivered across the typhoon-ravaged Philippines in November 2013.



5,000+

Gallons per day of filtered water provided by two "Living Water Treatment Systems."

Rebuilding from Disaster

For communities, recovering from a disaster is a long road. Incorporating principles of sustainability into recovery efforts helps lessen the impact of future disasters. One such effort is The Salvation Army's EnviRenew Resilience program, which focuses on community resiliency planning covering social, economic and physical activities. In 2012, FedEx funded the first EnviRenew Resilience report, published in 2013, which captured scalable lessons learned from New Orleans.

Our sustainability-focused philanthropic giving also supports projects working to rebuild communities and ecosystems affected by natural disasters. To restore land damaged by flooding and wildfires in Colorado Springs, Colo., FedEx awarded a \$30,000 grant to the Coalition for the Upper South Platte (CUSP) in May. Volunteers removed debris and other dangerous objects from the flood plain, filled and placed sand bags and spread grass seeds and trees to secure the hillsides. A hydrologist's review indicated that CUSP's efforts reduced damage by 50%. Based on the impact of the initial grant, we provided an additional \$30,000 grant to CUSP in October 2013.

In FY13, FedEx launched a \$1 million, three-year national sponsorship of the Arbor Day Foundation's Community Tree Recovery program, designed to protect trees in the wake of natural disasters. Our funds supported community tree recovery efforts in Alabama, Texas, Colorado, New Jersey and Kentucky. For example, in Austin, Texas, we supported the Lost Pines Tree Recovery Program to rebuild the habitat of the endangered Houston toad and strengthen the ecosystem. For more information on our sustainability efforts, see [pages 16 and 37](#).

Pedestrian and Road Safety

With more than 90,000 of our trucks on the road each day, safety is a core value and top priority at FedEx. Every day, over 3,200 people lose their lives and 136,000 are seriously injured due to vehicle crashes around the globe. Almost half of these global road deaths are among "vulnerable" road users, including motorcyclists, pedestrians and children.

We use our logistics expertise to help address the burgeoning global challenge of road safety. In addition to comprehensive internal driver safety policies, programs and training (see [page 44](#)), we support organizations and efforts dedicated to road safety. We aim to reduce these troubling statistics by funding awareness, education and infrastructure programs.

Increasing Pedestrian Safety Awareness with Safe Kids

Since 2000, FedEx has worked with Safe Kids Worldwide, a global network of organizations aiming to prevent accidental injury. Our joint awareness-raising program, Safe Kids Walk This Way, began as a three-city U.S. pilot and grew to 241 cities worldwide in FY13, reaching 723,507 participants (up from 230 in FY12). Safe Kids Walk This Way provides year-round community outreach initiatives, creates safer walking environments and conducts risk assessments to improve sidewalks and crosswalks for children.

SAFE KIDS WALK THIS WAY



FedEx supports Safe Kids initiatives in the U.S., China, Brazil, India, Canada, Mexico, South Korea, Vietnam, Thailand and the Philippines, as well as activities during International Walk to School Day. In FY13, Safe Kids China used Weibo, China's equivalent of Twitter, to share safety messages with FedEx team members and Weibo "followers" during its Back to School campaign. Over ten days, safety messages secured 5.6 million social media impressions. The campaign marked the launch of a new road safety curriculum for teachers, which will be distributed to 900 schools in ten cities. FedEx volunteers helped design the new curriculum.

Teens and Distraction Study

Research conducted by FedEx and Safe Kids Walk This Way in 2012 found that the pedestrian death rate for teenagers (ages 15–19 years) was twice that of children up to age 14. We supported research to test the hypothesis that distracted walking could be the cause, with the results summarized in the 2013 report *Teens and Distraction* published by Safe Kids Worldwide. Twenty-four Safe Kids coalitions worked with 68 U.S. schools to make more than 34,000 observations of students crossing streets near their schools. The findings revealed that one in five high school students and one in eight middle school students crossed the street while distracted by a cell phone. Our report provided tips for parents and teens for safe walking, as well as policy recommendations to help make neighborhood roads safer.

In April 2013, we launched the Moment of Silence campaign to bring nationwide attention to the report findings. The campaign reached 241 cities, 907 schools and more than 580,000 students globally and engaged more than 12,000 volunteers, including parents, teachers and 913 FedEx team members.



HALLOWEEN SAFETY

Leading up to Halloween in the U.S. and Canada, FedEx led a multi-pronged online and media communications effort with Safe Kids Walk This Way to educate parents and children on how to stay safe while trick-or-treating on foot. Our efforts included supporting Halloween "walk" events in 163 U.S. cities, sharing safety messages via traditional news outreach, participating in #Halloweenchat and engaging parenting bloggers to offer up tips and answer questions.

Road Safety Initiatives

We complement our internal policies, programs and training to promote driver safety by supporting global efforts to save lives on the roads.

FedEx is a member of the UN Road Safety Collaboration through which we share safety information with governments, non-profits and other corporations to help improve safety conditions around the world. We also support the UN Decade of Action for Road Safety in its goal to save five million lives by 2020 through:

- Donating an annual \$150,000 to the UN Road Safety Fund, which supports evidence-based road injury prevention programs
- Funding Safe Kids Walk This Way affiliates' safety awareness activities during the UN's Global Road Safety Week

We also helped EMBARQ—the World Resources Institute's Center for Sustainable Transportation—to develop a "Safety First" driver training program in Mexico, based on the FedEx driver safety training curriculum. Since 2012, they have trained more than 1,000 Bus Rapid Transit city bus drivers on the new safety curriculum. See [page 37](#) for more information on our work with EMBARQ.

FedEx Express launched a safe driving skills awareness campaign in March 2013 with five Dubai-based universities, reaching more than 1,500 students through interactive lectures and participation in a driver safety simulator experience. Eligible students participated in a driving competition, with winners appointed "Road Safety Ambassadors."

Please see [page 44](#) for additional information on our FedEx drivers' safety.

Environmental Sustainability

Our environmental commitment begins with ensuring our own operations are environmentally responsible and our environmental impacts are minimized where possible (see [page 16](#)). We call this approach EarthSmart. Our commitment also includes environmental stewardship in the communities in which we operate because we recognize that sustainability extends beyond our operations to our team members and communities.

EarthSmart Outreach, our philanthropic giving and volunteer initiatives, focus on promoting sustainable transportation, conservation and restoration efforts in urban environments, and rehabilitating and improving the resiliency of natural habitats.

Building Smarter Cities with EMBARQ

FedEx has worked with EMBARQ, the World Resources Institute's Center for Sustainable Transport, since 2010 to create and implement practical solutions for sustainable cities. EMBARQ works with local authorities to help implement transport-related clean, efficient, affordable and sustainable projects that improve the quality of life for people around the world. Using our technical expertise in transport-related areas, we help EMBARQ adapt and apply this knowledge to develop sustainable transportation and urban development practices and policies. Currently 40 cities benefit directly or indirectly from this knowledge exchange, with the goal to expand EMBARQ to help 100 cities by 2016.

In 2012, we formalized our collaboration as the FedEx-EMBARQ Mobility and Accessibility Program (MAP), supported by a two-year FedEx grant which expanded the focus area from Mexico to India and Brazil. MAP targets 32 growing cities in these three countries. The grant also supported the FedEx-EMBARQ Transportation Fellowship and research on bus fuel and vehicle selection.

In FY13, using FedEx technical expertise, the MAP global team expanded its research scope to build off a 2012 study "Exhaust Emissions from Transit Buses." The team will use the research to develop a tool comparing the full life cycle costs and life cycle emissions of buses using different fuel types. Once complete, the team will engage mayors and city transit agencies on the research results and recommendations.

Conserving and Restoring Communities with the National Fish and Wildlife Foundation

FedEx aims to make the communities in which we live and work more sustainable. Since 2009, we have collaborated with the National Fish and Wildlife Foundation (NFWF) to fund urban conservation and restoration projects across the U.S. that restore watersheds, improve air quality and educate communities on environmental stewardship. FedEx has helped generate an additional \$14 million of investment, since 2010, in community environmental projects from matching funds provided by local municipalities and state and federal government agencies.

In April 2013, coinciding with our company's 40th anniversary celebration, FedEx volunteers took part in EarthSmart Outreach and NFWF projects in 14 U.S. cities, supported by FedEx grants totaling more than \$500,000. National, state and local government organizations provided matching grants totaling more than \$3 million for the environmental projects. Over 677 team members volunteered, a 14.5% increase from 2012.



Since 2010, FedEx funding has helped generate an additional \$14 million in investment through matching grants.

EarthSmart Outreach projects supported a diversity of organizations and environmental issues across the U.S., ranging from restoration of wetlands in Pennsylvania to the removal of an invasive water chestnut in Massachusetts.

Notable International Programs

In Hong Kong, FedEx worked with the Jane Goodall Institute for the "FedEx We Deliver Green! Classroom" program, a nine-month initiative engaging almost 200 primary school students in reducing their carbon footprint through behavior change. Students also started their own organic garden.

In the Philippines, FedEx launched the "FedEx/Haribon Eco Leaders for Sustainable Communities Program" with the Haribon Foundation to help recover and conserve biodiversity. FedEx team members donated and planted 1,000 native tree seedlings and facilitated environmental education sessions to secondary school students.



FEDEX GROW A GREENER SCHOOL CONTEST

On April 27, 2013, more than 100 FedEx volunteers came together with REAL School Gardens to build a sustainable learning garden for a Dallas, Texas area school. To promote our EarthSmart Outreach campaign and showcase team members in action, FedEx captured the day's transformative events on film. The video was used in communications around "Grow a Greener School," a contest encouraging students and faculty to develop ideas for environmental projects they could turn into a reality with FedEx funds.

In May, the "Grow a Greener School" contest launched on Pinterest. FedEx offered grants to the schools that received the three highest votes. Winning projects included turning a vacant space into a living classroom for biology, environmental science and horticulture and creating an outdoor learning center utilizing renewable energy.

Health and Education Programs

In addition to our three core giving areas, we support initiatives to advance education and health.

Supporting Youth Education with Teach For America

FedEx supports Teach For America's (TFA) invaluable work, in the U.S. and globally, in a number of ways.

In 2010, we committed to donate a one-time grant of \$2.75 million to TFA National and Teach For All in Latin America through 2015, which also supports TFA's local branches in Dallas and Memphis, Tenn. During the 2013 holiday season, we collaborated with TFA to launch the FedEx One Rate® "Countless Possibilities Through Education" holiday giving program, which pledged to donate \$1 to TFA, up to \$300,000,

for every FedEx One Rate shipment sent between November 1–December 23, 2013. The money raised will fund training for 11,000 teachers reaching 750,000 students in underserved communities across the U.S.

Working with Junior Achievement to Develop Future Entrepreneurs

FedEx supports the entrepreneurial spirit of children through our alliance with Junior Achievement (JA), a non-profit youth organization we have worked with since 1997. We support JA in 88 countries across every region where we do business. In FY13, FedEx received a Bronze U.S. President's Volunteer Service Award for providing over 5,000 volunteer hours to JA programs. With a contribution of more than \$1 million in FY13, our total investment in the JA network worldwide over a 17-year alliance exceeds \$10 million.

Students from around the world participate in JA programs to sharpen their business skills and strengthen their understanding of global trade. Top student companies from each region are selected to participate in regional JA Company of the Year Competitions. Competitions include a panel review of student teams' business plans, along with presentations, interviews and trade exhibits, helping young entrepreneurs around the world learn key business principles and cultivate business, teamwork and leadership skills.

FedEx sponsorship provides JA Company Program participants with an enhanced understanding of Access. Students attend the FedEx Access Seminar and are introduced to the concepts of Access, including trade, job creation, global development and environmental sustainability. Regional FedEx team members conduct the seminar and local FedEx volunteers provide hands-on assistance. FedEx judges evaluate participating companies during the Trade Fair. The FedEx Access Award is later presented to the student company that best demonstrates their knowledge and understanding of international trade and environmental responsibility. We are proud to support the competition in Africa, Asia-Pacific, Europe, the Middle East and the Americas.

Additionally, the FedEx Asia-Pacific region supports the JA FedEx International Trade Challenge, an annual competition in which students are challenged to create an innovative business proposal in response to a specific societal issue.

Inspiring Students with FIRST Robotics

FY13 marks the 13th year FedEx has supported FIRST Robotics (For Inspiration and Recognition of Science and Technology) to encourage students across the globe to embrace technology, innovation and forward thinking. We provide in-kind shipping to support students competing in the FIRST Robotics Competition, where teams of students design, build and program robots. In FY13, we provided \$500,000 in-kind support to FIRST Robotics.

DELIVERING THE BLACKPOOL BOAT TRAM TO ITS NEW HOME

In the summer of 2013, FedEx Trade Networks received a special request. The non-profit organization Market Street Railway needed help to move a historic trolley car from the United Kingdom to the San Francisco Bay Area so it could operate within the city's famous streetcar network.

With only a handful of these traditional trolley cars left worldwide, there were special considerations related to import and export. FedEx Trade Networks rose to this task, organizing cargo insurance arrangements, surface transportation, ocean freight forwarding and U.S. customs clearance. Thanks to our logistical capabilities, Blackpool Boat Tram #233 made it to San Francisco in time for the Muni Heritage weekend opening night reception on November 1, 2013.



Helping ORBIS International Eradicate Blindness

For over 30 years, FedEx has worked with ORBIS International, an NGO dedicated to saving sight worldwide. As ORBIS' first global sponsor and the sole sponsor of "Delivering Sight Worldwide," we are helping ORBIS reach its goal—that no one in the world is needlessly blind. "Delivering Sight Worldwide" is a global program providing direct support for ORBIS programs and raising awareness to avoidable blindness, especially in developing nations.

In FY13, we sponsored Flying Eye Hospital medical programs in El Salvador and Ethiopia. FedEx pilots flew the planes and our volunteers provided logistical and other support on the ground. We also supported construction of the next-generation Flying Eye Hospital. In November 2013, FedEx and ORBIS received the Public Benefit Flying Teamwork Award presented by the U.S. National Aeronautic Association.

Diversity Scholarships

FedEx is a proud supporter of diversity-focused initiatives, as we believe diversity is essential to innovation. Our investments help empower minority students and young professionals to become effective leaders in school, business and the community. In FY13, FedEx helped support 181 students through a wide range of scholarships, including the American Indian College Fund (AICF), the United Negro College Fund (UNCF), the Hispanic Scholarship Fund (HSF), the Asian and Pacific Islander American Scholarship Fund (APIASF), endowment scholarships and the Magic Johnson Foundation.

"I could not be more proud of myself for doing this, and still cannot believe I made it this far. Without the kind hearts and generosity of the people at FedEx, I would have had to drop out of college when I could not afford it."

— Phyllis Norcross

Mother of two and recent recipient of the FedEx AICF scholarship

We are also proud of our FY13 contributions to the following diversity initiatives:

- Sponsoring events and programs that promote the importance of college readiness and obtaining a college degree, including minority scholarship fundraising events such as the UNCF LeMoyne Owen Hank Aaron Celebrity Sports Weekend, the APIASF Scholarship Benefit and the Hispanic Scholarship Fund Hall of Fame Gala
- Supporting the National Council of LaRaza's Lideres Initiative, a national program that builds leadership skills in Latino youth
- Providing financial support to the NAACP Image Awards, the National Civil Rights Museum and its annual Freedom Award, the National Urban League and Dress for Success

Forty Years of Service: Volunteerism at FedEx

Giving back to our communities through employee volunteerism is an important part of our service-oriented culture. 2013 marked the 40th year of service at FedEx and proved to be no different in terms of our team members' dedication to donating their time and expertise.

Our culture of service strongly encourages employee volunteerism and we facilitate many opportunities throughout the year for our team members. Our global citizenship team manages the company-wide strategy, including FedEx Cares Week and fedexcares.com.

In FY13, we implemented a new global volunteer management system through Truist to coordinate our volunteer activities. The goal was to make it easier to connect our team members with relevant and engaging local volunteer opportunities given our global span, and to use one system to manage volunteerism and our United Way pledges.

We currently only report team member volunteerism for our largest corporate-wide initiatives, including FedEx Cares Week, EarthSmart Outreach, Safe Kids Walk This Way and our efforts with United Way.

Global Month of Service

To celebrate 40 years of volunteerism, we conducted a month-long focus on service in April 2013. Team members across the globe chose local non-profit organizations to serve throughout the month. We also encouraged them to enter the FedEx Global Month of Service Grant Contest, with winners receiving a \$1,000 grant to present to the organization with which they volunteered. Forty winners were selected. In total, the effort involved nearly 2,000 volunteers donating 15,964 hours in their local community.

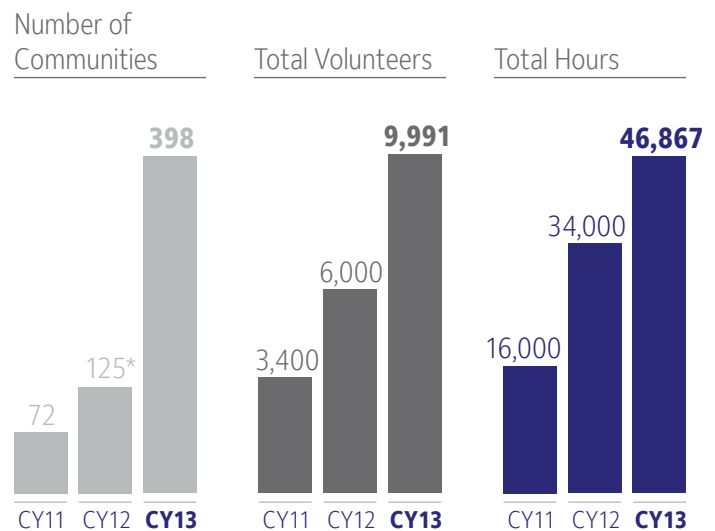
FedEx Cares Week

FedEx Cares Week is the annual kick-off of the FedEx Cares United Way campaign and exemplifies our commitment to local communities. Team member response for our fall 2013 campaign was the highest in the nine-year history of FedEx Cares Week. All regions and main business units participated, with over 9,900 FedEx team members donating more than 46,000 hours of volunteer service to more than 500 non-profits worldwide. FedEx also supported our volunteers and their projects by donating more than \$236,000 in cash contributions to non-profit organizations that week.

The impact of our volunteers' time globally is an impressive accomplishment—volunteer participation (by hours) increased more than 38% from the previous year. We saw an increase in engagement as team members were able to volunteer with a broader range of charities, over a longer period of time.



FEDEX CARES WEEK



*In the 2012 Global Citizenship Report, we published that FedEx team members volunteered in 72 communities during FedEx Cares Week 2012. The total was 125 communities.



TRACKING OUR PROGRESS:

PEOPLE & WORKPLACE

FEDEX CULTURE IS A SHARED UNDERSTANDING ABOUT WHO WE ARE, HOW WE THINK AND WORK, WHAT WE DO AND WHY WE MATTER. WE PASSIONATELY SUPPORT OUR TEAM MEMBERS AND RELY ON THEIR COMMITMENT AND INGENUITY TO CONNECT CUSTOMERS ALL OVER THE WORLD.



Table of Contents

Overview	42
Safety	44
Developing Team Members	45
Enhancing Quality of Life	47
Embracing Diversity	48

Overview

FedEx culture is a shared understanding about who we are, how we think and work, what we do and why we matter. This common culture unites all of our team members across operating companies, oceans and regions, and differentiates us as an industry leader. Our talented team members love what they do and they do it well—making FedEx one of the most admired companies in the world.

FedEx has always operated on the principle of putting people first. This includes not only our customers but also our team members, the heart of our success as a company. We passionately support our team members and rely on their commitment and ingenuity to connect customers all over the world.

Our operating companies strive to make FedEx a great place to work, promoting a strong safety culture and dynamic, diverse workplace and providing competitive benefits and development opportunities. In return, our team members are loyal and committed. In FY13, we were proud to retain more than 93% of our full-time U.S. employees.

Despite their differing locations, languages and cultures, FedEx team members are united by the Purple Promise—our pledge to strive for excellence and deliver superior customer service.

THE PURPLE PROMISE

“I will make every FedEx experience outstanding.”

The Purple Promise shapes team members’ daily actions and is part of our overall corporate philosophy known as People-Service-Profit, or P-S-P. We view P-S-P as a virtuous cycle that begins with taking care of our people, who in turn provide excellent service to our customers. Strong service results in solid profits and business growth, enabling us to further reward and take care of our people. Our emphasis on P-S-P spans all operating companies and governs the overall management of FedEx worldwide.



REWARDING EXCELLENCE

Delivering packages personally to customers during major storms. Expediting shipments of medical supplies for children's emergencies. Receiving plaudits from customers for going the extra mile to make sure important documents, gifts and supplies arrive on time. For these and other examples of outstanding service, FedEx operating companies awarded over 100 Purple Promise Awards in FY13.

These winners were considered for the Purple Promise Chairman's Award, an enterprise-wide recognition of team members' exceptional commitment to customer service. Eighteen outstanding FedEx team members won the Purple Promise Chairman's Award in FY13. Here are two of their stories.

Jonathan Romano, a FedEx Services team member from Staten Island, New York, delivered packages in his personal vehicle during and immediately after Hurricane Sandy. Instead of only notifying customers of possible delays, he worked hard to minimize any impacts of the storm on deliveries and pick-ups.

Randy Havens, a courier based in Colorado, was stranded in a blizzard the week before Christmas. After spending the night in a church waiting for a tow, Randy delivered packages on foot to make sure customers received their eagerly awaited gifts by Christmas Day.

100+

FedEx operating companies awarded over 100 Purple Promise Awards in FY13.

FedEx has over 300,000 team members across six continents that allow us to serve customers in more than 220 countries and territories. We also use independent transportation providers within our FedEx Ground and FedEx Custom Critical networks.

Retention Rates

Team members tend to remain with FedEx for long periods of time, which we see as an indication of our success as an employer. In FY13, our full-time U.S. retention rate rose from 91.7% to 93.2%. This rate does not include part-time or seasonal team members, for whom retention is significantly lower.

Our global retention rate, which tracks part-time and seasonal team members as well as full-time team members, rose in FY13 to 76.1%, compared with 74.7% the previous year. We currently do not track turnover rates by age group or region. Overall, FedEx hired 75,328 individuals and saw 66,856 leave during FY13. The majority of our turnover is due to peak seasonal hiring.

In 2012, FedEx announced a profit improvement program that included a U.S. voluntary employee buyout program to adjust to the changing global business environment. In February 2013, we notified eligible team members, offering cash compensation and healthcare reimbursements. At FY13 year-end, 3,600 team members had accepted the buyout offer.

FedEx Code of Business Conduct and Ethics

Our success is built on a reputation for reliability and integrity. Maintaining this reputation and fulfilling the Purple Promise require a high standard of professional conduct from our global workforce. We therefore require all team members and contractors to follow the expected behaviors and policies laid out in the FedEx Code of Business Conduct and Ethics. In FY13, we updated the Code to prohibit facilitation payments, strengthening our policy against improper payments and bribes. Team members receive live or online training on the Code's provisions when joining FedEx and on a periodic basis thereafter.

All team members are expected to report any suspected violations and can do so via the FedEx Alert Line, which offers an anonymous 24/7 call-in service in all countries where we operate. Team members can also access a special web-based reporting system or contact a member of FedEx Management, Security, Human Resources or Legal. For more on our Code, [read here](#)



Safety

FedEx team members are our most important assets, and our success depends on their safety. We integrate health and safety into every aspect of our business to ensure the well-being of our more than 300,000 team members and the global public they serve.

Our Safety Above All philosophy is championed by our CEO and guides all actions at FedEx. Through every transaction, transfer and takeoff, we require team members to abide by strict safety standards and protocols designed to protect them. These efforts have paid off, delivering a continuously improving safety record (see Global Safety Trends Graphic, below to right).

FROM OUR CHAIRMAN

“Safety above all” has always been our mantra at FedEx, and we go to great lengths to ensure the safety and security of our team members, our shipments, our customers, and our assets.”

Each operating company is responsible for designing and implementing policies that reflect the Safety Above All philosophy, and internal safety departments regularly audit team members to ensure compliance. Programs differ across FedEx companies, as each type of operation requires customized approaches to maintain the same corporate standards. Specific priorities include aircraft and vehicle safety, proper handling of packages and hazardous materials, preparedness for severe weather and extreme events, and enforcement of safe behaviors through communications, education and training.

Below we highlight some of our actions in FY13 to keep FedEx team members safe.

We set safer limits: FedEx Express, FedEx Ground and FedEx Freight implemented a new hours-of-service policy as mandated by the U.S. Department of Transportation. This rule limits the amount of time team members can drive to 70 hours over eight consecutive days, or the local legal limit—whichever is less—in order to reduce accidents and fatigue.

We encouraged safe conduct: FedEx Freight increased consequences for team members who commit higher-risk offenses or multiple violations, and FedEx Ground introduced a robust behavior-based safety program focused on safe work practices to reduce injuries.

We looked in new places: Managers at FedEx Express conducted observations to monitor potentially unsafe acts by team members, such as improper package handling or failure to use required handrails. Violations were reported in our new

Safety Observation Reporting System. In the U.S., we formalized this process, requiring managers to complete a minimum of four observations a month and senior managers to make six observations per quarter.

We kept technology in check: FedEx Ground implemented an employee electronic device policy, joining FedEx Express and FedEx Freight in formalizing expectations related to personal use of technology for our team members. The goal is to minimize distractions at work and keep our people safe.

MEASURING PROGRESS

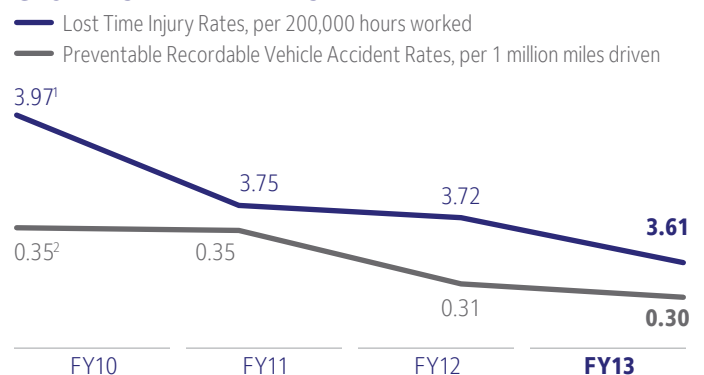
We measure the success of safety policies in part by tracking Lost Time Injury Rates (LTIR). These cover nonfatal, traumatic injuries that cause a team member to lose work time beyond the day or shift of the injury as well as diseases causing disability at any time. In FY13, our LTIR was 3.61, which is a 3.0% improvement from FY12, sustaining the year-over-year enterprise-wide progress we have made since FY10.

We also track our recordable vehicle accident rate (per 1 million miles driven) globally. This covers events involving vehicles that resulted either in fatalities or injuries treated immediately away from the scene or in vehicles requiring towing from the scene. In FY13, our preventable rate was 0.30—a 1.4% improvement from FY10.

While there has been an overall decline in both our LTIR and Preventable Recordable Vehicle Accident rate, we firmly believe that any incident is one too many. We will continue our work to eliminate accidents and injuries across all of our operating companies.

We deeply regret that six workplace fatalities occurred in FY13. Four of these fatalities resulted from vehicle accidents and two were due to heart attacks for which the work environment could not be excluded as a cause or factor. We extend our sincere condolences to the families of those team members. We investigated each fatality to understand the cause and have taken appropriate steps to prevent recurrence of such events.

GLOBAL SAFETY TRENDS



1. FY10 does not include FedEx Freight in Canada.

2. FY10 does not include FedEx Express EMEA.

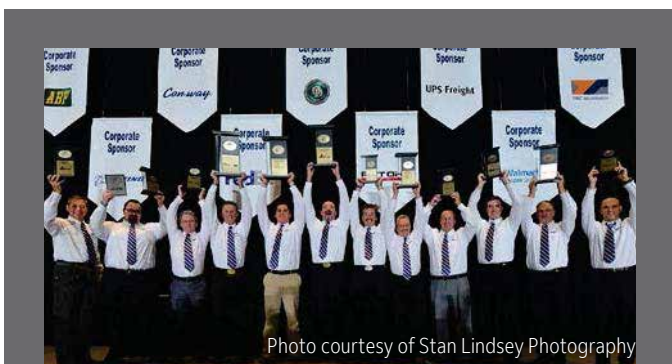


Photo courtesy of Stan Lindsey Photography

FEDEX SHINES AT THE SUPERBOWL OF SAFETY

Wayne Crowder, a FedEx Freight driver and five-time Kentucky state champion who has accumulated more than 2.7 million accident-free miles over his 30-year career as a professional driver, won the National Flatbed Champion crown for the second time. Crowder was among 89 drivers representing FedEx in the 2013 American Trucking Association's National Truck Driving Championships (NTDC), known as the "Superbowl of Safety." Twelve of our drivers placed among the top three finishers in their respective truck classes. Any driver who has been accident-free for at least one year can represent FedEx in the competition that begins at the state level and progresses to the NTDC.

The 2013 finals featured 422 professional truck drivers from across the U.S. with over 600 million accident-free miles between them. Other notable FedEx participants included:

- Roland Bolduc of FedEx Express, who has been a professional driver for 29 years, accumulating over 1.5 million safe driving miles thus far. Bolduc has also earned 11 state truck driving championship titles and is a former captain for the American Trucking Association's America's Road Team.
- Donald Logan and Jeffrey Thompson, both of FedEx Freight, who obtained perfect scores on the contest's written exam.

WORKPLACE VIOLENCE

FedEx has a zero tolerance policy for workplace violence, and we pride ourselves on creating a safe and secure environment for all team members. Violent incidents can flare up quickly, and our Workplace Violence Prevention Program raises team member awareness of situations that can potentially escalate into physical conflict. All team members are required to take this training annually.

FedEx also has reporting procedures in place to disclose potential or actual incidents of workplace violence. Team members can use a special web-based reporting system, or speak in person to a member of FedEx Management, Security, Human Resources or Legal.

Each operating company has a cross-departmental Workplace Violence Response Team, which investigates every reported violent incident and recommends action to prevent recurrence.

Developing Team Members

We work hard to gain and keep our team members' loyalty, providing training and career development and rewarding excellence with popular recognition programs. More than half our global management team has risen through the ranks of the company.

Opening New Horizons: Training

From couriers to pilots, meteorologists, customer service agents and package handlers, our dedicated team members look for ways to advance their careers while benefiting the company. Our operating companies each implement specialized workforce-appropriate training programs, in addition to mandatory, enterprise-wide training in our Code of Business Conduct and Ethics.

Training programs are designed to help team members gain the skills and knowledge to do their jobs safely and well, and to execute our Purple Promise of delivering superior customer service. They include new hire orientation, job-related training, online skills courses, project and people management training and leadership programs. In 2013, we began implementing the FedEx Learning Center across the enterprise, which will provide an easily accessible online team member training platform.

In FY13, our team members across all operating companies spent an average of 20.8 hours in training, up from 15 hours in FY12. This improvement is partly due to more accurate reporting, especially within high-turnover positions.

Our teams anywhere in the world can also access practical Quality Driven Management (QDM) tools, and many have responded by delivering impressive process and efficiency improvements.

SIMPLER TAGS SAVE MILLIONS

FedEx gives annual gold, silver and bronze Quality Driven Management cup awards for actionable ideas that generate the most positive impact on our business.

2013's gold winner was a team at FedEx Ground that developed a streamlined release process for packages. By replacing multiple information tags with a single "shipment status tag," the team removed a common source of customer and driver confusion and saved FedEx \$2.5 million in the first five months of 2013 alone.

\$2.5M

Streamlined release process for packages saved \$2.5 million in the first five months of 2013 alone.



In addition to standard training, we offer team members professional development opportunities. FedEx University provides a broad curriculum of online educational courses that individuals can select from and follow at their own pace. The site also highlights internal job postings. Some operating companies also offer tuition assistance for career-related college courses.

Promoting from Within

- **Recruitment:** FedEx seeks out motivated, talented individuals who mirror our diverse customer base. Our operating companies use different hiring methods but all prioritize hiring from within. In general, open positions are posted within FedEx operating companies before being advertised externally, especially for lower level and non-technical positions. Job openings enable team members to move up in the ranks or transfer from one location to another, fostering loyalty.
- **Performance reviews:** Performance reviews help us get the best from team members and prepare them for advancement. In FY13, nearly 100% of full-time team members globally received performance reviews.
- **Developing leaders:** Around 90% of FedEx officers are hired from within, underlining the importance of preparing a pipeline of strong future leaders. Each operating company has an Executive Development Team that oversees talent management and succession planning efforts, executive coaching and specific programs for high-potential vice presidents, high-potential directors and officers and directors stepping into new roles.

We offer development programs suited to team members from varying levels in the company, such as:

EXecutive Curriculum for Enterprise-wide Leadership (EXCEL): Our corporate executive development program, EXCEL, provides a network for participants that crosses operating companies and fosters deep knowledge of strategy. The program prepares participants to lead change and sustain success within an organization. The results so far are impressive: over 40% of VP-level program alumni have transitioned into a new or expanded position with FedEx.

“EXCEL was without a doubt the most valuable learning experience that I have had in my professional life. As the current leadership across the enterprise continues to age, it is critical that we aggressively invest in tomorrow’s leaders.”

— EXCEL Program Alumna

Advance into Management: FedEx Express enables people seeking to become managers in the U.S. to participate in a rigorous Advance into Management (AiM) preparation program.

GLOBAL LEADERSHIP CORPS MAKING A MARK

For most, spending four weeks abroad is the vacation of a lifetime. But for members of the FedEx Global Leadership Corps (GLC), it’s a chance to hone leadership skills and learn new ways of doing business around the globe. “Learning to manage in a different culture strengthened my communication abilities and highlighted my strengths and areas for improvement,” says one participant.

The program, which invites high-performing professionals to develop their management skills abroad, is a six-month intensive learning experience. Weeks of preparation culminate with a trip abroad to put management skills into practice at a client company. Targeting geographical areas of growth for FedEx, participants gain insight into emerging markets, virtual and global teams and sustainable business practices.

As one GLC participant based in Bangalore, India, explains, “Global Leadership Corps is a life changer and demonstrates how FedEx values and supports investment in emerging economies and diverse cultures.”



People Development Program: In China, FedEx offers a People Development Program for non-management staff interested in management positions. The nine-month program develops the skills and knowledge required as a FedEx manager and includes individual online learning, classroom training and meetings with coaches, team members and managers. Since its 2009 launch, 292 team members have graduated from the program.

Listening to Feedback

FedEx team members worldwide are highly engaged in our company. In FY13, our annual, confidential feedback surveys achieved a collective response rate of 91.8%, the same as in 2012.

All FedEx operating companies conduct surveys to collect feedback from team members in areas including relationships with managers and customers and satisfaction with benefits, compensation and opportunities for growth. Because survey



questions vary by operating company, we do not track results at the corporate level.

We take team member feedback seriously. Managers conduct follow-up meetings to hear team member concerns firsthand and then commit to a plan of action at team and company levels. At FedEx Express, the “Survey Feedback Action” program is now in its 34th year.

Open Door Channels

FedEx has both formal and informal open door policies, which encourage team members to voice suggestions and concerns to management at all levels. We also communicate with team members through:

- Town hall meetings, brown bag lunches and presentations by senior management
- A semi-annual letter from the FedEx Chairman and CEO delivered to each team member’s home, covering company strategy, accomplishments and future plans
- FedEx Productions, an internal television network, and digital signage for frontline team members
- Social and digital media, including intranet pages for each operating company, TechOps Connection and sales team sites

REWARDING LOYALTY AND EXCELLENCE

Rewarding our team members when they go above and beyond is at the heart of our culture. As well as the Purple Promise awards and Quality Driven Management Cup, we honor excellence, innovation, courage and loyalty through the following programs:

- **Five Star Award:** recognizes manager-nominated team members whose accomplishments demonstrate innovation, collaboration, efficiency or profitability
- **Bravo Zulu:** rewards those team members who exhibit exemplary performance above and beyond normal job responsibilities through discretionary compensation
- **Humanitarian Award:** acknowledges team members who reach out and help others, exhibiting behavior that goes above and beyond basic community responsibility
- **CEO Safety Award:** honors individuals’ contributions to our safety culture
- **Service Award:** salutes team members when they complete five years of continuous service to FedEx and at each subsequent five-year anniversary

Enhancing Quality of Life

In addition to keeping our team members safe on the job, we are committed to their well-being in both work and personal lives. We demonstrate this by providing health, wellness and financial security benefits and programs. As a global company, we tailor our benefits packages to meet the needs of team members in their home countries. Individual benefits vary depending on local cultures and norms.

FUTURE PLANNING

In the U.S., we offer retirement benefits, including pension and 401(k) plans for eligible team members, 85% of whom participate.

We understand that saving is difficult and implement education programs to encourage team members to plan for the future. In FY13, FedEx Office launched a postcard campaign as part of its Retirement Savings Plan. Working with Human Resources and our 401(k) record keeper, we identified the main reasons team members saved less than they could have and withdrew from their accounts early. We then sent postcards to targeted individuals, promoting participation and savings sufficiency in our retirement plan as well as discouraging team members from withdrawing loans from their 401(k). Preliminary analysis has shown an increase in savings sufficiency since the campaign began.

During the year, we also launched FedEx Retirement Stories, an initiative to encourage a saving mindset among team members worldwide. About 30 current and former U.S. team members shared their retirement planning successes and challenges in interviews that were posted to the intranet and broadcast through various channels across the corporation.

In Puerto Rico, we launched a campaign to encourage participants in our retirement savings plan to increase their contributions. Bilingual presentations and town hall meetings urged team members to take advantage of the company match.

HEALTHY PEOPLE, HEALTHY COMPANY

FedEx invests heavily in programs that promote team member health and wellness. We cover the majority of healthcare costs for most U.S.-based team members and their families, and provide a 24-hour Health Information Line for urgent care issues where medical professionals offer advice and direct team members to local providers. For U.S. team members ineligible for FedEx benefit plans, we offer benefits through the umbrella agency National Health Access where individuals can personalize plans to suit their budget and needs.



Our operating companies also provide programs to engage team members around the world in their personal health management. Examples include smoking cessation, stress management and weight loss programs and advice on nutrition. Some of our larger campuses offer on-site health club services at a low rate, and we negotiate discounts with local wellness and childcare centers at many of our locations.

Promoting Work-Life Balance

Juggling modern lifestyles also brings its stresses, which can affect team members' performance. The FedEx WorkLife Balance Program helps team members manage daily responsibilities and life events, by providing both personalized and web-based resources and information on topics including childcare, parenting, adult care and financial concerns.

Many of our operating companies also offer flexible solutions to accommodate team members who may benefit from a non-traditional approach to work. In FY13, we expanded the FedEx TechConnect REACH[™] program—which enables team members to work from home—to our Chicago and Phoenix call centers, cutting costs and fostering greater work-life balance.

Embracing Diversity

FedEx serves customers all over the world, and our workforce reflects our global base. We consider the diverse perspectives and backgrounds of our team members a great strength of our company.

DIVERSITY AND INCLUSION MISSION STATEMENT

Our diverse workforce, supplier base and supporting culture enable FedEx to better serve our customers and compete more effectively in the global marketplace.

We value the contributions and perspectives of all team members regardless of race, gender, culture, religion, age, nationality, disability or sexual orientation.

We will strive in our workplace practices to deal with our team members, customers and suppliers in a fair and ethical manner.

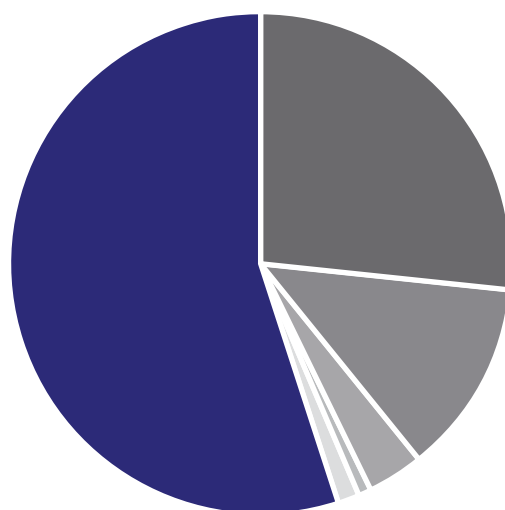
Our Diversity and Inclusion Mission Statement highlights the importance FedEx places on providing equal opportunity regardless of race, gender, culture, religion, age, nationality, veteran status, disability, sexual orientation, gender identity or gender expression. This approach guides our actions across the globe. Almost half of U.S. team members (46%) are minorities, and 27.2% of our global workforce is female.

TEAM MEMBER MAKEUP

 **289,536** Total Employees

	Total	Male	Female
Employees	289,536	210,805	78,731
Independent Contractors (approx.)	more than 10,000	N/A	N/A
Management Employees	20,972	16,334	4,638
Non-management Employees	268,564	194,471	74,093
Full-time Employees (U.S. workforce only)	140,090	102,269	37,821
Part-time Employees (U.S. workforce only)	92,424	66,288	26,136

DIVERSITY OF U.S. WORKFORCE



- **55.0%** Caucasian
- **26.9%** Black/African-American
- **12.5%** Hispanic/Latin
- **3.6%** Asian
- **0.7%** American Indian/Alaskan Native
- **1.3%** Team members of other ethnicities



WOMEN IN THE WORKPLACE

Women continue to take on more leadership roles in all industries and companies, and FedEx is no exception. Women make up a significant percentage of our global workforce and account for over a fifth of our managers worldwide.



We believe that promoting more women to managerial and leadership roles will be integral to our future business success. Our operating companies proactively pursue opportunities to increase the profile of women at FedEx, and provide them with networking and mentoring support. For example, while not specific to women, nearly 30% of VP participants in our EXCEL program are female.

In FY13, we offered numerous team member education and training programs with a focus on gender equality. For example, FedEx Ground launched a training module on cultural and communication differences between men and women as part of leadership development for senior managers.

During the year, we also held our first Global Women's Forum in collaboration with the International Women's Forum in Memphis, Tenn., an opportunity for female Officers and Directors to connect and share knowledge and expertise. Over 100 women representing all operating companies attended. Topics included global leadership in a changing world, personal branding, transformational leadership and management across generations. FedEx will continue to host women's forums at regional levels moving forward.

A VOICE FOR WOMEN'S EDUCATION

Women represent a growing proportion of the global talent pool, especially in Latin America, where female labor participation rates increased by 15% in the last decade.

In FY11, the Latin American and Caribbean (LAC) division of FedEx Express commissioned Ipsos Public Affairs to conduct a study on the role of education in the development of businesswomen and female entrepreneurs in Brazil and Mexico. This study launched a broader thought leadership program dedicated to promoting business education for women in Latin America.

Over the past three years, FedEx Express LAC has used this research to develop initiatives to promote women's business education:

- **Trainings in a Box:** a series of seminars for female business leaders led by FedEx executives that focus on strategies for effective business leadership
- **Think Big, Grow Big:** a half-day event at FedEx Express where up to eight Latin American women business owners are selected to meet company leaders who provide insights on strong business practices
- **Stakeholder Dialogue Dinners:** informal events that connect female business leaders in Latin America for networking and discussion
- **Business English Workshops:** opportunities for female entrepreneurs to receive tailored vocabulary training and cultural insights for their specific lines of business

These efforts have reached over 200 women within the region. "After this course, I am more confident," said a São Paulo participant. "This is a workshop you can't miss."



To help encourage more women to enter our industry, FedEx Express also supports Women in Aviation International, a non-profit group dedicated to supporting females in the traditionally male-dominated aviation and aerospace industries. Additionally, FedEx Freight sponsors the “Salute to Women in Trucking” event, aimed at attracting women to apply for driver positions.

PROMOTING WORKFORCE DIVERSITY

Promoting diversity in our ranks and retaining diverse team members is an enterprise-wide priority. The FedEx Enterprise Diversity Council and Inclusion Alliance Team, representing each operating company, meets regularly and directs corporation-wide diversity strategy and initiatives.

Attracting diverse talent helps us ensure that our company continues to reflect the changing demographics of our customers, which in turn allows us to provide the best service possible. In the U.S., FedEx pursues diverse recruitment through collaborations with universities and colleges that have a diverse student population, as well as with minority- and women-centered organizations and agencies.

Veterans are another target group for recruitment. For example, in FY13, FedEx Freight teamed with the U.S. Chamber of Commerce and the non-profit organization Hiring Our Heroes to hire veterans through targeted recruitment events.



Additionally, our U.S. Military Relations team, comprising recruiters and veteran team members from FedEx Services and FedEx TechConnect, assist military veterans to transition into a role at FedEx. Assembled as part of the Joining Forces Initiative led by the White House, the Military Relations team conducted virtual career sessions at military installations in FY13, supported hiring managers considering military candidates, and created a military-focused recruitment brochure.

Dedicated diversity teams within each operating company support our Diversity and Inclusion strategy and oversee implementation of related policies and programs. They also sponsor multi-cultural programs for team members to share experiences and promote workplace inclusion. For example, FedEx Express has formal networking groups for African Americans, Asians, Hispanics, women and gays and lesbians, as well as a multi-faith network and one for people affected by cancer.

FedEx Office led seven Diversity and Inclusion forums in FY13, including one on disability awareness and a celebration of Black History Month. On National Disability Mentoring Day, FedEx Ground organized and hosted 45 high school students with disabilities for a career exploration program. Twenty-five FedEx team members volunteered for the event, serving as mentors, tour guides and department presenters.

Training and Recruitment

FedEx invests in diversity education as a way to connect team members around the world to each other and to the company as a whole, which enriches our global business. When team members collaborate and support diverse opinions and contributions, they are able to better deliver on the Purple Promise.

All new hires and management personnel are required to attend diversity awareness training. FedEx University also provides extensive online resources to further enhance team member awareness.

For more information on our diversity scholarship programs and how they contribute to a diverse talent pipeline, please see [page 39](#)

EMBRACING NEW CULTURES

Our recent acquisitions in Poland, France and Brazil have increased the variety of cultures and backgrounds represented by our team members. FedEx welcomes the changing demographics of our workforce and has developed a training program to promote cultural integration and sensitivity across the company.



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