



2014 GLOBAL CITIZENSHIP REPORT

## MOVING POSSIBILITIES



## ABOUT THIS REPORT

Our annual global citizenship report covers FedEx enterprise-wide strategies, goals, programs and progress across four key pillars: Economic Development, Environment, Community and People. Data in this report covers each of our operating companies and all geographies in our 2014 fiscal year, which ended May 31, 2014, unless otherwise noted. This report references the Global Reporting Initiative's (GRI) G4 framework and contains Standard Disclosures from the GRI Sustainability Reporting Guidelines which are listed in [this index](#)

### FEDEX FAST FACTS

**300,000****WORKFORCE:**

More than 300,000 team members worldwide

**220+**  
COUNTRIES**SERVICE AREA:**

More than 220 countries and territories, including every address in the United States

**10.5M****AVERAGE DAILY VOLUME:**

More than 10.5 million shipments for express, ground, freight and expedited delivery services

**fedex.com**

Over 50 million unique visitors monthly, more than 50 million package tracking requests daily and more than 9 million packages shipped daily using FedEx® automated tools

**5,000****OPERATING FACILITIES**

Around 5,000 operating facilities

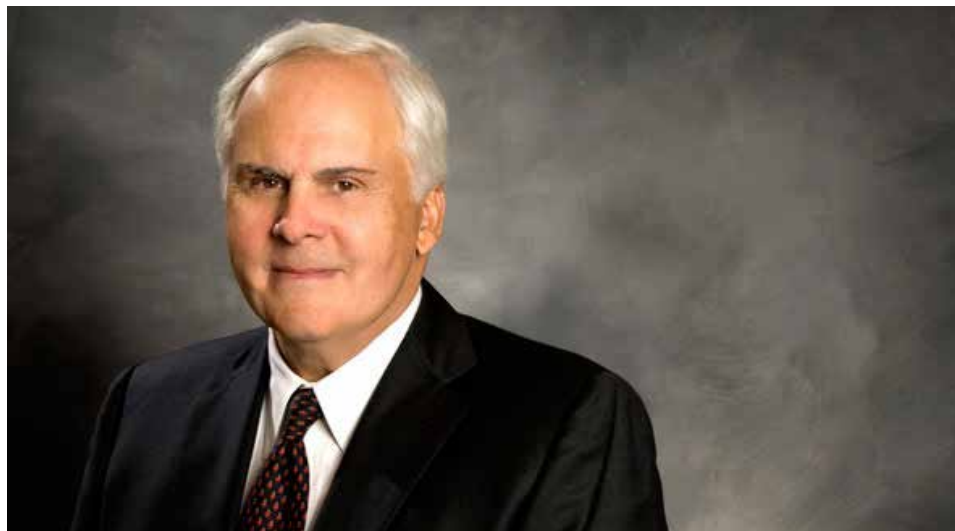
**100,000+****VEHICLE FLEET:**

More than 100,000 owned and contracted motorized vehicles for express, ground, freight and expedited delivery services

**650**  
AIRCRAFT**AIR OPERATIONS:**

650 aircraft; more than 375 airports served worldwide





## A LETTER FROM FREDERICK W. SMITH

### CHAIRMAN, PRESIDENT AND CEO

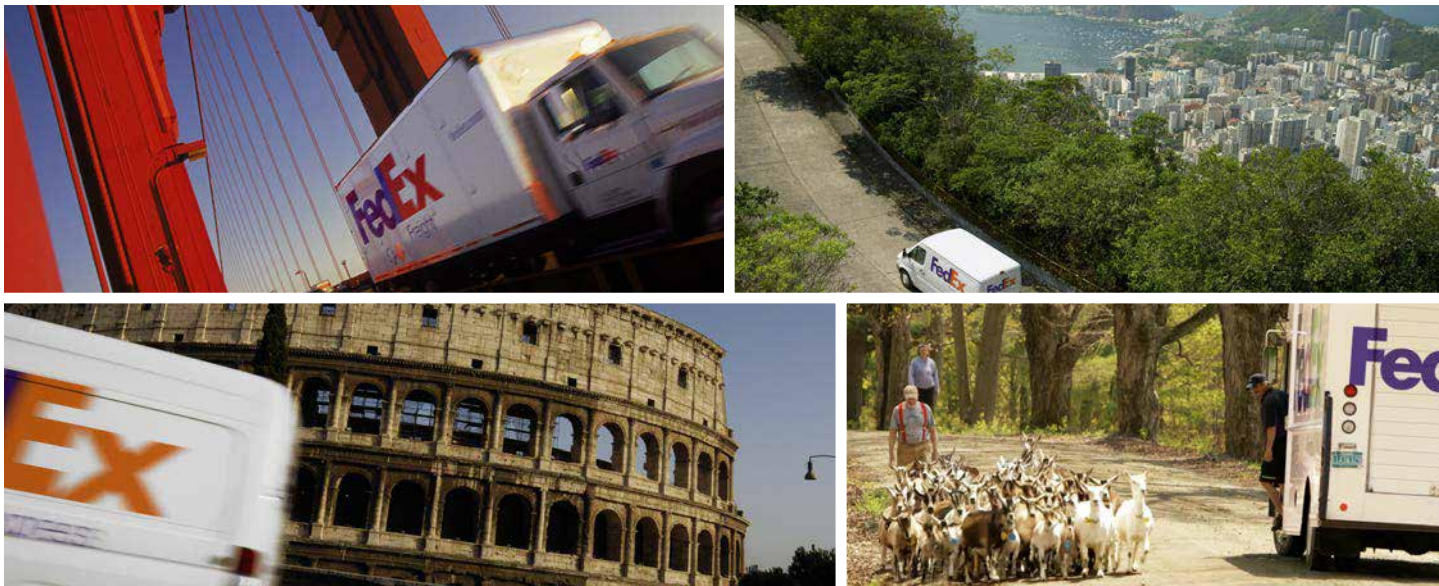
Because we're at the nexus of global trade, we have a major role in creating prosperity for millions of people. Because we are vitally integrated into the communities of 220 countries and territories around the world, FedEx keeps moving forward. Movement is at our core, as represented by the arrow in our FedEx logo. It's a built-in symbol of our forward thinking, and we're applying that to global citizenship activities in bigger and better ways.

FedEx global citizenship is about connecting overall. The Aguascalientes plant sends contain costs and reduce emissions. Our the world responsibly and resourcefully. out about 2,400 parts a day to locations diversity efforts add team members with More than ever, we are aligning our citi such as Canada, Brazil, and Australia. broader talents and perspectives. Our partic zenship goals with our business goals—to FedEx is central to Nissan's global supply ipation in jet fuel alternatives research create the most far-reaching, impactful chain and in particular to its on-time repair frames a future that may save money and programs possible. parts deliveries. By having a state-of- the environment. Global citizenship can be

Our business goals include strategic acqui sitions, new hubs, and enhanced services to create a more profitable FedEx. But just in creating more wealth and personal prosperity for an entire area. We added a materiality assessment to our citizenship program in 2014. Materiality

as important, achieving such business Here in the United States, FedEx has identifies how our most important corporate goals strengthens the link between emerging long-standing programs to help small and social responsibility issues overlap with our economies and the global marketplace. We medium businesses navigate a complicated business objectives. Our assessment are creating social and economic benefits international regulatory environment. These sought input from external audiences as for businesses from South Africa to South programs help FedEx customers reach well as our executives and many individual Korea. Growing our operations expands across oceans and continents to new team members. Not surprisingly, our top the possibilities for companies of a few markets. For instance, once companies issues center on operations, safety, and employees to those with thousands on participate in our ExporTech class—part ethics; you can find out more about the of our Know and Grow<sup>SM</sup> program— results of this study in Mitch Jackson's research shows their sales can increase interview on page 5. We'll keep a sharp focus on materiality to maximize the effects of all our citizenship efforts.

Consider Nissan Mexico. Its plants in Mexican cities employ more than 20,000 jobs that boost the economy. One of those, We believe our commitment to global citi Aguascalientes, has far outpaced the zenship underpins our long-term growth We continue to address challenges even growth of the Mexican national economy and profitability. Our fuel reductions as we make great strides. We promote



**MORE THAN EVER, WE ARE ALIGNING OUR CITIZENSHIP GOALS WITH OUR BUSINESS GOALS—TO CREATE THE MOST FAR-REACHING, IMPACTFUL PROGRAMS POSSIBLE.**



safety through programs such as the Listen to Sarah Farrell in our Corporate National Truck Driving Championship Contributions department, who visited competition, in which FedEx drivers Haiti right after that country's earthquake consistently win top spots; or through five years ago and again last November: collaboration with organizations such as "Disaster preparedness is in our DNA at Safe Kids and the Commercial Vehicle FedEx. Few companies can reach places Safety Alliance. With respect to safety all over the world as quickly and efficiently trends, we're also working diligently to as we can. Because our network allows us identify root causes and reduce preventable to get to places like Haiti that have been accidents. "Safety above all" has been a impacted by disaster, it's our responsibility to core FedEx belief since our inception. use our resources and expertise to give

No matter how smart our strategies may be, there can be no success without our people. FedEx team members move forward with commitment; they execute with precision; they create possibilities for the world. For every activity you read about in this report, there may be dozens or even hundreds of FedEx team members involved in each one. Their global citizenship work is truly inspirational.

back where we can." It's that kind of insight and action that keeps FedEx moving forward and creating countless possibilities for our customers, team members, shareowners, and the world. FedEx will continue to have big ambitions for our global citizenship strategy and work hard to achieve our goals. We're pleased with our progress but never satisfied.

Sincerely,  
Frederick W. Smith  
Chairman,  
President and CEO

## Q&A WITH MITCH JACKSON

**VICE PRESIDENT OF ENVIRONMENTAL AFFAIRS  
AND SUSTAINABILITY FEDEX CORPORATION**



**Q CLIMATE CHANGE, URBANIZATION AND GLOBALIZATION ARE JUST A FEW OF THE ISSUES FACING OUR WORLD TODAY. HOW DOES GLOBAL CITIZENSHIP HELP FEDEX TO ADDRESS THESE CONCERNS AND TO EFFECTIVELY OPERATE IN A RAPIDLY CHANGING MARKETPLACE?**

**A** At the most basic level, we serve our customers by providing high-value-added logistics, transportation and related business services. And we do so day in and day out to the very best of our abilities. We strive to make every customer experience outstanding—what we call the “Purple Promise.” But beyond moving packages from point A to point B, we also connect the world—and we aim to do so responsibly and resourcefully. This means minimizing impacts on the environment and congestion, improving the safety of streets in cities around the world, utilizing our infrastructure to provide disaster relief and linking people to thriving markets and economies.

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### WHAT GLOBAL CITIZENSHIP ACHIEVEMENTS ARE YOU MOST PROUD OF?

Our people are at the heart of FedEx. When you look at what our team members do in moving possibilities for our customers and communities, it's hard not to marvel at their dedication, strengths, diverse backgrounds and impact around the world. FedExFuel Sense team members have, for example, helped us save more than 334 million gallons of jet fuel since 2007, which equals 3.25 million metric tons of carbon emissions avoided, in addition to the economic savings. And our FedEx Express Vehicles team is within a half of a percentage point of our goal on vehicle fuel efficiency, five years ahead of schedule.

Our logistics expertise applies beyond our core business and benefits communities and stakeholders the world over. We're the logistical backbone for Orbis and its Flying Eye Hospitals. We work with EMBARQ to develop smart public transportation systems in growing mega-cities. We support legislation to reduce environmental and societal impacts of the transportation industry. And these are just a few examples. It's tough to pinpoint only a few areas of the transformative work we are doing, so I encourage you to read on and learn more about the breadth and scope of our activities.

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### WHAT CHALLENGES DO YOU FACE IN ACHIEVING YOUR ENVIRONMENTAL GOALS?

We have big ambitions. We set a strong goal to obtain 30 percent of our aviation fuel from alternative sources by 2030. One challenge we face is aligning our aspirations with the realities of cost competitiveness and available supply. Many smart, dedicated people are working on developing liquid fuels from biomass, but it is not currently available in volumes that are economically viable or meet commercial needs.

This obstacle is not unlike those that we face related to other business goals. Smart collaboration and unrelenting focus, clarity and execution will help to overcome these challenges. For example, we are working with several organizations, including the Commercial Aviation Alternative Fuels Initiative and The Nature Conservancy to support the development of sustainable alternatives to jet fuel.

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**SUSTAINABILITY Q&A CONT.****FEDEX RECENTLY CONDUCTED A MATERIALITY ASSESSMENT. WILL THE RESULTS IMPACT THE COMPANY'S GLOBAL CITIZENSHIP STRATEGY?**

In a word, yes. Materiality is a requirement for the Global Reporting Initiative G4 framework, but its value is much greater than that. If we were simply undertaking this process to satisfy a reporting requirement without using it to strengthen our approach, it would be like assembling the ingredients of a good meal without actually preparing and enjoying it.

By and large, the results of the materiality assessment reconfirmed our current global citizenship strategy and indicated that we are already focusing on those issues that are material for us. But the process shed light on places where we might improve our focus across the enterprise. In the next year, we plan to again reevaluate our goals and metrics in our top material issues to ensure we are measuring and managing what really matters, and having a meaningful impact wherever we can.

**WHAT INSIGHTS WERE GAINED THROUGH THE MATERIALITY PROCESS?**

External stakeholder feedback was particularly enlightening. Broadly speaking, external stakeholders placed more importance on mitigating risks, such as greenhouse gas emissions, than seizing opportunities related to global citizenship through product and solution innovation. We feel both are important, however. Additionally, the views and values of external stakeholders are not always aligned. This underscores the importance of targeted, issues-based engagement with certain stakeholder groups, and is the impetus for our plan to increase our external engagement efforts moving forward.

What all of this leads to, as I stated last year, is that 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.





## GLOBAL CITIZENSHIP STRATEGY

Global citizenship is key to our business success and is central to our Purple Promise. In everything we do, we are committed to moving possibilities forward for our customers every day, and doing so in a safe, ethical and sustainable way.

Global economic growth relies on an interconnected world. Our Economic Development section of this report describes in detail how citizenship helps us move possibilities by increasing efficiency, advancing new business opportunities and mitigating risks. Our citizenship strategy is designed to support these business objectives by allowing our operating companies to take a tailored approach based on their unique needs and capabilities within the larger objectives set by the enterprise.



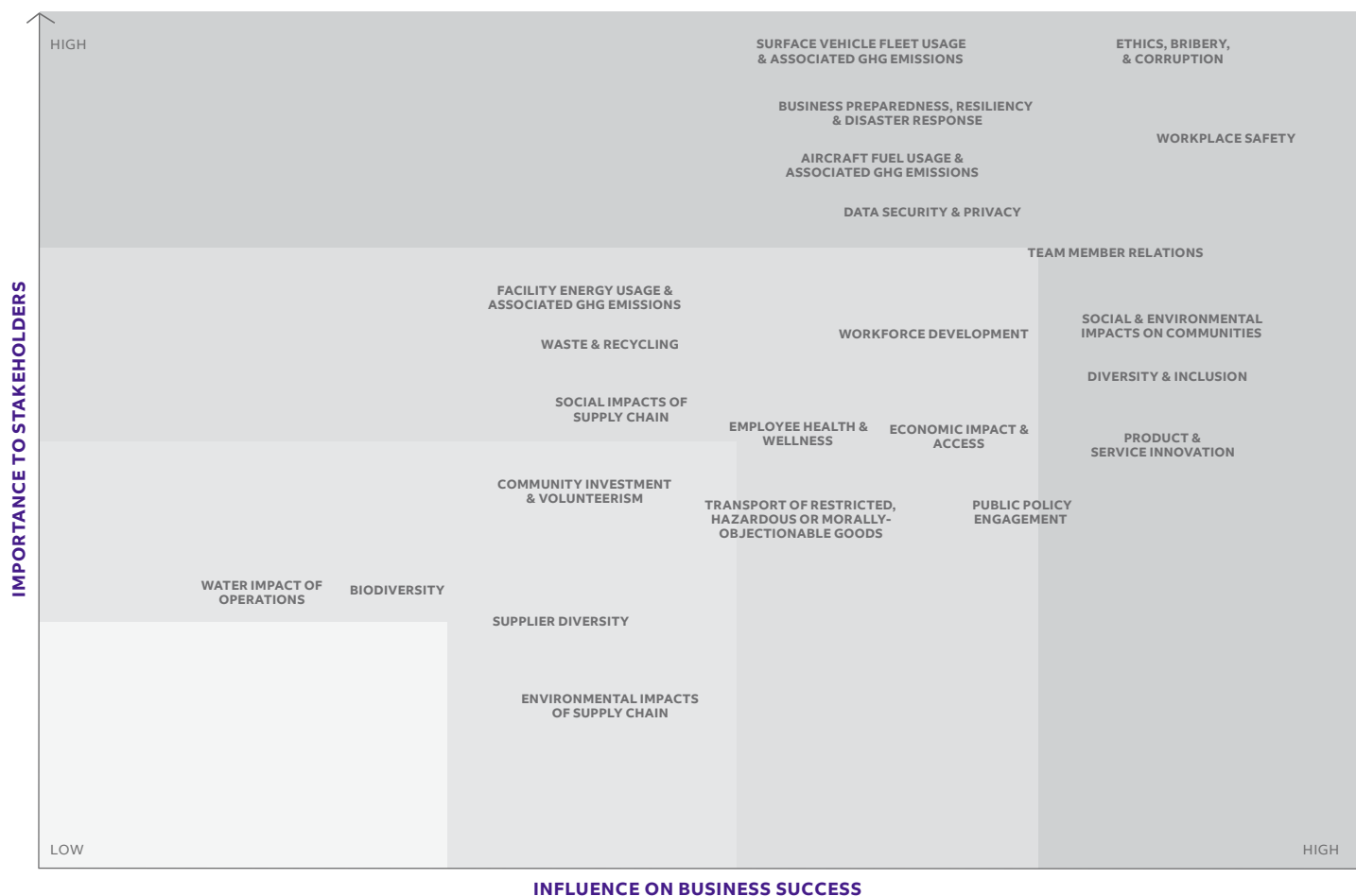
### MATERIALITY AND STAKEHOLDER ENGAGEMENT

In 2014, we undertook a robust materiality stakeholders and worked to ensure that they were analysis to help us refine our global citizenship part of the process. Our assessment comprised: strategy and ensure that we are addressing areas of maximum impact. The outcomes of the analysis have helped us to reaffirm, evaluate and prioritize our top material issues at each operating company, as well as across the enterprise. In addition to informing and helping refine our strategy, materiality will help us continue to enhance the relevance of our reporting in the future.

To conduct a truly objective assessment, we worked with an external business and sustainability advisory firm to create a highly customized methodology tailored to our company's unique structure. We greatly value the perspectives of our

- A series of discussions with key external stakeholders representing nongovernmental organizations, academics and media, as well as our customers and business partners who were asked both prompted and unprompted questions about their views of environmental, social and ethical issues that represent the greatest risks and opportunities for FedEx.
- Internal stakeholder engagement with executives.
- Workshops at each operating company with cross-functional subject matter experts.
- An employee survey.
- A final enterprise-level workshop to refine and confirm the materiality results.

## FEDEX ENTERPRISE MATERIALITY MATRIX



## MATERIALITY RESULTS

Our materiality assessment confirmed that our greatest impacts, opportunities and challenges are directly related to our operations. The above matrix illustrates a wide range of different issues we face that are critical to our global citizenship. Performing well on these issues means creating efficiencies and encouraging innovation in our operations and service offerings while upholding the Purple Promise.

As we expected, our top issues focus on operations, safety and ethics. When our team members are knowledgeable, safe and trustworthy, they are able to focus on delivering our Purple Promise to customers. At the right, we provide some highlights on the progress we have made on many of our key material issues:

- Emissions from our transportation fleet and operations are among our greatest areas of impact, and we continue to drive toward industry-leading practices in this area.
- Workplace safety continues to be a top area of focus for us, and we are continually striving to improve our track record. We recognize that our people are at the center of everything we do and invest in our team member relations and workforce development.
- Innovation in our products and services helps us drive new business opportunities and reduce our use of natural resources like paper and fuel, while delivering for our customers.
- Our business preparedness efforts enable FedEx to operate reliably and responsibly in the communities we serve, even when difficulties or disasters arise.
- As a crucial player in many of our customers' supply chains, our operational excellence helps ensure that our customers' businesses are stable and more sustainable. For this reason, we focus our own supply chain efforts on more sustainable purchasing and EarthSmart programs to drive sustainability beyond our operations.
- We also expanded our Code of Conduct this year to reflect our commitment to protecting and advancing human rights in all of our operations.



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## MOVING FORWARD

We view materiality as an iterative process that also plan to again review our goals and metrics must be periodically reviewed and refined as around our top material issues to ensure that we our business and the marketplace evolve. In are constantly measuring, managing and moving 2015, we plan to increase our issues-based possibilities in our global citizenship progress. stakeholder engagement in our analysis. We



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## AWARDS

We were proud to be recognized with the following awards in 2014:

*CORPORATE  
RESPONSIBILITY  
MAGAZINE'S*

**100 BEST  
CORPORATE  
CITIZENS**

*FORBES/REPUTATION  
INSTITUTE*

**AMERICA'S MOST  
REPUTABLE  
COMPANIES**

*FORTUNE  
MAGAZINE'S*

**WORLD'S  
MOST ADMIRER  
COMPANIES**

*GREAT PLACE TO  
WORK INSTITUTE*

**WORLD'S 25 BEST  
MULTINATIONAL  
WORKPLACES**



# DELIVERING ECONOMIC POSSIBILITIES GLOBALLY



## ECONOMIC DEVELOPMENT



<b>Our Business</b>	<b>How Global Citizenship Supports Our Business Goals</b>	<b>How Our Business Supports Economic Development</b>	<b>Supporting U.S. Small and Minority-Owned Businesses</b>	<b>Governance</b>
PAGE 12	PAGE 15	PAGE 17	PAGE 21	PAGE 26

## 2014 Highlights

### BENEFITING STAKEHOLDERS THROUGH STRONG BUSINESS PERFORMANCE

In FY14, FedEx revenue grew by 3 percent and our operating margin rose to 7.6 percent. The economic activity generated by such a large and complex enterprise creates possibilities for a wide range of stakeholders in many countries, including customers, shareholders, team members, suppliers and communities. (page 14)

### GROWING A GLOBAL MARKETPLACE

As we expand our regional services, more people, communities and businesses are connected to the global economy. In 2014, we opened multiple facilities including our new North Pacific Regional Hub at Kansai International Airport in Osaka, Japan, a FedEx Express distribution center in Mexico, and the 100th new FedEx Express station in Europe. (page 18)

### SUPPORTING OPEN AND EFFICIENT TRADE

FedEx works around the world to reduce red tape, improve border efficiency and streamline rules and regulations for customers. 2014 marked the 10-year anniversary of the collaboration between FedEx Global Marketing and the U.S. Commercial Service, which resulted in the trade education program “FedEx Know and Grow<sup>SM</sup>.” Companies that attended ExporTech, a component of FedEx Know and Grow, report an average increase in sales of \$770,000–\$900,000 in six to nine months after completion. (page 21)

## Data Points

### DIVERSE SUPPLIER SPEND

DIVERSE SUPPLIER SPENDING (BILLIONS)	FY12	\$3.8
	FY13	\$4.1
	FY14*	\$6.5

### STAKEHOLDER VALUE ADDED

DIVIDENDS PAID TO SHAREOWNERS (MILLIONS)	FY12	\$164
	FY13	\$177
	FY14	\$187
STOCK PRICE (MAY 31 CLOSE)	FY12	\$89.14
	FY13	\$96.34
	FY14	\$144.16
SALARIES AND TEAM MEMBER BENEFITS (BILLIONS)	FY12	\$16.10
	FY13	\$16.57
	FY14	\$16.56
COMMUNITY INVESTMENT (MILLIONS)	FY12	\$46.00
	FY13	\$46.51
	FY14	\$45.48

\* FY14 data reflects an improved data collection process resulting from the centralization of our new enterprise-wide sourcing model.

## Case Study

### HUMAN NATURE: CREATING GROWTH IN THE PHILIPPINES

The goal of Human Nature, a Filipino personal care products company, was simple: establish a social enterprise to help Filipino communities in a sustainable way. Realizing that high shipping costs were causing international customers to abandon their online purchases, Human Nature turned to FedEx for a fast, reliable and cost-effective shipping solution. International business has doubled for the company since leveraging the FedEx network, creating local jobs for people in underprivileged communities in the Philippines. (page 17)



## OVERVIEW

With a global vision and prominent presence on six continents, FedEx links over 90 percent of the global GDP, providing efficient trade channels to billions of people. These connections contribute to global social and economic progress.

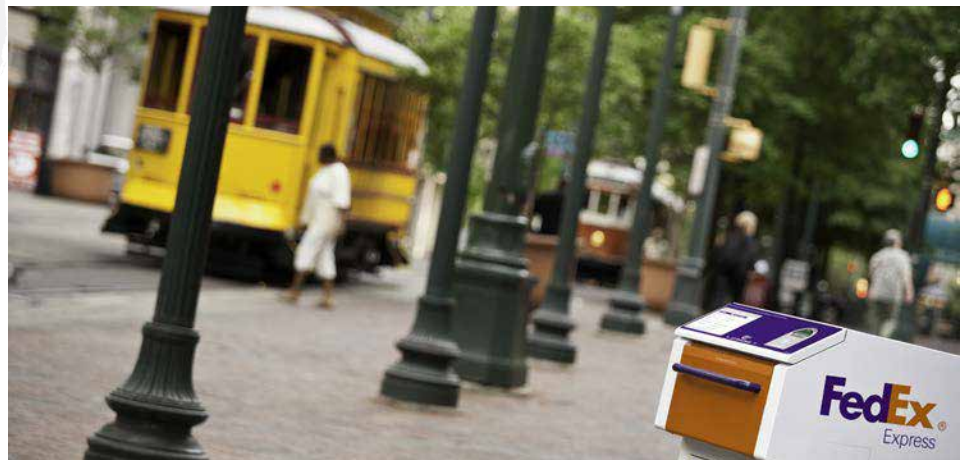
Corporate citizenship is often focused on how a company operates, but the social and economic consequences of what a company does are even more important. Read on to learn in more detail how FedEx is moving possibilities forward for communities around the world.

# 1

## OUR BUSINESS

FedEx Corporation, headquartered in Memphis, Tenn., provides consumers and businesses worldwide with a broad portfolio of transportation, e-commerce and business services.

With annual revenues of \$45.6 billion in FY14, FedEx consistently ranks among the world's most admired companies and trusted employers. As we offer integrated, comprehensive business solutions through companies operating independently, competing collectively and managed across six continents, our more than 300,000 team members remain committed to safety and the highest ethical and professional standards.



## 1.1 OUR BUSINESS SEGMENTS

At FedEx, four business segments perform our operations and contribute to our global citizenship. They are FedEx Express, FedEx Ground, FedEx Freight and FedEx Services.



The world's largest express transportation company:

- Handles more than 3.9 million shipments each business day
- Provides rapid, reliable, time-definite delivery to more than 220 countries and territories within one to three business days
- Connects markets that comprise more than 90 percent of the world's gross domestic product
- FedEx SupplyChain executes FedEx integrated solutions creating competitive advantage through supply chain management
- FedEx Trade Networks provides a full suite of integrated air and ocean freight forwarding solutions



The leading North American provider of small-package ground delivery services, it includes:

- FedEx Home Delivery<sup>®</sup>, the industry's first ground service dedicated to residential delivery
- FedEx SmartPost<sup>®</sup>, which consolidates and delivers high volumes of low-weight, less time-sensitive business-to-consumer packages



The market leader in less-than-truckload (LTL) freight services across all lengths of haul, it includes:

- FedEx Custom Critical, North America's largest time-specific, critical shipment carrier



A diversified unit supporting FedEx transportation businesses, it creates synergies for the global FedEx brand and comprises:

- FedEx Services, which provides sales, marketing, IT, communications and back-office support to other FedEx operating companies
- FedEx TechConnect<sup>®</sup>, which provides customer service, technical support, billing and collections for U.S. customers of FedEx major business units
- FedEx Office, which provides document and business services and retail access to customers for FedEx transportation businesses

## 1.2 BUSINESS PERFORMANCE

In FY14, FedEx revenue grew by 3 percent and our operating margin rose to 7.6 percent. FedEx outperformed the S&P 500 and the Dow Jones Transportation Average, and our market capitalization increased significantly.

FINANCIAL HIGHLIGHTS*	FY12	FY13	FY14
REVENUE (BILLIONS)	\$42.7	\$44.3	\$45.6
OPERATING INCOME (MILLIONS)	\$3,186	\$2,551	\$3,446
OPERATING MARGIN	7.5%	5.8%	7.6%
NET INCOME (MILLIONS)	\$2,032	\$1,561	\$2,097
DILUTED EARNINGS PER SHARE	\$6.41	\$4.91	\$6.75
CAPITAL EXPENDITURES (BILLIONS)	\$4.0	\$3.4	\$3.5

\*For full details on our financial performance, please see the [FY14 Annual Report](#)

1.3 CREATING ECONOMIC  
VALUE FOR STAKEHOLDERS

FedEx is a multinational corporation with operations in more than 220 countries and territories and over 300,000 team members. The economic activity surrounding such a large and complex operation creates wealth and opportunity for a wide range of stakeholders in many countries, including customers, shareowners, team members, suppliers and communities.

CUSTOMERS

Customers benefit from efficient trade channels linking over 90 percent of the global GDP and billions of people. See “How Our Business Supports Economic Development” on page 17.

SHAREOWNERS

Shareowners benefit from a rising stock price and dividends paid from corporate profits. Our shareowner base is wide and diverse. In FY14, shareowners received \$187 million in dividends. We offer employee stock purchase plans in the U.S. and Canada and dividend reinvestment plans.

EMPLOYEES


Employees receive competitive total compensation packages, including health benefits and access to pension plans. Total team member salaries and benefits, including pension contributions, were \$16.56 billion in FY14.

SUPPLIERS

Suppliers provide FedEx with a wide range of services, consumable items and capital equipment. Each of our suppliers in turn spends revenue with their own suppliers, so the benefit of our procurement spend is widely distributed. In FY14, FedEx Ground contracted with more than 8,200 independent businesses for transportation, pickup and delivery services in the United States and Canada.

COMMUNITIES

Communities near our several thousand facilities benefit from employment opportunities and increased trade for local businesses. In addition, in FY14, we donated \$45.48 million in total contributions to community needs, including FedEx team member donations and the value of charitable shipping.

STAKEHOLDER VALUE ADDED 	FY12	FY13	FY14
DIVIDENDS PAID TO SHAREOWNERS (MILLIONS)	\$164	\$177	\$187
STOCK PRICE (MAY 31 CLOSE)	\$89.14	\$96.34	\$144.16
SALARIES AND TEAM MEMBER BENEFITS (BILLIONS)	\$16.10	\$16.57	\$16.56
COMMUNITY INVESTMENT (MILLIONS)	\$46.00	\$46.51	\$45.48

FEDEX GROUND  
ENTREPRENEURS OF FY14



Number of independent businesses providing transportation, pickup and delivery services for FedEx Ground



Total number of workers employed by those independent businesses



Total annual revenue generated by those independent businesses

FedEx Ground has always contracted exclusively with independent businesses for over-the-road transportation, pickup and delivery services. This business model has consistently provided customers with the industry's best service while enabling thousands of entrepreneurs to own and grow independent businesses.

Every year, FedEx Ground celebrates this dynamic with an award recognizing those businesses that best demonstrate a commitment to business growth and development, customer service, safety and community involvement. The FY14 Entrepreneurs of the Year are Jason Brooks (of Brooksy, Inc., Bangor, Maine), Saul Lerma (of Lerma Transport, Inc., Yuma, Arizona) and Jack Webster (of 6748067 Manitoba, Inc., Winnipeg, Canada).



2

HOW GLOBAL CITIZENSHIP  
SUPPORTS OUR BUSINESS GOALS

Our global citizenship program is closely aligned with our business goals, supporting our business by increasing efficiency, advancing opportunities and mitigating risks.

2.1 INCREASING  
EFFICIENCY

The operating cost of our business is significantly affected by major expenditures, including aviation and vehicle fuel, facility energy, tires and other vehicle main - tenance items, paper and packaging materials. Every item we purchase has an environmental impact associated with its production and use, so the more efficiently we consume resources, the less environmental impact we cause. And with environmental impact reductions, we in turn achieve cost savings.

Aircraft and vehicle fuel consumption, for million in FY14. The true figure is likely to be example, accounts for more than 90 percent of larger, since we do not capture data for many our total reported CO<sub>2</sub>e footprint, and fuel other items also targeted by our efficiency costs represent almost 11 percent of our total programs. operating expenses. Similarly, our waste reduction and recycling program achieves both environmental and financial benefits. The synergy between business and envi ronmental objectives enables us to set robust efficiency targets, backed by major capital We estimate the total cost savings to our investments in a modernized aircraft fleet and fuel business from fuel efficiency to be almost \$370 efficient, alternative fuel road vehicles, for example.

COST SAVINGS ACHIEVED BY OUR GLOBAL CITIZENSHIP PROGRAM

ENVIRONMENTAL OBJECTIVE	FEDEX PROGRAM	FY14 COST SAVING
REDUCE AIRCRAFT EMISSIONS INTENSITY 30% FROM A 2005 BASELINE BY 2020	AIRCRAFT FLEET MODERNIZATION FEDEX* FUEL SENSE AIRCRAFT OPERATION EFFICIENCY	\$307M
INCREASE FEDEX EXPRESS VEHICLE FUEL EFFICIENCY 30% FROM A 2005 BASELINE BY 2020	FUEL-EFFICIENT DRIVING VEHICLE TECHNOLOGY IMPROVEMENTS ALTERNATIVE FUEL VEHICLES	\$62M

2.2 ADVANCING  
OPPORTUNITIES

Today, both business customers and consumers increasingly make purchasing decisions in favor of companies that reflect their values.

At FedEx, we aim to connect the world respon sibly and resourcefully. Our portfolio of services to promote resiliency, safety and sustainability. is designed to help customers of all sizes reach These efforts are central to establishing our new markets and realize new opportunities. good reputation and moving possibilities Our EarthSmart Solutions further improve the forward for our company, customers and the efficiency of these business transactions by communities in which we operate. minimizing environmental impacts. Beyond our

\$6.8BILLION

We estimate that the FY14 revenue from customers who requested information on corporate citizenship was \$6.8 billion.



It is not easy to quantify the total value to FedEx. In FY13 and FY14, we responded to numerous requests for information about corporate citizenship, but we are convinced it is important and will be even more so in the future. We track the inquiries we receive from enterprise customers, analysts and investors seeking details of our global citizenship work and performance. In total, we estimate that the FY14 revenue from such customers was \$6.8 billion.

2.3 MITIGATING RISKS

Global citizenship also plays a key role in mitigating risks and exploiting opportunities from social and environmental issues and trends.

Our internal risk-management system provides to avoid adverse impacts on revenue, costs, common frameworks and policies for the operating companies to manage financial and other material business risks, including citizenship issues. Responsible management and long-term planning throughout our operations help us

Details of the citizenship risks most material to FedEx and how they are mitigated appears below.

GLOBAL CITIZENSHIP AND RISK MANAGEMENT

RISK AREA	HOW MITIGATED
Reputational and legal risk from driver and workplace safety incidents	Safety management program and awareness campaigns
The impact of global environmental and social trends	We use stakeholder engagement and materiality assessment to identify current and emerging risks, then initiate forward planning to reduce their impact
The impact of environmental and social regulations	Citizenship programs help to minimize the impact of regulations, while public affairs engagement in key markets ensures regulators are aware of the FedEx positions
Reputation and legal risk from unethical behavior in emerging markets	Governance and compliance policies and processes supported by team member training and our confidential Alert Line for reporting suspected ethical violations

## 3

## HOW OUR BUSINESS SUPPORTS ECONOMIC DEVELOPMENT

The ability to send and receive packages is key to reaping the benefits from a digitally connected world.

In the developed world, we take for granted the people in emerging countries. By linking over sophisticated infrastructure for sending and receiving packages quickly and efficiently over and dependable logistics network, FedEx is large distances to any location. But in many facilitating the growth of global entrepreneurship emerging countries, efficient logistics networks through trade.

are just being established. The economic potential of the internet combined with our ability to move packages through the FedEx global network creates new possibilities for millions of

In the United States, FedEx solutions for entrepreneurs, small and diverse businesses are helping these ventures access global markets and benefit their local communities as they grow.



### FEDEX SUPPORTS NISSAN'S EXPANSION IN MEXICO

Nissan Mexico's plants in Aguascalientes have helped make the company—and the country—a worldwide auto manufacturing leader. They've also made deep and lasting changes in a local community.

A new 21 million-square-foot plant, together with an older facility, employs more than 8,700 workers. They run 23 hours per day, six days per week and are relentlessly productive—a new car rolls off their lines every 38 seconds. Additional plants in Cuernavaca enabled Nissan Mexico to build more than 850,000 vehicles in 2014.

GDP growth in Aguascalientes has far outpaced the Mexican national economy, in part due to the 12,000 direct and indirect jobs created by the A2 plant's opening in 2013. The State Government of Aguascalientes estimates that auto industry-related projects created another 19,000 new

The FedEx global network is essential to the successful operation of Nissan Mexico. Nissan Mexico is a key global parts distribution hub, and out close to 2,400 parts to destinations in the U.S., Canada, Brazil, and as far away as Australia.

As Nissan Mexico has continually boosted its output in recent years, the aftermarket operation has grown in both scope and complexity. FedEx plays a major role in Nissan's global supply chain and is also central to its global on-time repair parts deliveries.

For an inside look at the auto body plant at Nissan Mexico's new A2 factory, [click here](#)

### FILIPINO SOCIAL ENTERPRISE HUMAN NATURE GOES GLOBAL WITH FEDEX

When Human Nature founders Dylan Wilk, Anna Meloto-Wilk and Camille Meloto started the business in 2008, they had a simple goal: establish a social enterprise to help Filipino communities in a sustainable way. The three imagined running a business for profit while still advocating social development. Human Nature's business philosophy is pro-poor, pro-Philippines and pro-environment.

They began selling natural, yet affordable personal care products using many raw materials that are grown in the Philippines. The company

trains and employs underprivileged residents to the FedEx network of over 220 countries and territories, their international business has more than doubled in 2014 compared with the previous year. By 2014, Human Nature achieved a loyal Filipino customer base and was also attracting interest from all over the world via its website.

Business Development Manager Dia Lacaba explained: "We noticed that many international customers trying to purchase our products online abandon their carts when they reached the shipping fee page due to high shipping costs." Human Nature looked to FedEx for a fast, reliable and cost-effective solution. With access

Helping Human Nature expand its international business also has a positive impact on the company's pro-poor advocacy. As it grows, Human Nature hires more employees from underprivileged communities and the company recently opened a new manufacturing plant in Laguna whose workforce is composed mostly of residents from the area.



### 3.1 GROWING A GLOBAL MARKETPLACE



#### COUNTRIES AND TERRITORIES SERVED

30+

#### MAIN HUBS

Guangzhou, China  
Osaka, Japan  
Singapore

As we expand our regional services, more people, communities and businesses are connected to the global economy. In FY15, FedEx Express split the Europe, Middle East and Asia (EMEA) region into two distinct regional organizations, a move that recognizes broader service offerings and greater growth opportunities in those areas of the world. Below is a summary of progress in FY14:

#### ASIA PACIFIC

FedEx continued its investment in Asia Pacific, Pudong International Airport that will more than expanding the reach and range of services in triple the capacity of the current FedEx facility. the region. In May 2014, following a pledge by The 134,000-square-meter integrated FedEx Chinese Premier Li Keqiang to “open the market facility will offer on-site customs clearance and in China more widely, making the logistics process up to 36,000 packages per hour. The new environment more fair and competitive,” FedEx facility will provide faster and more reliable access was awarded domestic express permits that to Asia for our U.S. and European customers. completed the permitting process for our China

network of 56 branches. China’s State Council also confirmed that China’s parcel delivery sector FedEx has further strengthened its FedEx would be “fully opened up” so the country International Economy and FedEx International can “create a fair and competitive business Economy” Freight services, offering Saturday environment in which domestic and foreign- pick-up for customers in China. With the same financed enterprises receive equal treatment.” FedEx speed and reliability, the Saturday pick-up

#### SATURDAY PICK-UP SERVICES IN CHINA

service gives customers greater flexibility when preparing outbound shipments.

#### NORTH PACIFIC REGIONAL HUB

In April 2014, we opened our new North Pacific Regional Hub at Kansai International Airport in Osaka, Japan. The new facility has the capacity to sort up to 9,000 packages per hour. In addition to handling international cargo for the Western Japan region, it also serves as a consolidation and transshipment point between Asia and the United States, giving customers greater access to and from markets in Asia-Pacific, the Americas and Europe. We also added a new route to Indianapolis, Ind., to the existing direct flight routes to the United States.

#### CHINA EXPANSION

In July 2013, we announced the expansion of our operations facility at Beijing Capital International Airport. The upgraded facility is nearly four times the size of the previous one. Sorting capacity is nearly four times greater with a capacity of up to 6,000 packages per hour. With the latest technology, the expanded facility enables faster deliveries for customers in 16 major cities in northern China.

In Shanghai, we expect to open a new International Express and Cargo facility in 2017 at





#### COUNTRIES AND TERRITORIES SERVED

127

#### MAIN HUBS

Paris, France  
Cologne, Germany

### EUROPE, MIDDLE EAST, INDIAN SUBCONTINENT AND AFRICA



Extensive expansion across Europe, Middle East, the Indian Subcontinent and Africa included the following investments.

#### STRENGTHENED DOMESTIC GROUND AND SUPPLY CHAIN SERVICES IN INDIA

In May 2014, our Indian business announced the successful integration of the AFL and UFL businesses acquired in 2011. Following acquisition, we focused on strengthening domestic transportation and supply chain capabilities to meet the demands of Indian businesses. FedEx now offers end-to-end logistics solutions, including international and domestic air express services, domestic ground services, warehousing and supply chain management.

#### LAUNCHED EXPANDED DIRECT PRIORITY OCEAN SOLUTIONS IN INDIA

In September 2013, FedEx Trade Networks, our freight forwarding arm, announced the launch of this milestone means that FedEx opened the an end-to-end ocean shipping solution for India, equivalent of nearly one new station per week from four cities: Bangalore, Chennai, Delhi and Mumbai. The new service extends the reach of the specialized ocean service and provides customers who export to the United States with additional ocean freight forwarding options.

#### FEDEX ACQUIRES SUPASWIFT BUSINESSES IN SOUTHERN AFRICA

These 2014 acquisitions represent the latest step in the company's strategy to grow its African network and service offering. FedEx Express is offering a complete suite of export, import and domestic solutions across southern Africa, connecting the region to more than 220 countries and territories worldwide, enhancing customers' business flexibility and speed to market.

FedEx now has direct access across seven southern African countries utilizing 40 facilities and over 1,000 team members.

#### FEDEX REACHES EUROPEAN GROWTH MILESTONE

FedEx Express reached a significant milestone in its European growth plans by opening its 100th new station—in Seville, Spain. Reaching this milestone means that FedEx opened the an end-to-end ocean shipping solution for India, equivalent of nearly one new station per week from four cities: Bangalore, Chennai, Delhi and Mumbai. The new service extends the reach of the specialized ocean service and provides customers who export to the United States with additional ocean freight forwarding options.



#### COUNTRIES AND TERRITORIES SERVED

2

#### MAIN HUBS

Memphis, Tennessee  
Oakland, California  
Newark, New Jersey  
Fort Worth, Texas  
Indianapolis, Indiana  
Anchorage, Alaska  
Woodbridge, New Jersey  
Rialto, California

## NORTH AMERICA

Investment continues in the comprehensive FedEx logistics network in North America, including the following examples.

### FEDEX FREIGHT OPENS NEW CONTAINER FREIGHT STATION IN CHICAGO

In March 2014, FedEx Freight opened a new container freight station in its Chicago Summit, Ill., facility to consolidate and sort freight bound for Puerto Rico. Shipments to Puerto Rico from Chicago Summit will travel five days a week, benefitting customers shipping to Puerto Rico from North America.

### FEDEX BREAKS GROUND ON NEW TEMPERATURE CONTROLLED LOGISTICS FACILITY AT MEMPHIS WORLD HUB

FedEx Express began construction on a new state-of-the-art temperature-controlled facility and heavyweight pickup and delivery operation at the FedEx Express World Hub in Memphis, Tenn. the 88,000 square-foot facility will provide enhanced handling of customers' cold chain shipments and interface directly with Memphis hub operations.



#### COUNTRIES AND TERRITORIES SERVED

50

#### MAIN HUBS

Miami, Florida

## LATIN AMERICA AND THE CARIBBEAN



### FEDEX EXPRESS TRANSFORMS DOMESTIC OPERATIONS WITH INNOVATIVE, NEW DISTRIBUTION CENTER IN MEXICO

With an investment of \$48 million, FedEx Express opened the FedEx Hub Nacional México in the State of Mexico. This 800-employee distribution center, the centerpiece of domestic operations, officially opened April 8, 2014. The new hub will enable reductions in transit times, improved pick-ups and more efficient deliveries throughout the country. The most advanced FedEx Express distribution center in Latin America, FedEx Hub Nacional México has a processing capacity of up to 13,500 packages per hour—the fastest ever for a FedEx facility in Latin America.



## 4

## SUPPORTING U.S. SMALL AND MINORITY-OWNED BUSINESSES

FedEx helps U.S. businesses of all sizes access global and national markets. Small businesses looking to expand into global markets often lack knowledge of regulations governing international trade. FedEx has developed significant expertise in trade regulations, supply chain management and logistics that can help small businesses succeed in the global marketplace. We work with agencies like the U.S. Commerce Department and the U.S. Commercial Service to support the needs of small- and medium-sized enterprises (SMEs) and offer targeted programs to help our customers compete.

### 4.1 HELPING SMALL U.S. BUSINESSES GO GLOBAL

FedEx has long-standing programs in place to help our small- and medium-sized business customers navigate complex regulatory environments. Programs like FedEx Know and Grow and Export University provide resources and skills that equip our customers to do business internationally.

As regulations change, FedEx assists customers finance/risk mitigation. Opportunities in the by collaborating with regulatory agencies NAFTA Region and the e-Commerce channel to provide over 100 education events and are two areas highlighted to foster successful programs throughout the year. The FedEx Know business growth. Since the program's inception and Grow program is a suite of annual events, in 2009, more than 72,500 businesses have seminars and other training opportunities across benefited, including about 7,500 in FY14. the U.S. providing export education to our Companies that attended ExporTech, a customers. Learning programs target the main component of FedEx Know and Grow, report an exporting growth hurdles: finding the right average increase in sales of \$770,000–markets, regulatory complexity and international \$900,000 in six to nine months after completion.

# 72,500+

2009

2014

72,500 BUSINESSES HAVE BENEFITED FROM THE FEDEX KNOW AND GROW PROGRAM SINCE 2009



## MANN LAKE FIGHTS AGAINST COLONY COLLAPSE DISORDER

Founded and headquartered in Hackensack, a townbeekeeping equipment. That puts the companyTheir customer base now includes both hobbyists of about 300 people in north-central Minnesota, on the front lines of a critical environmental and commercial beekeepers. What started as a Mann Lake Ltd. is the world's largest supplier of threat. By some estimates, the phenomenon two-person, home-based operation has developed



known as Colony Collapse Disorder (CCD) has into a global business. A total of 350 people now wiped out more than 10 million beehives— work for Mann Lake. Most are in Hackensack, worth an estimated \$2 billion—in the U.S. since building hives, producing feed and developing 2006. The potential long-term consequencesmite control chemicals and delivery systems. are alarming, as roughly one-third of the humanThe rest work at distribution centers in California diet comes from insect-pollinated plants, and Pennsylvania, and at a newly opened and honeybees account for 80 percent of thatcenter in England. The location of its Minnesota pollination, according to the U.S. Department headquarters, far from urban areas of any size, of Agriculture. doesn't impede delivery and distribution—the

Mann Lake's founders, Jack and Betty Thomas, had no idea their business would one day play a role in the fight against CCD. Three decades ago, the husband and wife were hobbyist bee keepers. But Jack sensed opportunity in the [our Access site](#). "I saw areas that needed more technology to help beekeepers with new ideas," he says.

### 4.2 SUPPORTING U.S. 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 FedEx ® 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 provides efficiencies, better serve customers, and to grow helpful advice and insights to find the right small businesses online and internationally. shipping solutions for small businesses. It Available by smartphone and tablet for busy provides articles, videos, customer success entrepreneurs, it's easily accessible on the go. stories and promotions to improve business

#### SMALL BUSINESS SATURDAY

The Saturday after Thanksgiving marks Small nearly half of private sector workers, that's Business Saturday. Now in its fifth year, Small good news. Since 2010, we have participated Business Saturday celebrates the local stores in Small Business Saturday, a project launched that give communities their own distinct flavor. by American Express to encourage consumers And in the U.S., where small businesses employ to support small, local businesses.



## FEDEX SMALL BUSINESS GRANT CONTEST

In 2014, we launched the second FedEx Small Business Grant Contest, which awards grants to small businesses looking to improve their operations. Through the contest, we awarded grants totaling \$50,000 to winners selected from over 5,000 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 supported applicants by voting once per day during the contest period. In 2014, Fat Toad Farm, which sells artisanal goat's milk caramel sauces, took home the grand prize of \$25,000. FedEx will continue this effort in 2015 and we anticipate awarding a total of \$75,000 in grants.

## 4.3 SUPPORTING DIVERSE SUPPLIERS

FedEx has promoted the use of small businesses and those owned by women or minorities throughout our supply chain for over two decades. Supplier diversity is overseen by our enterprise-wide Sourcing Organization. Its leadership team reviews our operating companies' sourcing processes to ensure that supplier diversity efforts align with our overall sourcing strategy.

### OUR COMPANY-WIDE SUPPLIER DIVERSITY PROGRAM IN PRACTICE

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

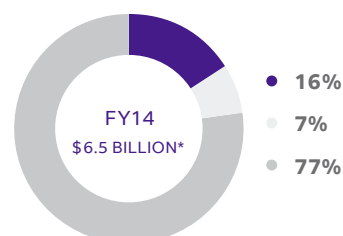
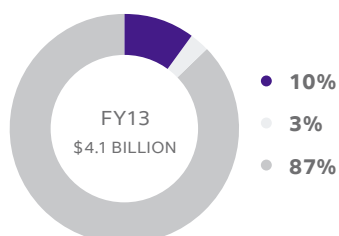
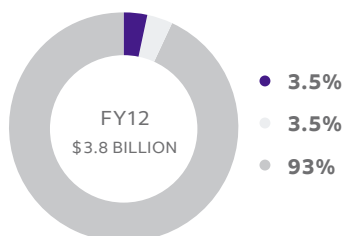
Reporting of diverse supplier spending by our top suppliers

## SUPPLIER DIVERSITY

● MINORITY-OWNED BUSINESSES

● WOMEN-OWNED BUSINESSES

● OTHER SMALL BUSINESSES



\*FY14 data reflects an improved data collection process resulting from the centralization of our new enterprise-wide sourcing model.

#### 4.4 SUPPORTING OPEN AND EFFICIENT TRADE

Open trade between countries promotes stronger economic growth and higher standards of living, whereas trade restrictions and inefficient borders hinder the global economy. That is why FedEx advocates for trade policies and agreements that remove barriers to trade and simplify international business.

The complexity of divergent regulatory systems creates bottlenecks to transatlantic trade. For example, the U.S. and EU each have rules that create obstacles for small- and medium-sized businesses attempting to trade across the Atlantic. Additional customs red tape, registration requirements and duplicate safety certifications mean that many SMEs miss out on export opportunities.

FedEx works around the world to reduce red access global markets to support small tape, improve border efficiency and streamline business growth, provide employment and rules and regulations for our customers. Infl investment and improve the standard of living encing trade rules requires broad collaborationfor their people. By actively promoting pro-trade and we engage with government agencies and policies, FedEx is moving possibilities forward business organizations to advocate on behalf offor the greater social and economic good. our small- and medium-sized customers.

The following are the key initiatives we pursued  
Trade benefits all economies, but it is especially through industry and government engagement important for emerging countries that want toin FY14.

#### FEDEX KNOW AND GROW TRADE EDUCATION

FedEx has long-standing programs in place toThis collaborationhas resulted in the trade help our small- and medium-sized business education program “FedEx Know and Grow,” needs of importers and exporters around the customers navigate complex regulatory envi which supports over 100 education events and globe. In FY14, FedEx Trade Networks added ronments. FedEx Global Marketing recently programs throughout the year. See page 21 forover 70 full-time positions in the expansion of the Ecommerce Classification team. These team members operate 24 hours a day, 365 days per year to complete over 18,000 Harmonized System classifications a day with a 99.8 percent accuracy rate. These WorldTarfff specialists align with several government agencies to collect data, simplify the information and translate it into English. This coordination keeps our database up to date with the latest global trade tariff information.

#### ECOMMERCE CLASSIFICATION TEAM

FedEx Trade Networks facilitates the trade



GOVERNMENT AFFAIRS

FedEx Government Affairs encouraged policy makers to address the expected shortfall in the U.S. Highway Trust Fund, which threatens to undermine our already crumbling infrastructure. Dilapidated roads and bridges impact customers and the U.S. economy. We are also urging policymakers to adopt innovative ways to enhance productivity, such as advocating for the allowable trailer length to be extended from 28' to 33' when used in a twin-trailer configuration.

The FedEx PAC focused efforts in support of free trade agreements and pressed Congress to commit to long-term investment in transportation infrastructure improvements. This would improve highway safety, sustainability and economic security.

REGULATORY AFFAIRS

FedEx Regulatory Affairs offers a leading voice in many trade negotiations through our expertise and customer advocacy. We are active makers to strengthen key provisions that make trade easier for our customers and for FedEx. The 5 T's of Trade, which include trade Agreement (TFA), the Trade in Services Agreement (TISA), the Trans-Pacific Partnership (TPP), the Trans-Atlantic Trade and Investment Partnership (T-TIP), and Trade Promotion Authority (TPA).

ENGAGEMENT IN SUPPORT OF TRADE

INDUSTRY ORGANIZATIONS  
WE COLLABORATE WITH

• U.S. Chamber of Commerce	• U.S.-China Business Council	• U.S.-Mexico CEO Dialogue
• U.S. Coalition of Service Industries	• U.S.-India Business Council	• Conference of Latin America and Caribbean Express Companies (CLADEC)
• National Center for APEC (Asia Pacific Economic Cooperation)	• U.S.-Brazil Business Council	• Council of the Americas (COA)
• U.S.-ASEAN Business Council	• Global Express Association	• Canadian Council of Chief Executives
	• Express Association of America	

EXTERNAL POSITIONS HELD  
BY FEDEX EXECUTIVES

• FedEx Freight President and CEO is a member of the Board of Directors of the U.S. Chamber of Commerce	• FedEx Freight President and CEO 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	• FedEx Express Regional Vice President of South Pacific serves on the Board of Directors of the U.S.-ASEAN Business Council
• 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)	• Vice President for Environmental Affairs and Sustainability serves on the American Trucking Associations' Board of Directors and Environment & Energy Policy Committee	• FedEx Services Executive Vice President of Marketing and Communications serves on the advisory board for the U.S.-India Business Council



## 5

## GOVERNANCE

Commitment to ethical behavior, safety and customer satisfaction is integral to our Purple Promise. 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.

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**5.1 CORPORATE GOVERNANCE**

Our global operations are overseen at the highest level by the Board of Directors. The Board is led by Frederick W. Smith, FedEx Chairman, President and Chief Executive Officer (CEO), and is comprised of 12 board members of whom 11 are independent.

Four standing committees are chaired by independent directors:

- Audit Committee
- Compensation Committee
- Information Technology Oversight Committee
- Nominating & Governance Committee

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

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**5.2 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 process provides a common framework and terminology for operating companies to manage financial and other key business risks. Where appropriate, specific risk categories are delegated to relevant Board committees for oversight. The Audit Committee also reviews all risk-related processes and receives annual updates from management on the key enterprise risks facing FedEx.

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**5.3 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.

All compensation for senior executives is compensation (LTI) program, which is tied to three-overshadowed by the Board of Directors and the year financial performance. We also provide Compensation Committee. Our performance-equity awards (stock options and restricted based compensation is made up of two variable stock) to further motivate our executives to plans: the annual incentive compensation maximize long-term shareholder value. (AIC) program and the long-term incentive

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**5.4 GLOBAL  
CITIZENSHIP  
GOVERNANCE**

Sustainability strategy and our EarthSmart 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 operating company level, our shared culture related to global citizenship and encourages all and purpose unite our efforts. We have operating companies to report on a core set of recently appointed a Global Chief Compliance & metrics. Though many of our programs and Governance Officer to oversee compliance and policies are created and implemented at the to promote an ethical culture throughout FedEx.

# MOVING FORWARD SUSTAINABLY AND EFFICIENTLY



**ENVIRONMENT**

**Fuel, Energy and Climate Change**

PAGE 31

**Use of Materials**

PAGE 43

**Waste and Recycling**

PAGE 46

**Environmental Management**

PAGE 48

**2014 Highlights**
**MORE THAN 100M GALLONS OF JET FUEL SAVED**

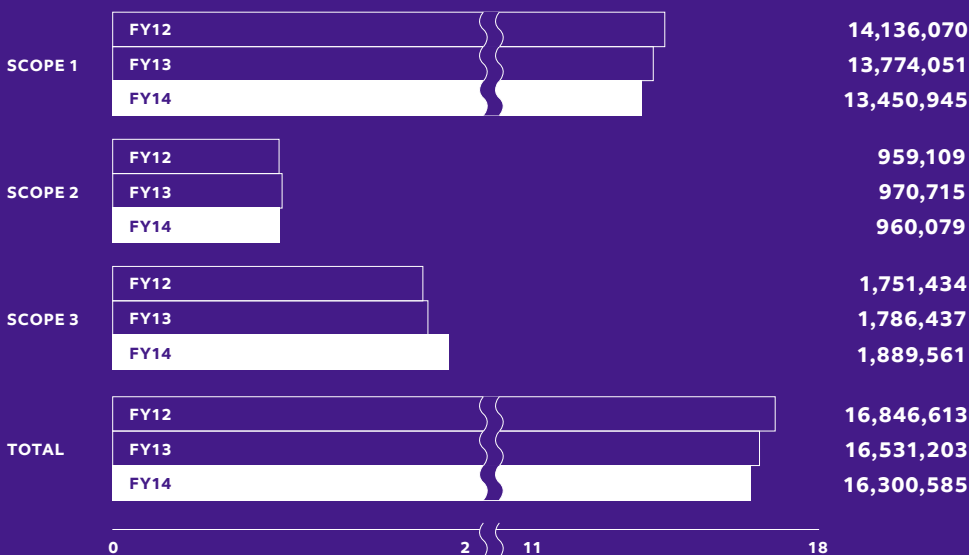
We search for efficiencies across FedEx aviation operations through our FedEx \* Fuel Sense programs. Thanks to 46 of these programs, as well as our aircraft modernization program, we saved more than 100 million gallons of jet fuel that would have otherwise been used and avoided more than 976,000 metric tons of CO<sub>2</sub>e in 2014. (pages 34–35)

**MORE THAN 1,000 ALTERNATIVE FUEL VEHICLES**

At FedEx, we're proud to be a leader in developing, testing and adopting alternative fuel and energy technologies. We had 1,048 owned and contracted alternative fuel vehicles in our global fleet in 2014, including electric, hybrid, natural gas and hydrogen vehicles. ( page 37)

**A TOP-25 SOLAR-GENERATING COMPANY**

In 2014, FedEx was once again recognized as one of the top-25 solar-generating companies in the U.S. Our 11 solar installations produced more than 8 million kWh of electricity during the year, helping us avoid 3,145 metric tons of CO<sub>2</sub>e emissions. ( page 41)

**Enterprise CO<sub>2</sub>e Emissions (metric tons)**

**GOAL**

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

**PROGRESS**

In 2014, aircraft CO<sub>2</sub> emissions intensity was reduced by a further 1.5%, bringing total reduction in CO<sub>2</sub> emissions intensity to 21.4% from 2005 levels.


**GOAL**

Obtain 30% of jet fuel from alternative fuels by 2030

**PROGRESS**

Developing a sustainable jet fuel product that can be produced at scale and transported to where it's needed at a competitive price is a challenge we continue to address. We are actively engaged with government, industry and environmental organizations in developing viable sustainable alternatives to jet fuel.


**GOAL**

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

**PROGRESS**

In 2014, fuel efficiency was further improved by 2.5%, bringing our cumulative improvement from 2005 levels to 29.5%. In FY15, we plan to revisit this goal in light of the progress to date.


**GOAL**

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

**PROGRESS**

10 FedEx Express buildings are LEED-certified, and six more are being reviewed for certification. In addition, two FedEx Ground facilities achieved LEED certification in FY14.

**Waste and Recycling (U.S. tons)**
**TOTAL WASTE (U.S. TONS)**


- 2012: **153,791**
- 2013: **179,997**
- 2014: **225,130**

**TOTAL SENT TO RECYCLERS (U.S. TONS)**


- 2012: **106,046**
- 2013: **119,377**
- 2014: **155,339**

**% SENT TO RECYCLERS**

- 2012: **69%**
- 2013: **66%**
- 2014: **69%**


**GOAL**

Expand on-site generation and continue to procure renewable energy for facilities

**PROGRESS**

Two new facilities opened in FY14 include on-site solar energy generation. Together, our 11 solar facilities produced more than 8 million kWh of electricity in FY14, avoiding 3,145 metric tons of CO<sub>2</sub>e emissions.





## OVERVIEW

At FedEx, we believe that we can decrease our environmental footprint while simultaneously expanding our business—and the data backs that up. This year, we’ve continued to reduce our emissions even as our revenue and the number of items we deliver has gone up.

With 650 airplanes and more than 100,000 owned and contracted vehicles in our fleet, as well as around 5,000 facilities globally, it makes economic as well as environmental sense for us to reduce our fuel, energy and materials use. We look for solutions that make a difference today, like upgrading to more fuel-efficient aircraft and vehicles, and installing more solar panels to generate clean power for our facilities where practical. At the same time, we invest in the development of future environmental solutions such as alternative fuels and advanced technologies, and advocate for changes that could impact and improve the efficiency and environmental performance of our entire industry.

Through our EarthSmart program, we encourage and recognize innovative initiatives less than 30 percent of greenhouse gas emissions in the U.S.\* Although FedEx engages our team members and customers contributes only a very small part to that, and inspire others. Many initiatives described our company’s reach extends across many industries throughout the globe. That’s why, as we continually strive to improve our own performance, we reach back to involve and inspire our customers, suppliers, peers, government and other stakeholders. We can achieve more for FedEx, for our industry and for the climate by working together.

We’ve made great progress again this year and are on track to meet our environmental goals. But we’re not about to rest on our laurels. Each year, we challenge ourselves to seek new possibilities, lead by example and continue the momentum toward a more sustainable future.

\*<http://epa.gov/climatechange/ghgemissions/sources/transportation.html>

## 1

## FUEL, ENERGY AND CLIMATE CHANGE

Moving packages and freight via aircraft and ground vehicles for customers around the world—our main operating activity—unavoidably results in fuel use and greenhouse gas emissions.

The principal source of our emissions is jet fuel, year over year. We continue to set and meet followed by diesel fuel in company-owned ambitious goals to reduce our carbon footprint vehicles at FedEx Express and FedEx Freight. and decouple economic growth from our direct We are committed to cutting these emissions and indirect emissions.

### 1.1 DIRECT AND INDIRECT GHG EMISSIONS (CO<sub>2</sub>e metric tons)

DIRECT EMISSIONS (SCOPE 1)	FY12	FY13	FY14
AIRCRAFT FUEL	11,120,040	10,833,815	10,498,594
VEHICLE FUEL <sup>1</sup>			
DIESEL	2,559,188	2,488,206	2,429,738
GASOLINE	222,163	185,182	206,076
PROPANE	46,209	45,655	45,610
LIQUID NATURAL GAS (LNG) AND COMPRESSED NATURAL GAS (CNG)	N/R	N/R	201
FACILITY USE			
NATURAL GAS	187,916	220,185	269,610
HEATING OIL	554	1,008	1,116
<b>TOTAL SCOPE 1 EMISSIONS</b>	<b>14,136,070</b>	<b>13,774,051</b>	<b>13,450,945</b>
INDIRECT EMISSIONS (SCOPE 2)			
FACILITY USE			
PURCHASED ELECTRICITY	959,109	970,715	960,079
<b>TOTAL SCOPE 2 EMISSIONS</b>	<b>959,109</b>	<b>970,715</b>	<b>960,079</b>
INDIRECT EMISSIONS (SCOPE 3)			
CONTRACTED TRANSPORTATION	1,698,490	1,738,802	1,843,803
TEAM MEMBER COMMERCIAL AIR TRAVEL	52,943	47,635	45,758
<b>TOTAL REPORTED SCOPE 3 EMISSIONS</b>	<b>1,751,434</b>	<b>1,786,437</b>	<b>1,889,561</b>
<b>TOTAL DIRECT AND INDIRECT REPORTED EMISSIONS (SCOPE 1, 2 &amp; 3)</b>	<b>16,846,613</b>	<b>16,531,203</b>	<b>16,300,585</b>

1) Includes a small amount of fuel used for emergency generators at some facilities.

## 1.2 DIRECT & INDIRECT ENERGY CONSUMPTION (terajoules)

DIRECT ENERGY CONSUMPTION (SCOPE 1)	FY12 <sup>1</sup>	FY13 <sup>1</sup>	FY14
AIRCRAFT FUEL	163,768	159,553	154,661
VEHICLE FUEL <sup>2</sup>			
DIESEL	36,009	34,969	34,684
GASOLINE	3,219	2,670	2,973
PROPANE	767	758	796
LIQUID NATURAL GAS (LNG) AND COMPRESSED NATURAL GAS (CNG)	N/R	N/R	5
FACILITY USE			
NATURAL GAS	3,581	4,370	5,273
HEATING OIL	8	14	14
<b>TOTAL DIRECT ENERGY CONSUMPTION</b>	<b>207,352</b>	<b>202,334</b>	<b>198,406</b>
INDIRECT ENERGY CONSUMPTION (SCOPE 2)			
FACILITY USE			
PURCHASED ELECTRICITY	5,895	6,298	6,267
<b>TOTAL INDIRECT ENERGY CONSUMPTION</b>	<b>5,895</b>	<b>6,298</b>	<b>6,267</b>
<b>TOTAL DIRECT AND INDIRECT ENERGY CONSUMPTION (SCOPE 1 &amp; 2)</b>	<b>213,247</b>	<b>208,632</b>	<b>204,673</b>

1) FY12 and FY13 figures have been re-stated to reflect updated FY14 calculation methods.

2) Includes a small amount of fuel used for emergency generators at some facilities.



## 1.3 OTHER SIGNIFICANT AIR POLLUTANTS

At FedEx, we are committed to transparency about all the emissions that result from transporting goods to customers and communities across the globe, not just greenhouse gases. New in FY14, we are reporting our sulfur oxides (SO<sub>x</sub>) and particulate matter (PM<sub>10</sub>) emissions. In FY15, we will also report our nitrous oxides (NO<sub>x</sub>) emissions. The major source of this group of emissions is our aircraft fleet, with some contribution by our company-operated vehicle fleet and fuels used at our facilities.

SIGNIFICANT AIR POLLUTANTS (METRIC TONS)	FY14
SO <sub>x</sub>	20,306
PM <sub>10</sub>	3,407



COMBINED IMPACT OF  
OUR ENERGY SAVING  
INITIATIVESENERGY SAVED  
TERAJOULESCO<sub>2</sub>E EMISSIONS AVOIDED  
METRIC TONS

SOLAR ELECTRICITY GENERATION	FY13		23	FY13		2,451
	FY14		29	FY14		3,145
BUILDING LIGHTING RETROFITS <sup>1</sup>	FY13		84	FY13		16,390
	FY14		639	FY14		122,474
FEDEX FUEL SENSE	FY13		8,167	FY13		577,116
	FY14		10,230	FY14		694,460
FEDEX AIRCRAFT FLEET MODERNIZATION	FY13		3,286	FY13		230,048
	FY14		4,192	FY14		281,803
FEDEX EXPRESS REDUCE, REPLACE, REVOLUTIONIZE VEHICLE EFFICIENCY	FY13		2,811	FY13		177,800
	FY14		2,403	FY14		169,261
FEDEX FREIGHT ROUTING IMPROVEMENTS & INTERMODAL SHIPPING	FY13	N/R		FY13	N/R	
	FY14		375	FY14		26,242
TOTAL	FY13		14,371	FY13		1,003,805
	FY14		17,868	FY14		1,297,385

1) FY13 data refers only to savings gained from retrofits completed during the fiscal year, and does not reflect FY13 savings from previously upgraded facilities. FY14 savings includes those from previously retrofitted facilities.

## 1.4 AIRCRAFT EMISSIONS

In 2014, year-over-year aircraft emissions at FedEx continued to drop as absolute jet fuel use was cut by more than 34.4 million gallons. Two powerful initiatives contributed to us achieving these important reductions: FedEx® Fuel Sense and modernizing our aircraft fleet.



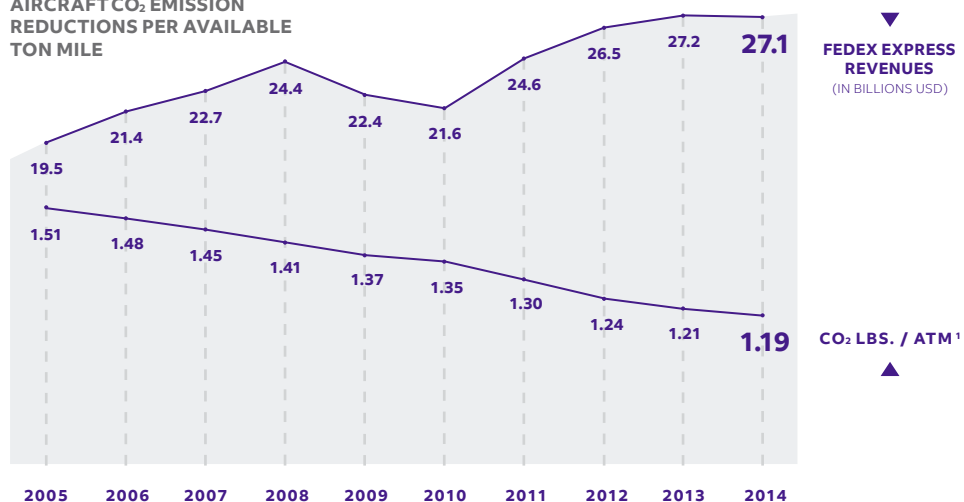
## GOAL

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

## PROGRESS

In 2014, we reduced aircraft CO<sub>2</sub> emissions intensity by a further 1.5%, bringing our total reduction in CO<sub>2</sub> emissions intensity to 21.4% from 2005 levels.\*

\*In last year's report, we reported that we had reduced our aircraft CO<sub>2</sub> emissions intensity in FY13 to a total reduction of 22.3 percent from 2005 levels. This result occurred from a comparison against our original 2005 Calendar Year benchmark. However, in comparison against our 2005 Fiscal Year benchmark, which differs from Calendar Year, the total reduction in emissions intensity was 20.2 percent from 2005.

AIRCRAFT CO<sub>2</sub> EMISSION  
REDUCTIONS PER AVAILABLE  
TON MILE

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

**THANKS TO 46 ACTIVE FEDEX FUEL SENSE PROGRAMS, WE'RE CUTTING BACK ON OUR MAIN EMISSIONS SOURCE, JET FUEL. ALMOST 72 MILLION GALLONS WERE SAVED AND NEARLY 695,000 METRIC TONS OF CO<sub>2</sub>e AVOIDED IN 2014.**

## FEDEX FUEL SENSE: FINDING EFFICIENCIES

Fuel efficiency is a top priority at FedEx. Our Seven new FedEx Fuel Sense programs were launched in 2014. They included developing representatives from 12 departments, including algorithms that better predict the amount of fuel our dedicated Fuel Management Office—is needed to taxi based on the parking gate and charged with identifying efficiencies across our departure runway; reducing the weight we fly by aviation operations. One of this year's initiatives transitioning to lighter containers and replacing used innovative data analysis tools to identify pilots' paper manuals with electronic ones (see small changes that could be made to the engine Lightening the Load, below); and optimizing wash process to improve the engine's performance and help it operate more efficiently. This standards in ongoing collaboration with the saved us 3.4 million gallons of fuel and 33,134 metric tons of CO<sub>2</sub>e emissions in FY14. We also ask all team members who work with our aircraft to adopt a fuel-efficient mindset and search out innovative ways to help us save fuel. A suggestion by one crew member to change the routing on one of our flights saved us 9,000 gallons of fuel this year.

Since its inception in 2007, the FedEx Fuel Sense initiative has saved us from using more than 334 million gallons of jet fuel and has avoided more than 3.25 million metric tons of CO<sub>2</sub>e emissions.

## LIGHTENING THE LOAD



**THESE NEW CONTAINERS WILL ANNUALLY REMOVE MORE THAN 1.25 MILLION LBS. FROM OUR AIR NETWORK, SAVE AROUND 2.4 MILLION GALLONS OF FUEL AND REDUCE CO<sub>2</sub>e EMISSIONS BY 22,729 METRIC TONS.**

The heavier the aircraft, the more fuel is needed for it to fly. That's why we're always looking for ways to reduce the weight we carry on our flights. This year, two new FedEx Fuel Sense initiatives helped us take some weight off our wings.

After three years of planning, designing and testing more than 100 units on 21,000 flights, in FY14 we introduced three models of FedEx Efficient Container units, which keep our customers' packages safe during loading, transit and unloading of our aircraft. We estimate that once all 23,000 older containers are replaced, these new containers will annually remove more than 1.25 million lbs. from our air network, save around 2.4 million gallons of fuel and reduce CO<sub>2</sub>e emissions by 22,729 metric tons. The units are also 100 percent recyclable.

In our second weight-saving initiative, we exchanged the paper versions of the manuals and navigation charts we are required to carry on each flight with electronic versions. We've distributed more than 4,300 iPads to our pilots, and removed 32 tons of paper from our planes. This will save around 370,000 gallons of jet fuel and avoid 3,572 metric tons of CO<sub>2</sub>e annually.

## CREATING EFFICIENCIES WITH THE FAA

It takes innovative thinking and bold solutions are adopted widely in the industry, we gain the case study over the years has yielded several to conserve fuel in aircraft operations. FedEx ability to build on our initial successes and initiatives that have brought positive change to maximizes forward movement by working identify yet more solutions. In addition, the the entire industry. closely with the FAA. This way, as innovations agency's use of our Memphis, Tenn., hub as a

### KEY INITIATIVE #1

#### STACK DEPARTURES

This 2014 initiative with the FAA investigates opportunities to safely reduce distances between flight tracks at takeoff using what's called a stack departure approach. During high-traffic periods, departing flights are separated vertically, rather than horizontally, to shorten flight tracks and reduce fuel use.

FedEx savings: 321,000 gallons of jet fuel and 3,000 metric tons of CO<sub>2</sub>e emissions in FY14.

### KEY INITIATIVE #2

#### WAKE TURBULENCE SEPARATION STANDARDS

We updated this 2013 success and developed new procedures at Memphis to manage newly allowed departures from closely spaced runways. As a result of our work with the FAA, the agency has implemented the first phase of these new standards at Louisville, Ky., and Atlanta, Ga., and now plans on doing the same at airports with similar runway configurations, such as Newark, N.J.

FedEx savings: 100,000 gallons of jet fuel and 1,023 metric tons of CO<sub>2</sub>e emissions saved in the second half of FY14, following the implementation of updated procedures.

### KEY INITIATIVE #3

#### OPTIMUM PROFILE DESCENTS

We continue to land 60 percent of flights into Memphis in the most efficient way possible. And we're now working with the FAA on further enhancements to determine the optimal point to start the descent, which we hope to start implementing in 2015.

FedEx savings: 3.93 million gallons of jet fuel and 37,978 metric tons of CO<sub>2</sub>e emissions saved in FY14 as a result of changes implemented last year.

## MODERNIZING OUR AIRCRAFT FLEET

FedEx continues to replace older-model planes. In FY14, eight retired aircraft were donated to with more fuel-efficient aircraft. For example, by institutions, including three international deliver operating Boeing 757F models—which consume less for use in airframe & powerplant certified 36 percent less fuel and have 20 percent more training programs: Don Bosco University in San capacity than the older Boeing 727F models—Salvador, the Trinidad & Tobago Civil Aviation we avoided almost 200,000 metric tons of CO<sub>2</sub>e emissions in FY14. We're also replacing MD-10 Previous donations included to organizations airplanes with the 30 percent more efficient such as the Smithsonian Air and Space Boeing 767F aircraft, and MD-11s with 18 percent more efficient Boeing 777F models. In total, our Aviation, and Orbis International, which repaired more efficient fleet saved 29.5 million gallons of jet fuel and avoided 281,803 metric tons of CO<sub>2</sub>e emissions in FY14.



### GOAL

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

### PROGRESS

FedEx is actively engaged with the Commercial Aviation Alternative Fuels Initiative (CAAIFI), the American Society for Testing and Materials (ASTM) International, the Nature Conservancy, the U.S. Departments of Energy and Agriculture and other stakeholders in developing viable sustainable alternatives to petroleum-based jet fuel. Developing a sustainable jet fuel product that can be produced at scale and transported to where it's needed at a competitive price is a challenge that can only be solved by working together with our industry peers, academia, governmental agencies and companies in the alternative fuel supply chain, including refineries and distributors.



## 1.5 VEHICLE EMISSIONS

After our jet fleet, company-owned vehicles at FedEx Express and FedEx Freight are the second-largest contributor to our Scope 1 emissions. Vehicles operated by FedEx Ground contracted service providers account for most of our reported Scope 3 emissions. All of our operating companies employ strategies to improve the fuel efficiency of their vehicle fleets, and this year we continued to achieve overall vehicle emissions reductions in our company-owned fleet.

**The FedEx Express approach to reducing vehicle emissions has three aims:**

### REDUCE

Optimize routing and driving habits to reduce mileage and fuel use

### REPLACE

Upgrade vehicles to more efficient ones wherever possible

### REVOLUTIONIZE

Identify and invest in future technologies such as alternative fuel, hybrid-electric and electric vehicles



#### GOAL

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

#### PROGRESS

In 2014, FedEx Express further improved fuel efficiency by 2.5%, bringing its cumulative improvement from 2005 levels to 29.5%. In FY15, we plan to revisit this goal in light of the progress to date.

#### FLEET UPGRADES

An important way to reduce our vehicle emissions is to upgrade to cleaner, more efficient vehicles with engines that are optimally sized for the weight and power needed. For example, FedEx Office replaced 177 of its less efficient local pickup and delivery vehicles with more efficient Ford Transit Connects during FY14, saving around 68,443 gallons of fuel and 626 metric tons of CO<sub>2</sub>e emissions.

At FedEx Express:

- We used state-of-the-art on-road analysis to determine that we could use smaller, more efficient engines in class 8 tractors, improving fuel economy by 8–12 percent.
- We increased the number of high-efficiency Isuzu Reach vans in the U.S. by 1,700 this year. These vehicles are lighter and have smaller engines, allowing them to be 35–50 percent more efficient than the vehicles they replace.
- We added 24 new hybrid-electric vehicles, 171 electric vehicles and 10 compressed natural gas (CNG) Chevy vans to the U.S. fleet this year. We will be able to determine efficiency improvements for these vehicles once they have been in the fleet for more than six months.
- We replaced more than 450 vehicles in Brazil with more efficient models, including six electric vehicles, since last year.
- We reduced fuel consumption on certain Caribbean routes by an average of 20 percent by replacing older vehicles with Toyota HiAce diesel trucks.

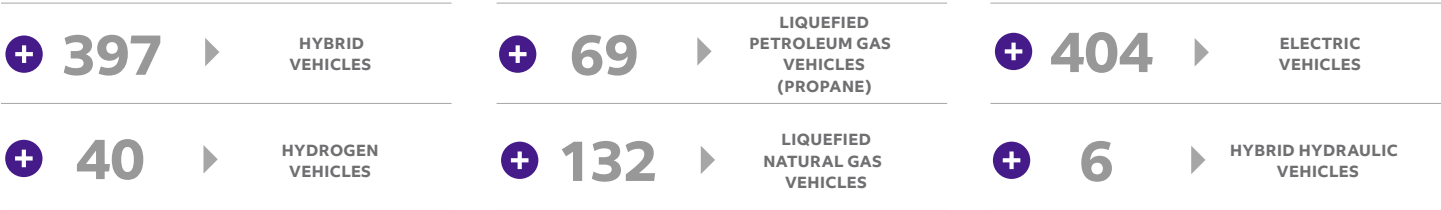
EXPLORING FUTURE TECHNOLOGIES

New products have to be extensively tested in the field, refined and tested again before they can be widely adopted. At FedEx, we're proud to be a leader in developing and testing alternative fuel and energy technologies. For example:

- FedEx Freight is testing the long-term performance and longevity of tractors fueled with liquefied natural gas (LNG) and compressed natural gas (CNG).
- FedEx Express has been testing the Nissan NV200 EV prototype vehicle in Europe, Japan, Singapore and Brazil. In addition, FedEx Express has almost completed a three-year project in lower Manhattan with General Electric, Con Edison and Columbia University to demonstrate the feasibility of electric vehicle charging in large numbers. This research assessed the feasibility of using energy use history to predict future need, and therefore mitigate demand charging. A second research project in Manhattan was designed to minimize the costs of installing charging stations. Early indicators show success in both areas. The next stage of the research project is to look at ways of advancing the development of electric vehicles moving to automatic and remote control over and their supporting infrastructure, which we strongly believe can make a significant positive contribution toward lessening the transportation sector's environmental impact.
- FedEx Office is exploring the suitability of CNG for local pick-up and delivery fleet operations.

We invest and participate in projects that advance the development of electric vehicles moving to automatic and remote control over and their supporting infrastructure, which we strongly believe can make a significant positive contribution toward lessening the transportation sector's environmental impact.

GLOBAL ALTERNATIVE FUEL FLEET



VEHICLE TYPE	FY13	FY14¹
HYBRID	363	397
ELECTRIC	214	404
COMPRESSED OR LIQUEFIED NATURAL GAS	45	132
LIQUEFIED PETROLEUM GAS (PROPANE)	41	69
HYDROGEN	40	40
HYDRAULIC HYBRID	6	6
TOTAL	709	1,048

1) FY14 numbers include 63 contractor-owned vehicles.

## CONTRACTED SERVICE PROVIDERS MAKE FUEL-EFFICIENT CHOICES

FedEx Ground provides contracted service providers with information on resources and benefits of alternative fuel technology, such as state incentives, through summits and the sustainability section of its website. Its fueling stations also offer blends of biodiesel fuel, which are better for the environment.



# optimal shifting

# 40%

OF FEDEX FREIGHT VEHICLES  
HAVE AUTOMATIC TRANSMISSION

## VEHICLE IMPROVEMENTS

Alongside our alternative fuel efforts, we're focused on operating our existing conventional vehicles at peak efficiency. In FY14, FedEx Express invested in electronic diagnostic equipment for every one of its maintenance shops in the United States. This technology will increase vehicle reliability, reduce downtime and ensure that all systems—including emissions systems—are functioning optimally.

At FedEx Freight, continuing to install trailer skirts and automatic transmissions were key factors in improving efficiency by 2 percent in

FY14. Now 48 percent of the fleet is equipped with trailer skirts (minimizing drag), and 40 percent of vehicles have an automatic transmission (for optimal shifting), which saves fuel.

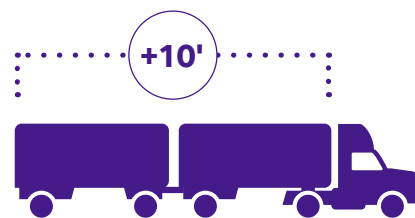
FedEx Ground has been working with several vendors to test aerodynamics technology specifically designed for drop-frame trailers. These innovations could deliver savings of 5 percent in fuel use and more than 70,000 metric tons of

## ADVOCATING FOR CHANGE

Sometimes the changes we want to make to reduce emissions are not possible in every market. When we see possibilities that are not being realized, we advocate for change. For example, in the U.S., we started lobbying for improved fuel efficiency standards for commercial vehicles in 2007—and in 2014, these new regulations became effective. Our Vice President of Environmental Affairs and Sustainability described the efforts that led to this great result on the [FedEx blog](#).

Currently in the U.S., FedEx is advocating for the allowable trailer length to be extended from 28' to 33' when used in a twin-trailer configuration. This would enable about 18 percent more freight

to be hauled on the same trip, significantly reducing the number of trucks on the road, the amount of fuel used and greenhouse gas emissions—while maintaining the same high safety standards.



**EXTENDING THE ALLOWABLE LENGTH OF THE TWIN-TRAILER CONFIGURATION WOULD INCREASE FREIGHT CAPACITY AND DECREASE TRUCKS ON THE ROAD, FUEL CONSUMPTION AND GREENHOUSE GAS EMISSIONS.**

## FUEL-EFFICIENT ACTIONS

FedEx implements fuel-efficient driving and routing in several ways. We choose smaller vehicles on routes that do not require additional capacity. We use specialized software to plot the shortest routes and improve load density to make our operations leaner and more efficient. We also optimize vehicle operation through idle reduction, speed control, synchronizing drive train gear ratios with the engine's power and torque, and by using automated manual transmissions that manage gear shifting more accurately. By making routing improvements in New York City, this saved 571,799 gallons of fuel and 5,857 metric tons of CO<sub>2</sub>e emissions.

The Eco-Drive program at FedEx Express educates, encourages and rewards drivers for adopting fuel-efficient driving behaviors such as starting slowly, maintaining constant speed, avoiding idling and simply turning down the air conditioning. The program is active in 36 countries across Asia Pacific, North America, Europe and the Middle East.

In addition, 1.7 percent of the total miles traveled by FedEx Ground trailers was on rail in FY14, an 11 percent increase from FY13. avoided nearly 2 million gallons of fuel and 292 metric tons of CO<sub>2</sub>e emissions. In FY14, its rail use was 17.5 percent higher than in FY13.

station's average monthly fuel improvement by 3 percent or more compared with the same month the previous year. Between January and the end of May 2014, the program saved 134,778 gallons of fuel. In Canada, telematics devices on 20 FedEx Express vehicles provide feedback to drivers on idling, acceleration and braking behaviors. This same pilot program compares actual routes taken with those planned. As a result, in FY14, 19 of our Canadian stations improved fuel efficiency by over 2 percent compared with the previous year, including three stations that improved their fuel economy by more than 10 percent.

## MOVING TO MORE RAIL

Moving freight by rail is more fuel-efficient than trucking it. In FY14, FedEx Freight shifted about 1.9 million lbs. of freight from road to rail and avoided nearly 2 million gallons of fuel and 292 metric tons of CO<sub>2</sub>e emissions. In FY14, its rail use was 17.5 percent higher than in FY13.



## 2014 EPA SMARTWAY EXCELLENCE AWARD

FedEx Freight, FedEx Express, FedEx Ground and FedEx Custom Critical are long-standing members of the EPA SmartWay Transport Partnership, which provides incentives to carriers and shippers to improve environmental performance, operational efficiency and supply-chain sustainability. This year, in the large package carrier fleet category, FedEx Express was the recipient of the 2014 EPA SmartWay Excellence Award, which salutes significant strides toward a sustainable transportation future.



**“ON BEHALF OF THE U.S. ENVIRONMENTAL PROTECTION AGENCY, I WISH TO EXPRESS MY APPRECIATION TO FEDEX EXPRESS FOR ITS ENVIRONMENTAL LEADERSHIP AS A 2014 SMARTWAY EXCELLENCE AWARD RECIPIENT. YOUR LEADERSHIP IN REDUCING EMISSIONS FROM GOODS MOVEMENT SETS AN EXAMPLE FOR YOUR PEERS IN THE INDUSTRY, SO THAT WE CAN LEAVE A CLEANER, HEALTHIER ENVIRONMENT FOR FUTURE GENERATIONS.”**

**CHERYL L. BYNUM**

Director, SmartWay & Supply Chains Program Center



## 1.6 FACILITIES

We have around 5,000 facilities worldwide, including air and ground hubs, local stations, freight service centers and retail sites. Electricity consumption at these facilities accounts for all of our Scope 2 emissions. Although it's a smaller part of our overall carbon footprint, we're still focused on conservation, of course, and we address that by installing energy-saving technologies plus on-site solar generation in a number of locations.



**5,000**  
FACILITIES WORLDWIDE

### ENERGY CONSERVATION

When it comes to existing facilities, upgrading Ground has identified several sites to pilot lighting systems to more efficient models is retrofitting LED exterior lighting, which will be one of the most effective steps we can take. This year, we retrofitted 182 facilities across those sites by an estimated 50 percent. FedEx Express continues to work with lighting manufacturers to develop LED lights that can be used in our work environment for our team members, used at airport gates. In FY14, FedEx Express installed 528-watt LED fixtures at four airport gates in Memphis, replacing 1,080-watt HID fixtures. In total, these changes reduced energy consumption per square foot by more than 50 percent. We will be evaluating both of these projects to assess emissions. In addition, a number of locations have installed lighting control systems to further increase energy savings.

At our operating companies, we communicate with our team members about steps they can take to conserve energy such as checking the thermostat settings, keeping air flow clear and turning lights off.

### SUSTAINABILITY 2020 AT FEDEX GROUND

FedEx Ground launched its Sustainability 2020 vision this year. This vision is designed to guide their sustainability journey for the years ahead, including:

- Improving energy efficiency across FedEx Ground U.S. facilities
- Increasing renewable energy sourcing
- Increasing biofuel offering
- Decreasing waste going to landfill
- Increasing team member awareness and engagement



As an early testament to their commitment, the FedEx Ground headquarters was named the 2014 winner of the Green Workplace Challenge in the Large Business Category by Sustainable Pittsburgh. The award recognizes companies that demonstrate the most improved sustainable performance over the year.



**GOAL**

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

**PROGRESS**

No new FedEx Express buildings were LEED-certified in FY14, although six are in the process of being reviewed for certification. We currently have 10 LEED-certified buildings, including the FedEx Express world headquarters in Memphis—also a FY14 Energy Star Award winner.

In addition, in FY14, FedEx Ground achieved LEED certification for two facilities—in Burbank, Calif., and North Seattle, Wash.—and is pursuing LEED certification at three more facilities. The new FedEx Office headquarters in Plano, Texas, scheduled to open in September 2015, will also be LEED-certified.

## CLEAN AND RENEWABLE ENERGY

Where appropriate and economically feasible, power, combined heat and power generation, we look for ways to expand on-site generation and solid oxide fuel cells. Some of our facilities of renewable energy, which reduces emissions are large hubs that lend themselves particularly and operating expenses at the site. Our operating well to rooftop solar arrays, and as a result companies take advantage of a number of that is often the best way for us to source different renewable technologies, including solar renewable energy.



**GOAL**

Expand on-site generation and continue to procure renewable energy for our facilities

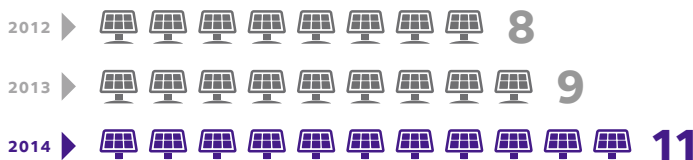
**PROGRESS**

Two new sites opened in FY14 include on-site solar energy generation: the FedEx Trade Networks Riverview Solar Technology Park in Tonawanda, N.Y. (see page 42), and the FedEx Express North Pacific Regional Hub at Kansai Airport, Japan.

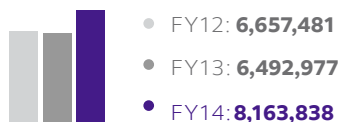
Later in 2014, FedEx Ground completed installation of solar-energy generation systems at sites in Dallas, Texas, and Queens, N.Y. Together, these two solar sites will generate more than 3.5 million kWh of electricity each year, and at least two more solar installations are planned for development in FY15. Additionally, FedEx Ground started producing electricity from a solid oxide fuel cell at its facility in Rialto, Calif. (See page 42.)

## SOLAR ENERGY GENERATION

NUMBER OF SOLAR FACILITIES



ANNUAL SOLAR ELECTRICITY GENERATED ON-SITE (kWh)



EMISSIONS SAVED BY SOLAR SITES ANNUALLY (METRIC TONS CO<sub>2</sub>e) IN FY14



## TOP 25 SOLAR GENERATOR

In 2014, FedEx was once again recognized by the Solar Energy Industry Association as one of the top 25 solar-generating companies in the U.S., ranking 22nd by number of solar installations and 18th by generating capacity. We are the only transportation-logistics company to receive this recognition.



### RIVERVIEW SOLAR TECHNOLOGY PARK

In September 2014, FedEx Trade Networks opened a cutting-edge office and distribution facility at the Riverview Solar Technology Park in Tonawanda, N.Y. This is the first solar-ready business park in the state, as well as the first to feature advanced solar architecture, which provides additional benefits such as shading and protection from wind and rain. It is expected to offset 1 million kWh of fossil fuel-sourced electricity over the 10-year lease and avoid 571 metric tons of CO<sub>2</sub>e emissions.

The Tonawanda facility's solar monitoring system tracks performance and energy savings minute by minute and can be viewed on the FedEx Trade Networks' [solar monitoring website](#).

We're proud, too, that Riverview has several additional sustainability innovations at work.

Along with energy-efficient lighting throughout, the campus uses low-flow water consumption and dedicated bio-beds, which provide underground water retention for storm water management and soil erosion control. These technologies have already reduced water consumption by approximately 50 percent when compared with standard fixtures.



“THE CHOICE TO OPEN THIS PARK WAS A PROFOUND ONE. WE ARE HAPPY TO WELCOME FEDEX TRADE NETWORKS AND WE LOOK FORWARD TO MANY SUCCESSFUL YEARS AHEAD.”

**ROBIN SCHIMMINGER**  
Assemblyman, New York State Assembly

### DOUBLING GREEN SITES AT FEDEX FREIGHT

At FedEx Freight, all facilities in the U.S. and Canada work to conserve energy, reduce waste and improve internal supply-chain efficiencies with green actions such as pledging to reduce disposal cup waste by bringing in their own cups. They encourage site managers to champion the cause and help move the company forward via a GREEN Site designation. Facilities can be recognized at one of two levels, depending on the extent of team members' engagement almost doubled: 101 facilities gained a new designation over the year, either as a new Level 1 Site or by advancing to Level 2.

	FY13	FY14
LEVEL 1 SITES	62	72
LEVEL 2 SITES	45	120
TOTAL GREEN SITES	107	192

### FUEL CELL ENERGY EFFICIENCY

In September 2014, FedEx Ground started using a solid oxide fuel cell at its facility in Rialto, Calif. The fuel cell uses a chemical reaction to combine natural gas and a small amount of water to generate clean and efficient electricity at a lower cost. The system provides about one-third of the electricity needs of the facility and will reduce CO<sub>2</sub>e emissions by at least 230 metric tons a year. Rialto has become one of the most energy-efficient hubs at FedEx Ground, as it is also home to one of our largest rooftop solar installations.

In addition, FedEx Express continues using five 100-kilowatt Bloom Energy fuel cells at its hub in Oakland, Calif., which, when combined with the solar energy system at that location, provided 44 percent of that facility's electricity demand in FY14.



2

USE OF MATERIALS

Our primary use of materials is for the FedEx branded packaging we provide to customers, including cardboard and plastics, as well as the paper stock used at FedEx Office.

Other materials we use include tires, vehicle opportunities for reducing our consumption by maintenance supplies, pallets and dunnage repurposing and reusing materials such as materials, and office products. We aim to wooden pallets and air pillows as many times as source materials responsibly, and we explore possible.

MATERIALS CONSUMPTION (U.S. TONS)	FY12	FY13	FY14
PAPER	29,741	28,663	27,715
PACKAGING	42,632	48,091	55,063
OTHER OPERATIONAL MATERIALS	N/R	N/R	18,108
TOTAL	72,373	76,754	100,886

RECYCLED CONTENT OF PAPER (U.S. TONS)	FY12	FY13	FY14
PAPER WITH RECYCLED CONTENT	3,544	3,972	3,475
% PAPER WITH RECYCLED CONTENT	12%	13%	13%

RECYCLED CONTENT OF PACKAGING (U.S. TONS)	FY12	FY13	FY14
PACKAGING WITH RECYCLED CONTENT	25,422	31,494	31,685
% PACKAGING WITH RECYCLED CONTENT	60%	65%	58%





## 2.1 PAPER

The FedEx Office procurement policy for forest-based products requires vendors to apply responsible forest-management practices and standards for recycled content. They seek out sustainable options for customers by conducting assessments of paper sources and supply chains, which include robust audits of suppliers' operations and harvest lands. They encourage customers to choose sustainable options by identifying these choices clearly. In customer-facing materials such as the FedEx Office Paper and Binding Book, logos help to distinguish stock that is certified as responsibly sourced, contains recycled materials or is made from non-wood pulp sources. They reinforce and remind sourcing and supply chain team members of the policy and the sustainable choices available to customers.

# 84%

**FOREST STEWARDSHIP COUNCIL  
(FSC) CERTIFIED PAPER**

In FY14, 98% of paper purchased for use by FedEx Office was third-party-certified as responsibly sourced, with 84% of it certified by the FSC.



**“THE CARE THAT FEDEX OFFICE TAKES TO ENSURE THAT THE WOOD FIBER SUPPLY CHAIN IS ALIGNED WITH ITS SUSTAINABILITY PURCHASING GUIDELINES IS THOROUGH AND COMPREHENSIVE.”**

**TOM JACOBS**

Wood Procurement Manager & Certified Forester, Domtar

Our Paperless Billing and FedEx Electronic Trade Documents programs help our customers save paper too. FedEx customers in 123 countries and territories save paper by submitting customs documentation electronically through our Electronic Trade Documents program.

## 2.2 PACKAGING



Cardboard is the largest single component of our reported packaging materials volume, comprising around 80 percent. The majority of our cardboard consumption is for the FedEx-branded packaging provided to customers for shipping at FedEx Express and FedEx Ground. This branded packaging is made from approximately 60 percent recycled content. Corrugated cardboard used by FedEx Ground for re-packing customer packages during shipping is made from 45 percent recycled content.

In addition to cardboard, we use materials such as bubble wrap, plastic air pillows, chipboard, sustainable plastics. During FY14, FedEx Tyvek envelopes and tape to safely transport Ground worked with its supplier to increase the recycled content of the plastic bags used to freight. Our primary priority is that customers receive their shipments in the best condition they're being processed through sorting and possible. However, where we can do so without compromising cargo safety, we try to minimize increase the recycled content above the our use of virgin materials. For example, by current 30 percent by re-using some of its used shredding used cardboard for reuse as packingbags to manufacture the new ones. material, we minimize use of polystyrene and plastic air pillows.

### 2.3 OTHER MATERIALS

We also look for ways to minimize virgin materials in the various products we use for our internal operations. For example, we try to source remanufactured furniture and printer cartridges for our offices. The FedEx Freight Supply Exchange Program connects locations that have surplus office supplies with other locations where they can be used, reducing waste sent to landfill, as well as conserving natural resources. In addition, 79 percent of the tires purchased by FedEx Freight, 66 percent of tires purchased by FedEx Ground and 68 percent of tires purchased by FedEx Express in FY14 were retreaded.

## SUSTAINABLE PURCHASING

We're proud to be a founding member in the Sustainable Purchasing Leadership Council, a U.S. nonprofit organization that supports and recognizes sustainable procurement. We continued to support the Council this year, attending its annual meeting and contributing to discussions on how to improve sustainable purchasing in the areas of transportation and fuels, fiber- and timber-based products and more. As an extension of our work with the Sustainable Purchasing Leadership Council, we want to increase collaboration with key suppliers in order to identify opportunities to make our supply chain more sustainable. We use sustainability risk-screening criteria in our sourcing processes. Responses from vendors are reviewed by the ability teams to help identify and minimize potential risk.



### 2.4 WATER

The majority of water that we consume is for facility uses, including in bathrooms, kitchens and outdoor sprinklers. As part of our various sustainable buildings initiatives—such as the GREEN Building program at FedEx Freight and our LEED-certified buildings—we install water-conservation technologies where appropriate.

For example, in FY14, FedEx Ground implemented water-saving technologies and techniques at its maintenance, although the majority of FedEx Pittsburgh headquarters, which reduces water use by 2.4 million gallons annually—equivalent to “dry wash” process that uses a soapy liquid almost 25 percent of all water use at that facility. Some water is needed for vehicle and aircraft maintenance, although the majority of FedEx Pittsburgh headquarters, which reduces water use by 2.4 million gallons annually—equivalent to “dry wash” process that uses a soapy liquid almost 25 percent of all water use at that facility. Most of this maintenance is carried out by third-party vendors who supply their own water.

# 25%

REDUCED WATER USAGE

FEDEX GROUND HEADQUARTERS  
PITTSBURGH, PENN.



3

WASTE AND RECYCLING

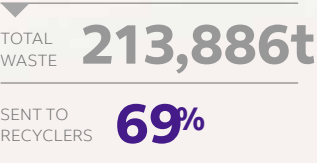
Our largest waste materials vary by operating company. They include scrap metal, wooden pallets, plastic, cardboard and paper, as well as team members' aluminum cans and plastic and glass bottles. We aim to recycle, repurpose or reuse as much waste as possible.

3.1 WASTE AND RECYCLING<sup>1</sup>  
(U.S. TONS)

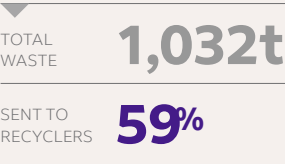
	FY12 <sup>2</sup>	FY13 <sup>2</sup>	FY14
TOTAL REPORTED WASTE	153,791	179,997	225,130
TOTAL REPORTED WASTE SENT TO RECYCLERS	106,046	119,377	155,339
% SENT TO RECYCLERS	69%	66%	69%

1) Refers to data collected in North America, Colombia and Brazil.  
2) FY12 and FY13 data re-stated to include estimated weight of wood pallets recycled at FedEx Ground.  
3) Increase in reported waste this year is largely due to improved data collection, as well as an increase in wood pallet waste recycling at FedEx Ground.

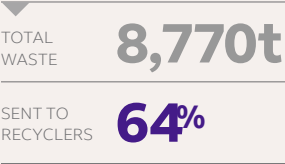
SOLID WASTE



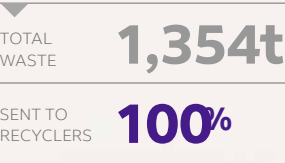
HAZARDOUS WASTE



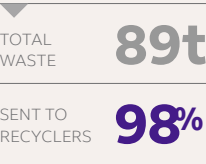
REGULATED NON-HAZARDOUS WASTE



E-WASTE



UNIVERSAL WASTE



69%

PERCENT OF SOLID WASTE IS SENT TO RECYCLERS



### 3.2 FY14 WASTE AND RECYCLING STREAMS<sup>1</sup> (U.S. TONS)

WASTE TYPE	TOTAL WASTE	SENT TO RECYCLERS	% SENT TO RECYCLERS
SOLID WASTE	213,886	147,683	69%
REGULATED NONHAZARDOUS WASTE	8,770	5,608	64%
HAZARDOUS WASTE	1,032	606	59%
UNIVERSAL WASTE <sup>2</sup>	89	87	98%
ELECTRONIC WASTE	1,354	1,354	100%
<b>TOTAL</b>	<b>225,131</b>	<b>155,338</b>	

1) Refers to data collected in North America, Colombia and Brazil.

2) Universal Waste encompasses certain hazardous waste items, including batteries and lightbulbs, as defined by U.S. EPA regulations.

During FY14, we further improved our data landlord or local municipality, or co-mingled collection in North America, which has with other tenants' waste in shared facilities increased the amount of waste we are reporting such as airports and strip malls. Internationally, this year. However, we continue to have gaps in the number of waste collectors and the variety our data, since waste at many of our facilities is of processes make it extremely challenging to collected by haulers that are contracted by atrack our waste data.

### 3.3 DIVERTING WASTE FROM LANDFILL

This year we increased the amount of waste diverted from landfill by reusing materials (see Use of Materials section) and recycling. Some of our FY14 recycling gains included:

- FedEx Ground began a tire casing reuse program, selling old tires to vendors that repurposed them for off-road and farm use. This diverted around 5,500 tire casings from landfill.
- More than 12,000 tons of materials, including plastic film, cardboard, paper, plastic bottles and scrap metal, were recycled at FedEx Ground as a result of its Ground Green program—47 percent more than in FY13. Ground Green integrates waste reduction and recycling techniques into everyday work activities by increasing team member awareness and encouraging involvement.
- FedEx Freight increased paper recycling through a document shred program.
- More than 314,000 lbs. of aluminum was recycled as a result of the lightweight aircraft container modification program at FedEx Express, which also reduced aircraft fuel consumption.
- At FedEx Office, 7,476,802 lbs. of paper were recycled through the customer-facing Paper Recycling program.

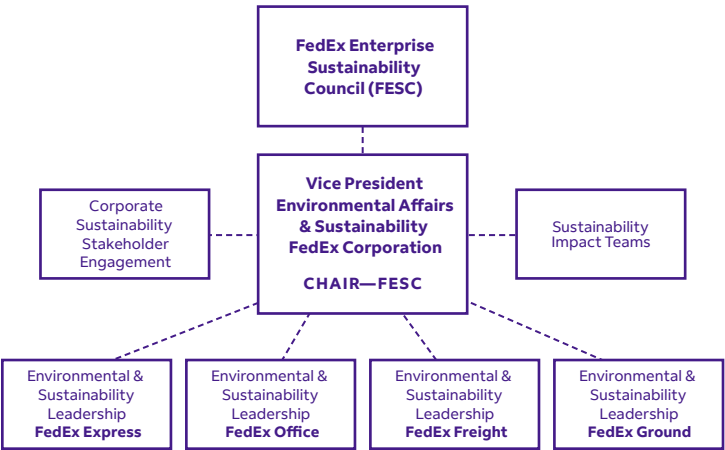


# 4

## ENVIRONMENTAL MANAGEMENT

Our corporate Environmental Policy and strategy guide all of our operating companies in the management of environmental performance.

The enterprise-wide Environmental Management System (EMS), based on the key elements of ISO 14001, requires each FedEx operating company to identify relevant environmental impacts and to maintain management programs that minimize or eliminate those impacts. The sustainability leaders report to our chief EMS is overseen and reviewed annually by sustainability officer, the Vice President of Environmental Affairs and Environmental Affairs and Sustainability, who also chairs the FedEx Enterprise Sustainability Council (FESC), our executive member sustainability oversight council.



### 4.1 COMPLIANCE

We have robust processes and systems in place to ensure compliance with all environmental regulatory requirements, including fuel spill prevention and containment.

These provisions encompass comprehensive government’s National Response Center—response plans, provided primarily by contracted occurred. Additionally, 129 environmental specialty service providers, to ensure that if inspections by external agencies globally identi spills do occur, they do not cause significant fined two regulatory violations for which we harm to the well-being of our team members, were fined. The most significant of these was the community or the local environment. due to expired water permits. In total, we were fined \$15,100 in environmental penalties during FY14. In addition, there is ongoing litigation regarding the way we transport and manage damaged hazardous materials packages in the state of California.

# MOVING RESOURCES WHERE THEY ARE NEEDED MOST



COMMUNITY

**Disaster Readiness,  
Relief and Recovery**

PAGE 52

**Pedestrian and  
Road Safety**

PAGE 55

**Sustainability**

PAGE 58

**Community  
Programs**

PAGE 62

**Volunteer  
Efforts**

PAGE 67

**2014 Highlights****DISASTER RELIEF: EBOLA OUTBREAK  
AND TYPHOON HAIYAN**

To help counter the recent Ebola outbreak in West Africa, we activated our global network and logistics expertise to move 140-plus pallets of vital medical supplies as part of a charitable shipment to Liberia. After Typhoon Haiyan struck the Philippines in November 2013, FedEx worked with Direct Relief and other organizations to deliver more than \$10 million in much-needed aid and medical supplies to communities in need. ( page 52)

**CELEBRATING 15 YEARS WITH SAFE KIDS  
WALK THIS WAY**

As a result of our 15 years of working together, the Safe Kids Walk This Way program has expanded to 10 countries, reaching more than 10 million students globally with messages on pedestrian safety. (page 55)

**ENABLING SUSTAINABLE RECOVERY WITH  
THE ARBOR DAY FOUNDATION**

We collaborated with the Arbor Day Foundation to launch the Community Tree Recovery Program, an initiative that supports sustainable recovery following a natural disaster. The program delivers seedlings to damaged areas, helping communities recover and nurturing stronger and more resilient ecosystems. (page 61)

**Data Points**FEDEX CARES  
WEEK VOLUNTEERS**9,991**Total global FedEx Cares  
Week volunteersCHARITABLE  
SHIPPING**6.7M LBS**

Total charitable shipping

CHARITABLE  
GIVING**45.48M**

Total charitable contributions

**DISASTER READINESS: LEARNING FROM HAITI****INTERACTION: INNOVATIONS  
IN DISASTER PREPAREDNESS**

In response to 2010's earthquake in Haiti, the NGO network InterAction, with support from FedEx, launched the Haiti Aid Map, an online disaster relief and preparedness tool. In 2014, the Aid Map has become a comprehensive global tool, representing 130 organizations and 9,200 projects worldwide and facilitating a faster relief response when disaster strikes. (page 53)

OVERVIEW

For more than four decades, FedEx has helped to develop and sustain smart, safe and resilient communities. Our logistics expertise and global reach allow us to provide relief during times of disaster, improve the safety of our roads and promote environmental sustainability in the communities where we live and work around the world. We support community health, diversity and education programs, and we continue to give back via the volunteer activities of our team members.

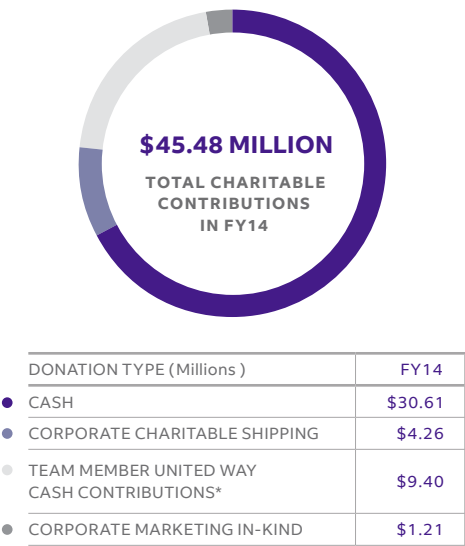
In FY14, FedEx made \$45.48 million in total contributions and transported 6.7 million lbs. of charitable shipping. These donations include \$9.4 million\* in FedEx team member giving through our long-standing relationship with the United Way. FedEx and our team members have contributed more than \$178 million\* to United Way agencies since 2001.

OUR COMMUNITY STRATEGY

At FedEx, our community investment activities are dedicated to three strategic priorities. Each aligns with business priorities and social needs, as well as community investment best practices. By coordinating with external organizations to implement these initiatives, we make it possible to connect and support communities around the world. Our three community investment priorities are:

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

In addition, we work with trusted organizations at the local and regional level to support a variety of community programs dedicated to health, diversity and education. We also are proud to offer team member-led volunteer efforts to strengthen local communities.



\*These are FY14 figures. The same United Way contribution numbers were reported in the 2013 GCR but referenced as CY13 numbers. We will continue to report fiscal year figures moving forward.



## 1

## DISASTER READINESS, RELIEF AND RECOVERY

Disasters strike without warning and present countless challenges to the communities and livelihoods impacted. FedEx is uniquely positioned to respond to these crises because we can move resources quickly and efficiently around the world in the wake of a disaster—a key factor in the success of relief and recovery efforts. We also recognize that readiness and resilience measures are a critical first line of defense and can help minimize a community's vulnerability to future events.

**WE ARE PROUD TO MOVE ESSENTIAL SERVICES AND SUPPLIES TO DISASTER-STRICKEN COMMUNITIES AND MAKE THE ROAD TO RECOVERY POSSIBLE.**

FedEx team members, including drivers, pilots and we donated more than \$2.6 million in cash and operations teams, work continuously to provide in-kind support to these organizations.

services and aid—including supplies, food and medicine—to afflicted communities. Our expansive global network and reach allow us to promptly deploy our resources and logistics expertise to communities in need. We are proud to once again be teaming up with the American Red Cross, Direct Relief and The Salvation Army in their ongoing humanitarian efforts. In FY14,

In April 2014, we collaborated with the Arbor Day Foundation to launch the Community Tree Recovery program. This effort will help to restore ecosystems in disaster-afflicted areas across the United States. For more information on this effort, please refer to our community sustainability efforts (page 61).

### RELIEF EFFORTS: FEDEX ROADS TO RECOVERY AND RESILIENCE



#### EBOLA

In 2014, an Ebola outbreak ravaged West Africa, causing the deaths of thousands of people and putting at risk countless more. In fall 2014, the United States Centers for Disease Control and Prevention (CDC) estimated that if the epidemic is not better treated and contained, more than a million people in Africa could be infected within months.

Taking action, FedEx has joined the aid effort by transporting much-needed medical materials (surgical masks, syringes, hand sanitizer and more) to Ebola-stricken areas in West Africa. As part of our commitment, we have used our global network and logistics expertise to move these vital medical supplies as a charitable shipment. We are proud to be joining forces with several government agencies and non-governmental

organizations (NGOs) to help treat and prevent the spread of Ebola.

#### TYPHOON HAIYAN

In November 2013, Typhoon Haiyan struck the Philippines, killing thousands of people and displacing millions more, stranding them without access to food, water and essential medical supplies.

In response, FedEx worked with Direct Relief and other relief organizations to transport more than \$10 million in relief aid and medical supplies to affected communities. We donated our charter airlift, logistics and technical expertise to assist with the shipment. In total, almost 200,000 lbs. of medical supplies and pharmaceuticals were delivered.

## 1.1 AMERICAN RED CROSS



### SUPPORT SINCE

1995

### TOTAL CHARITABLE DONATIONS

\$15.6 million (since 1995)

### FY14 CHARITABLE DONATIONS

\$1.63 million

FedEx has a long-standing relationship with the American Red Cross (ARC), and we are proud to offer our resources, people, global networks and logistics to assist ARC's extensive relief efforts. Since the start of our collaboration in 1995, we have donated more than \$15 million in cash and in-kind support to the organization, and shipped thousands of pounds of ARC relief supplies. In FY14, we continued our support of ARC, donating more than \$1.63 million. We also provided assistance to ARC disaster-preparedness initiatives.

FedEx is a member of the Annual Disaster Giving Program, which allows ARC to respond to hard-hit communities across the United States. Our expanded relationship includes a \$1 million pledge toward a new ARC facility in Memphis, Tenn. This new Mid-South Red Cross Chapter will house a disaster operations center, blood distribution center, health and safety training classrooms, disaster action team staging area/storage, volunteer work center and training

rooms, radio communications and private client interview rooms, as well as a community meeting space that can be used for volunteer training and by ARC community partners. In FY14, FedEx participated in the ARC Preparedness Road Show. We provided in-kind support and transported IT equipment critical for hands-on disaster relief training. As a result, ARC was able to conduct workshops in seven at-risk communities across the United States.

## DISASTER READINESS: LEARNING FROM HAITI

In the wake of the 2010 Haiti earthquake, FedEx teamed up with global and regional organizations to evaluate disaster response efforts and share learnings. We leverage our logistical expertise and funding to improve the networks that deliver relief and help communities back on the path to recovery.

### INTERACTION: INNOVATIONS IN DISASTER PREPAREDNESS

FedEx first started working with InterAction, a U.S.-based alliance of NGOs, in 2010 with support for the Haiti Aid Map. The map, created in response to the 2010 earthquake, allows users to see where NGO money goes and which activities this money supports. By providing information that is not available elsewhere, the map helps coordinate efforts among relief providers and avoids the backup of supplies and aid.

The Haiti Aid Map has evolved into a comprehensive global NGO Aid Map, providing information on more than 130 organizations and 9,200 projects worldwide. Aligning with our efforts to promote preparedness, this tool allows communities and NGOs to mobilize faster when disaster strikes.

In 2014, FedEx again joined forces with InterAction to deliver the second annual FedEx

Award for Innovations in Disaster Preparedness. ISET-International won for its initiative "Shoring Up a Gathering Storm," which examines resilient housing design as a cost-efficient way to protect vulnerable communities from the risks posed by natural disasters. The first-ever award was given in 2013 to Habitat for Humanity for an innovative project to guard against earthquake damage to homes and staff and representatives from several national agencies, was a success and has prompted the expansion of the program into additional ports across the LAC region. FedEx is proud to continue our support of the AmericasRelief Team through funding and technical expertise as it initiates PReP in Merida, Mexico, and San Jose, Costa Rica, in the coming year.

### AMERICAS RELIEF TEAM: PORT RESILIENCY IN LATIN AMERICA AND THE CARIBBEAN

Since 2012, FedEx and AmericasRelief Team have worked together to develop and employ the Port Resiliency Program (PReP) in vulnerable coastal regions throughout Latin America and the Caribbean. PReP works with airports to assess their needs and implement resiliency measures to lessen the impact of extreme events.

Our collaboration with AmericasRelief began with a workshop in the wake of the Haiti earthquake. It was determined that the Haiti airport could have been operational much faster had there been a more robust disaster-response plan in place. In fact, many airports in the Caribbean and Latin American region face

unique challenges due to extreme weather and often lack the infrastructure and training to respond effectively to these events.

In 2013, we helped AmericasRelief initiate a pilot program at the Las Américas International Airport in the Dominican Republic. The pilot, which included preparedness trainings and simulations for senior management, operations staff and representatives from several national agencies, was a success and has prompted the expansion of the program into additional ports across the LAC region. FedEx is proud to continue our support of the AmericasRelief Team through funding and technical expertise as it initiates PReP in Merida, Mexico, and San Jose, Costa Rica, in the coming year.

**NOT ONLY DOES FEDEX PROVIDE GENEROUS SUPPORT TO PREP BUT IT ALSO BRINGS GREAT TECHNICAL EXPERTISE TO THE EFFORTS OF RESILIENCY.**

DR. TEO BABUN  
CEO, AmericasRelief Team

## 1.2 DIRECT RELIEF



### SUPPORT SINCE

2003

### TOTAL CHARITABLE DONATIONS

\$6.2 million (since 2003)

### FY14 CHARITABLE DONATIONS

\$730,000

For 12 years, FedEx has worked closely with Direct Relief to deliver medical assistance to communities and individuals around the world in the aftermath of natural disasters. Direct Relief provides support to healthcare workers and institutions on the ground, enabling communities to better respond during emergency situations. We proudly donate funds and in-kind transportation, making it possible for Direct Relief to provide support in all 50 states and more than 70 countries worldwide.

In FY14, \$250,000 of our charitable donations. In fall 2014, FedEx and Direct Relief joined to Direct Relief funded disaster preparedness forces to bring critically needed medical supplies to communities in West Africa afflicted by the Ebola outbreak. For more information on modules and med-packs, at healthcare facilities these efforts, please refer to page 52. in communities at high risk for natural disasters.

## CECP DIRECTORS' AWARD

In May 2014, Direct Relief received the Directors' Award from the Committee Encouraging Corporate Philanthropy (CECP) for its work with FedEx. This award recognizes excellence in collaboration between a nonprofit organization and a corporate partner in tackling global societal issues.

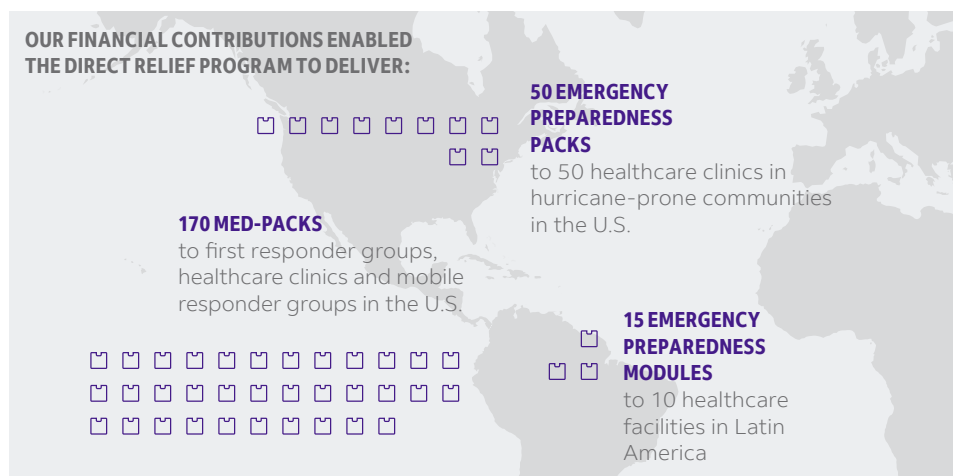


**FEDEX IS A FORCE MULTIPLIER IN DIRECT RELIEF'S HUMANITARIAN EFFORTS AND HAS BROUGHT AMAZING SCALE, EFFICIENCY AND PRECISION TO HELPING PEOPLE IN POVERTY OR AFFECTED BY DISASTERS GET THE CRITICAL HELP THEY NEED.**



**THOMAS TIGHE**

President and CEO of Direct Relief



☐ = 5

## 1.3 THE SALVATION ARMY



### SUPPORT SINCE

2001

### TOTAL CHARITABLE DONATIONS

\$6 million (since 2001)

### FY14 CHARITABLE DONATIONS

\$262,000

FedEx is proud to support The Salvation Army in its efforts to distribute relief supplies, food and water to communities affected by disaster. Our global logistics network and expertise make it possible to move these supplies to the communities and individuals that need them most.

In FY14, FedEx provided grants for The Salvation Army emotional support for survivors and first Army's 19th (Newark, N.J.) and 20th (Indianapolis) responders. When not responding to disasters, Disaster Response Units (DRUs or canteen the trucks often serve as mobile feeding units trucks). FedEx has donated 20 DRUs valued at for underserved or homeless populations. a combined \$2 million to increase the speed FedEx-funded DRUs serve Atlanta; Boston; and efficiency of The Salvation Army's disaster Chicago; London; Los Angeles; Memphis, Tenn.; response network. At FedEx, we understand the Mexico City; Miami; Mumbai; New Orleans; value of increased speed and efficiency better New York; Newark, N.J.; Pittsburgh; San Francisco; San Juan; São Paulo; Sydney; trucks we've donated have provided immediate Washington, D.C.; and Winnipeg. FedEx has relief to people affected by natural disasters. also provided funds for a DRU in Indianapolis that is still under construction.

Each truck can feed 1,000–2,500 people per day, and volunteers offer both physical and

## 2

PEDESTRIAN AND  
ROAD SAFETY

At FedEx, pedestrian and road safety is a top priority. Globally, more than one million people die in traffic-related incidents each year, and almost a quarter of the victims are pedestrians. Road injuries are also the leading cause of death for people between the ages of 15 and 29.

With more than 100,000 FedEx owned and members always put safety above all. For more contracted vehicles making deliveries and moving information on driver safety policies, programs possibilities each day, we are committed to and training activities, please see pages 73–75. ensuring the safety of those pedestrians, FedEx is also proud to maintain long-standing bicyclists and drivers we share the road with. collaborations with organizations dedicated Through our driver training, safety policies andto advocating for road and pedestrian safety awareness programs, we ensure that our team and awareness.

2.1 SAFE KIDS  
WORLDWIDE

10M+

STUDENTS REACHED

Globally, more than a fifth of all traffic-related fatalities are pedestrians. While the child pedestrian death rate in the U.S. is down by 55 percent since 1995, a teen pedestrian is injured or killed nearly every hour of every day. FedEx is committed to raising awareness about road and pedestrian safety, and we are working closely with organizations such as Safe Kids Worldwide.

This year, FedEx and Safe Kids are proud to be Since the start of our relationship with Safe Kids celebrating the 15-year anniversary of the Safein 2000, Walk This Way has expanded and now Kids Walk This Way program. Launched in operates in 10 countries. In total, the program 2000, the program brings global attention tohas reached over 10 million students with pedestrian safety issues and makes the streets messages on pedestrian safety, and more than safer for both motorists and pedestrians. Walk 16,000 FedEx team members have shown their This Way operates year-round, conducting support, volunteering countless hours of service research on safety habits, raising awareness along the way. through community outreach and education and making safety improvements to school zones.

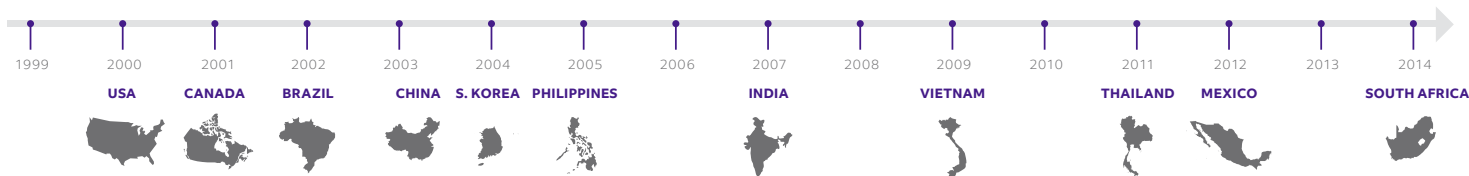
Our current efforts in support of the collaboration include our lead sponsorship of the Safe Roads | Safe Kids Global Roads Safety Summit in Washington, D.C. and the extension of our child pedestrian road safety work with Safe Kids Worldwide into South Africa. The Summit brings together thought leaders in road safety from around the world to convene, share best practices and create solid action plans to enhance road safety around the world. Our initiative with Safe Kids in South Africa will bring the number of countries around the world where we are addressing child pedestrian road safety to 11.







## COUNTRY LAUNCHES



## 2014 SAFE KIDS HIGHLIGHTS

- International Walk to School Day:** In October 2014, we celebrated International Walk to School Day. FedEx and Safe Kids once again joined forces to teach children and adults about the importance of pedestrian safety and healthy living. More than 250,000 children participated in the event and more than 850 FedEx team members joined in to show their support.
- Moment of Silence Campaign:** At the start of the school year, FedEx and Safe Kids once again reminded teens about the dangers of texting while walking. In FY14, 722 parents and students signed the Moment of Silence Pledge.
- Safe School Zone:** As part of Walk This Way, we convened a task force to make infrastructure upgrades at Treadwell Elementary School in Memphis, Tenn. From 2012 to 2014, our engineers worked to make safety recommendations on drop-off routes and to improve the walking conditions around the school. The City of Memphis is now looking to expand these efforts to schools around the city.
- Teens on the Move Report:** In October 2014, we helped Safe Kids deliver a report on the walking behaviors of teens. The report surveyed more than 1,000 teens between the ages of 13 and 18 on their walking habits and identified the major hazards that are increasing teen pedestrian vulnerability. The three main hazards identified by the report are: distraction, walking after dark and running across the street.

- Pedestrian Safety Photo Contest:** Between May and June 2014, we worked together with AIP Foundation (Safe Kids Vietnam) and Vietnam's National Traffic Safety Committee and Ministry of Education and Training (NTSC and MOET) to organize the 2014 Pedestrian Safety Photo Contest. This initiative aims to promote pedestrian safety among secondary school students throughout Vietnam by encouraging them to take pictures of traffic hazards and safe or dangerous road user habits. More than 60,000 secondary school students in Vietnam registered for the contest from February to April, resulting in 4,175 photo submissions to the contest's website and Facebook page.
- Canada's Favorite Crossing Guard Contest:** Each December, exceptional crossing guards are recognized across Canada by FedEx Express Canada and Parachute (formerly Safe Kids Canada) for their work in keeping kids safe. In 2014, four guards were acknowledged for their dedicated service.

## 2.2 UNITED NATIONS ROAD SAFETY COLLABORATION

The UN Road Safety Collaboration is a global initiative dedicated to improving road and pedestrian safety. In 2011, the UN-mandated Decade of Action for Road Safety was launched, with the goal of saving 5 million lives by 2020. FedEx became a member of the collaboration in 2012 and continues to support safety awareness activities. In October 2014, FedEx shared best practices in corporate and NGO road safety collaboration at the World Health Organization's headquarters in Geneva.

## 2.3 EMBARQ

FedEx collaborated with EMBARQ Mexico to develop a training program manual for Mexico City's Metrobús drivers. The manual is an amended version of the FedEx Safety First program and is now being replicated in other Mexican cities. Elsewhere, EMBARQ Brazil is developing a pocket safety manual for drivers that will draw on both the FedEx Safety First program, as well as the EMBARQ Mexico training manual. For more information on our collaboration with EMBARQ, please see page 59.





## 3

## SUSTAINABILITY

At FedEx, we are committed to minimizing the environmental impact of our daily operations. We understand that promoting environmental stewardship extends beyond our workplace and suppliers to the communities and team members that support us.

Through our philanthropic networks, we strive to create a lasting impact by helping to make our practices more sustainable, our ecosystems more resilient and our communities stronger. We collaborate with new and existing affiliate organizations to advance our sustainability commitments even further. In FY14, 630 FedEx team members volunteered at EarthSmart Outreach events across the United States. Our EarthSmart Outreach initiative encourages team members to engage with the community



3.1 EMBARQ



SINCE  
2010

COUNTRIES SUPPORTED  
Brazil, India, Mexico

NUMBER OF COMMUNITIES  
BENEFITING  
40

FEDEX SUBJECT MATTER EXPERTS  
(FY14)  
20 skills-based volunteers  
(some at VP and Director levels)

FedEx is proud to support EMBARQ in its efforts to deliver practical, sustainable and scalable transportation solutions to urban areas in the developing world. Since 2002, EMBARQ, an initiative of the World Resources Institute, has brought sustainable transportation solutions to countries in Latin America, as well as in India and China. FedEx contributes financial, technical and logistical assistance to help EMBARQ increase the efficiency, reduce the emissions and improve the safety of transportation systems in urban areas.

At the core of our engagement with EMBARQ practices to areas of the globe that might not is the Mobility and Accessibility Program otherwise have access to these resources. (MAP). Through MAP's knowledge-sharing MAP currently provides best-practice resources platform, we are able to assist EMBARQ in to 40 cities in Mexico, Brazil and India. delivering sustainable transportation best

EMBARQ HIGHLIGHTS

MEXICO

EMBARQ amended the FedEx Safety First Program to train more than 1,000 Mexico City Metrobús drivers.

BRAZIL

A Bus Rapid Transit driver safety manual, which draws on both the FedEx Safety First Program and the EMBARQ Mexico training manual, was published.

INDIA

FedEx supported the expansion of the Bus Karo Plus Program, a knowledge-sharing platform for public transportation and city officials. The program will improve operations for more than 25,000 buses in five Indian cities.

Since 2010, our collaboration with EMBARQ has transferred knowledge to 1,667 transportation officials and reduced CO<sub>2</sub> emissions by 20,000 metric tons. Through our expanded commitment with EMBARQ, we are hoping to bring MAP advancements in urban transportation sustainability to at least 60 cities by 2016.



### 3.2 THE NATIONAL FISH AND WILDLIFE FOUNDATION



#### SINCE

2009

#### LOCAL SUSTAINABILITY PROJECTS

60+

#### FEDEX VOLUNTEERS ENGAGED

2,375

#### NUMBER OF TREES PLANTED

53,319

We are once again excited to be working with the National Fish and Wildlife Foundation (NFWF). Since 1984, NFWF has teamed up with public and private enterprises to restore and protect plants, fish, wildlife and their habitats in all 50 states. NFWF matches publicly allocated conservation funds with private investments to address urgent environmental needs.

FedEx collaborates with NFWF through our restored more than 450 acres of habitat, planted EarthSmart Outreach program. During our more than 50,000 trees and leveraged \$14.8 five-year engagement with NFWF, we have million in investments from matching grants. FedEx worked hard to strengthen communities through team members also contribute by volunteering environmental stewardship and community their time to NFWF conservation efforts that education, watershed restoration and air-quality are currently taking place in 15 cities. improvements. Our joint commitments have

#### 2014 NFWF HIGHLIGHTS



#### KEEP INDIANAPOLIS BEAUTIFUL

In spring 2014, FedEx and Keep Indianapolis Beautiful, Inc., worked together to plant trees as part of an annual effort to restore the Fall Creek waterway in Indianapolis. These trees will bring new life to an area that was negatively impacted by the emerald ash borer, a highly destructive invasive species in the region.

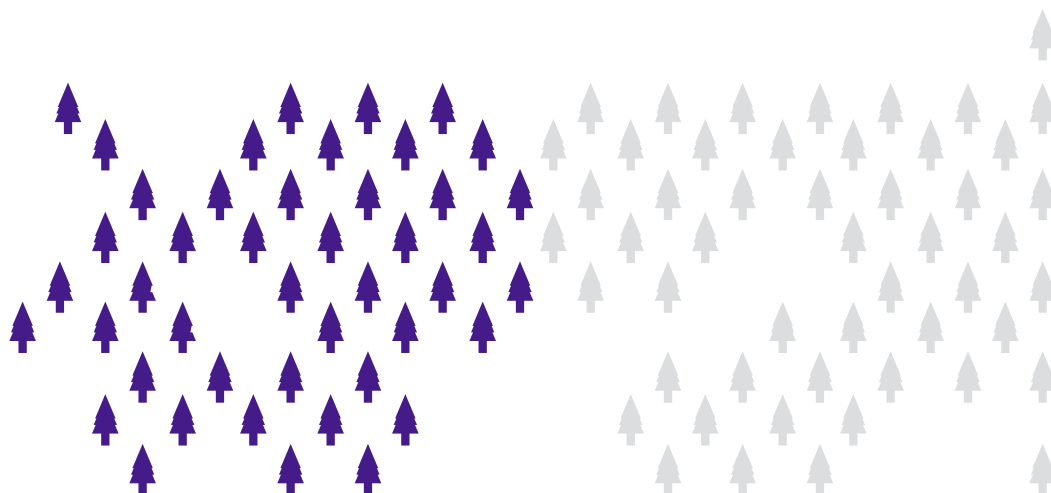
#### ROCKY MOUNTAIN FIELD INSTITUTE

In 2013, the most destructive wildfire in Colorado history killed two people, destroyed 486 homes and devastated thousands of acres of land in the Black Forest. Six of the homes lost were owned by FedEx team members. In a collaboration between EarthSmart and the Rocky Mountain Field Institute in May and June of 2014, 71 volunteers, including family and friends of FedEx volunteers, helped restore 2.25 acres of the Black Forest near Colorado Springs, Colo.

# 450<sup>+</sup>

ACRES OF HABITAT RESTORED

▲ = 10 ACRES



### 3.3 ARBOR DAY FOUNDATION



#### SINCE

2012

#### FEDEX VOLUNTEERS (FY14)

80

#### NUMBER OF TREES DISTRIBUTED

1.45 million

In April 2014, FedEx collaborated with the Arbor Day Foundation to launch the Community Tree Recovery program. Following a disaster, the program will deliver seedling trees to stricken areas, assisting communities on their road to recovery and helping to foster stronger and more resilient ecosystems.

FedEx supports this effort through a million-dollar, multi-year sponsorship. FedEx team trees in Colorado, New Jersey and Texas to help members are already helping out, distributing restore areas damaged by wildfires. trees to homeowners, volunteering at tree



# 4

## COMMUNITY PROGRAMS

At FedEx, we put great value on the communities that we work with, which is why we are always looking for ways to give back. While we are a global organization, our networks are very much local. We strive to support initiatives that address the specific needs of the communities we serve.

Our outreach extends beyond disaster relief, initiatives in health, diversity and education. We road safety and environmental sustainability also proudly donate millions of pounds of in-kind to include efforts that advance community shipping annually for charitable activities.

### 4.1 CHARITABLE SHIPPING

# 650 GAL

OF HAND SANITIZER DELIVERED



1 icon = 10 BOTTLES

In FY14, we donated space for 6.7 million lbs. of charitable shipping. Through FedEx Express, FedEx Custom Critical, FedEx Freight, FedEx Trade Networks and charters, we moved everything from relief supplies to dinosaur bones, expanding imaginations and making disaster recovery possible. Some FY14 highlights include:

- To help stop the spread of Ebola, we assisted in delivering 650 gallons of hand sanitizer to Liberia, which is enough to supply 20 health clinics for one month.
- FedEx Custom Critical moved a seven-ton *Tyrannosaurus rex* skeleton from Montana to the Smithsonian National Museum of Natural History in Washington, D.C. The skeleton will also be shipped to Toronto in the fall for restorations.

### OH, THE UNUSUAL THINGS WE MOVE!



FedEx Custom Critical moved a seven-ton *T. rex* skeleton from Montana to the nation's capital.



FedEx Express and the Animal Desk helped to transport a rescued 50-year-old, 320-pound sea turtle to start a new life at the Mandalay Bay Resort saltwater aquarium in Las Vegas.



## 4.2 HEALTH: DELIVERING SIGHT WORLDWIDE WITH ORBIS

For decades, FedEx has been proud to work with Orbis International in its efforts to eradicate avoidable blindness in developing nations. Orbis International is a global NGO with a mission to bring awareness to eye health and provide preventative measures and treatment options to address avoidable blindness.

FedEx is the sole sponsor of Delivering Sight Eye Hospital aircraft, deliver medical supplies Worldwide, an international program that provides and provide mechanical maintenance on the direct support to Orbis efforts. Our commitment ground throughout the year.

supports two Flying Eye Hospital medical programs per year, an agreement that is secured through 2016. FedEx volunteers fly Orbis' Flying Last year, we sponsored Flying Eye Hospital programs in Panama City, Panama and Kolkata, India.

### PANAMA CITY

In Panama City, the Flying Eye Hospital program provided hands-on ophthalmic training to 42 medical professionals. In addition, 244 professionals received training through classroom sessions, workshops and symposia. The program provided eye-care examinations to 131 patients, 68 of whom received additional treatment.

### KOLKATA

In Kolkata, the program provided hands-on training to 124 medical professionals, while 565 professionals received additional training through a combination of classroom sessions, workshops and symposia. Eye examinations were given to 141 patients, 61 of whom received additional treatment.

## 4.3 DIVERSITY: SCHOLARSHIPS AND EDUCATIONAL PROGRAMS

With a global workforce that spans six continents, FedEx is a dedicated supporter of diversity-related initiatives. Promoting diversity is essential to connecting communities and providing equal access to opportunities. For example, in the U.S., we strive to empower minority youth with the educational and professional development tools needed to become leaders in school, at work and throughout the community.

In FY14, we allocated more than \$1.2 million toward diversity scholarships and educational programs. The program highlights include:



### HISPANIC SCHOLARSHIP FUND

During the 2013/14 school year, FedEx volunteers supported five Hispanic Scholarship Fund (HSF) College 101 workshops for approximately 1,000 students and their parents. The workshops provide information on college preparation, financial aid and scholarship opportunities. FedEx also supports 20 HSF Scholars with four-year partial scholarships.



### UNITED NEGRO COLLEGE FUND

We sponsored 20 four-year scholarships for African-American students attending historically black colleges and universities in the United States.



### AMERICAN INDIAN COLLEGE FUND

We supported 30 partial scholarships designed to help students complete their education.



### ASIAN AND PACIFIC ISLANDER AMERICAN SCHOLARSHIP FUND

We supported eight partial scholarships to help students complete their education.



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## DIVERSITY: SCHOLARSHIPS AND EDUCATIONAL PROGRAMS CONT.

At FedEx, diversity efforts extend beyond provided financial support to the Dress for educational initiatives. For example, in FY14 Success annual gala, the National Urban League FedEx co-sponsored the NAACP Image Awards Annual Convention and College Fair and the and was a lead sponsor of the National Civil National Council of La Raza's Líderes program Rights Museum Freedom Awards. We also for Hispanic youth.

---

### HISPANIC SCHOLARSHIP FUND—ED ANDUJAR

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**EDUCATION HAS ALWAYS BEEN A PASSION OF MINE. GROWING UP, MY PARENTS WORKED TIRELESSLY TO PROVIDE ME WITH A POST-SECONDARY EDUCATION IN SPITE OF THE FACT THAT NEITHER OF THEM WENT TO COLLEGE.**

Without this support, I know that there is no attaining an MBA might actually be a reality. The way I would be where I am today. However, HSF program provides minority youth with the upon graduating from college and getting my knowledge and resources they need to pursue first job in New York, it was clear to me that my opportunities in higher education. education shouldn't stop there.

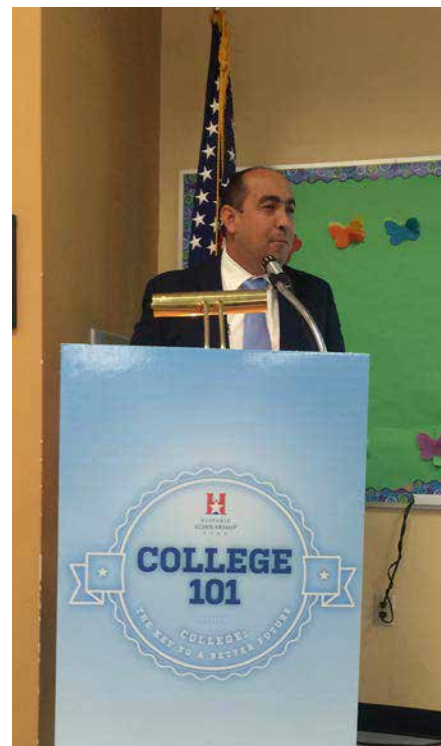
It wasn't very common for people in my supporter the HSF program. When I found out community to attend graduate school, so when that FedEx, my employer of more than 16 years, I expressed my desire to pursue an MBA, I was sponsored 20 four-year HSF scholarships annually, met with resistance. How would I be able to I was overjoyed and eager to help out even afford it? What was wrong with the job that more. It is because of corporate support like I currently had? I knew that I would need this that I was able to obtain my MBA and that additional support. countless other youth can pursue opportunities

When I heard about the Hispanic Scholarship Fund program, I realized that my dream of in higher education that they might have never thought possible.



#### ED ANDUJAR

Managing Director of Financial Planning and Analysis for Latin America and Caribbean region at FedEx



## CUFA EDUCATION AND SPORTS PROJECT IN BRAZIL

FedEx teamed up with Brazil's Central Única das Favelas (CUFA) on the opening of a sports and cultural center in Rio de Janeiro. The center is a meeting point and resource for residents of the more than 280 *favelas* (slums) in the city to come together and engage in a wide range of educational and recreational activities.

FedEx also sponsored the Jogos da Rua (Street Games) as part of its collaboration with CUFA. Jogos da Rua is a series of games that aims to support cultural diversity, teamwork, competition and community interaction. The games, which took place in August and September of 2014, brought together young residents from 32 communities to participate in 21 different competition venues such as skate, hopscotch and four square.



### 4.4 EDUCATION

# 5,000+

**VOLUNTEER HOURS  
WITH JA PROGRAMS**

### JUNIOR ACHIEVEMENT

Since 1982, we have worked closely with Junior Achievement (JA), a global youth nonprofit dedicated to providing students with the real-world skills they need to succeed, both in school and throughout their careers. For decades, we have proudly supported JA initiatives through financial contributions and volunteer activities. In FY14, we provided more than \$1 million in cash donations, and 460 global FedEx team members took part in activities for 12,400 students in 272 JA classrooms worldwide.

For the second year in a row, FedEx is honored to have received the U.S. President's Volunteer Service Award at the Bronze level. This recognizes our service of more than 5,000 volunteer hours with JA programs. Here are some highlights of the FedEx FY14 collaboration with JA:

### FEDEX ACCESS AWARD

At FedEx, we are built on global connectivity and we understand deeply the importance of access. As part of our JA program, we share this concept with students through the FedEx Access Seminar and the Access Award. In FY14, FedEx team members taught Access Seminars to more than 530 students and served as judges on the Access Award panel. The Access Award recognizes the most innovative student enterprises in each global region.

### FEDEX ACCESS JOINT-VENTURE AWARD

FedEx is also proud to support the Enterprise without Borders® program, which teaches students how to create global partnerships and the challenges and opportunities presented by operating a business in a global setting. The Access Joint-Venture Award recognizes the most innovative cross-border student enterprise. More than 600 student companies participate in this program, which spans over 41 countries.

### FEDEX/JA INTERNATIONAL TRADE CHALLENGE PROGRAM

Since 2007, FedEx has worked with JA to organize the International Trade Challenge program in the Asia Pacific region. The program educates students on international trade, business and economics through a mix of classroom activities and practical team-based exercises. In 2014, the program reached 2,051 students in 242 schools throughout nine markets. To date, the program has involved the participation of almost 12,000 youths throughout the Asia Pacific region.

## TEACH FOR AMERICA

We launched our relationship with Teach for America (TFA) in 2007, and since that time we have seen a dramatic increase in the diversity of the TFA teacher corps. In 2008, FedEx presented TFA with a four-year, \$1 million grant to further the strategic goal of growing in scale and in diversity. We are proud to acknowledge that FedEx support has helped to make the current TFA corps the most inclusive ever, with half of the new recruits identifying themselves as a person of color.

In FY14, we also supported TFA by:

- Continuing as founding sponsor of the TFA Rising Leaders Fellowship program. Each year,

the Fellows convene in Washington, D.C., for the Rising Leaders Summit. They spend the next 15 months working with local mentors and other Fellows to lead initiatives that tackle education inequity on campus and in their communities. In FY14, the summit brought together more than 60 top students from around the country.

- Providing \$294,000 in regional grants and in-kind support in Dallas, Memphis, Tenn., and the Mississippi Delta.
- Participating annually in the Teach for America Week, where FedEx executives assist TFA teachers in creating lesson plans.

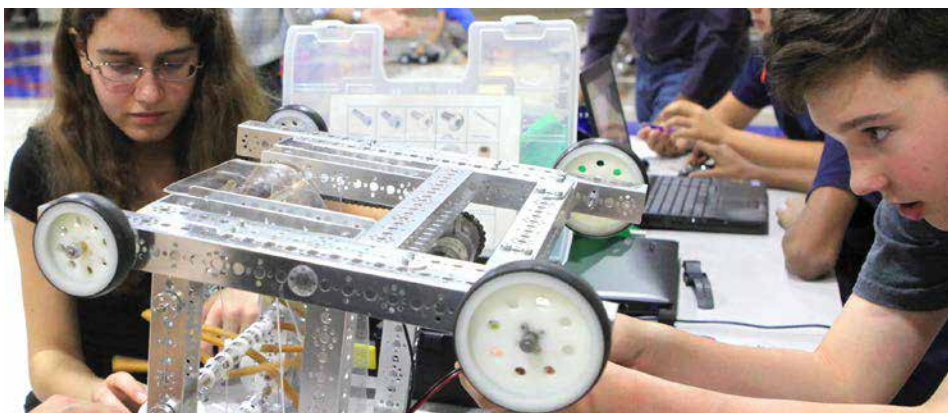
**WE ARE PROUD TO  
ACKNOWLEDGE THAT  
FEDEX SUPPORT  
HAS HELPED TO MAKE  
THE CURRENT TFA  
CORPS THE MOST  
INCLUSIVE EVER, WITH  
HALF OF THE NEW  
RECRUITS IDENTIFYING  
THEMSELVES AS A  
PERSON OF COLOR.**

## FIRST® ROBOTICS COMPETITION

Since 2002, FedEx has provided in-kind shipping services to the FIRST (For Inspiration and Recognition of Science and Technology) Robotics Competition (FRC), moving more than 11 million lbs. of robotic equipment during this time. The competition is an annual event that draws together teams of innovative students to design and build robots that complete tasks and compete against one another. Each year, FedEx donates approximately \$1 million in retail shipping support to the competition. This allows for delivery of the robot starter kits to the teams, as well as transportation of the completed robots to the FIRST Robotics Championship each spring.

In its inaugural year, over 100 teams participated and there were over 840 posts through social media channels. This year's grand prize winners were FRC Team Ice Cubed from North Bay, Ontario, and FTC Pi-Rho Maniacs from Austin, Texas.

FedEx also contributed \$100,000 toward the FRC Rookie Grant program. This program will help to sponsor more than 187 new teams over a three-year period.



# 5

## VOLUNTEER EFFORTS

At FedEx, our corporate commitment to philanthropy extends to our team members, who donate their time and effort to volunteer in the communities we serve.



**FEDEX CARES WEEK**

**9,991**  
FY14 FEDEX VOLUNTEERS



**SAFE KIDS WALK THIS WAY EVENTS**

**913**  
FY14 FEDEX VOLUNTEERS



**EARTHSMART OUTREACH EVENTS**

**630**  
FY14 FEDEX VOLUNTEERS

For more than four decades, FedEx has stressed the importance of giving back to the communities where we live and work. Volunteerism is an integral part of our culture, and we are always looking for new opportunities and ways to provide assistance. All over the world, FedEx team members are selflessly donating their time and expertise to countless efforts, moving forward the possibilities and potential of our communities.

### 5.1 FEDEX CARES WEEK AND THE UNITED WAY CAMPAIGN

**9,991**



TOTAL  
VOLUNTEERS

**46,867**



TOTAL  
VOLUNTEER HOURS

**64**



NUMBER OF  
COUNTRIES WHERE  
EVENTS TOOK PLACE

For nearly 40 years, FedEx has teamed up with the United Way in our joint commitment to improve and strengthen the communities where we live and work. In FY14, almost 10,000 FedEx team members in 398 cities in 64 countries volunteered their time and expertise.



For the past nine years, our team members have participated in FedEx Cares Week, our annual start to the United Way campaign. Team members from around the world come together to take part in activities that support this campaign. Some highlights from FY14 FedEx Cares Week include:

#### CANADA

In Canada, more than 30 FedEx team members and their families came out to support Toronto's SickKids hospital.



#### MEMPHIS

In Memphis, Tenn., more than 900 team members assisted at 11 different nonprofits, contributing more than 4,500 volunteer hours along the way.



#### LATIN AMERICA AND CARIBBEAN

In the Latin America and Caribbean (LAC) region, 219 team members in seven countries volunteered for TECHO, a nonprofit dedicated to alleviating extreme poverty in city slums.



#### INDIA

In India, more than 60 percent of FedEx team members volunteered their time to support children with special needs. In total, 45 activities were organized in communities across the country.

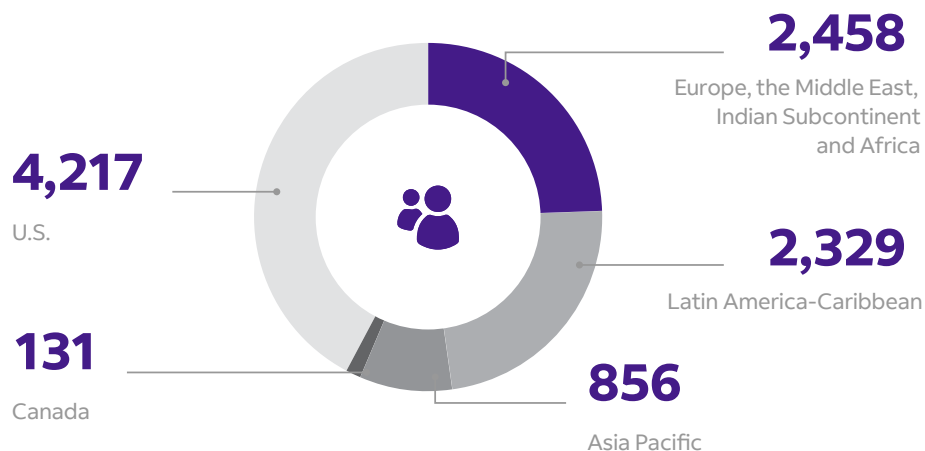


#### THAILAND

In Thailand, nearly 100 team members in two different cities planted 500 trees.



#### FEDEX CARES WEEK—FY14 GLOBAL TEAM MEMBER INVOLVEMENT (NUMBER OF VOLUNTEERS)



# ADVANCING POSSIBILITIES FOR OUR PEOPLE



**PEOPLE**

Overview

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Workplace Safety

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Team Member Development

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Enhancing Quality of Life

PAGE 80

Diversity and Inclusion

PAGE 82

2014 Highlights

ADVANCING SAFETY IN A CHALLENGING YEAR

Despite our “safety-above-all” culture, 2014 was a particularly difficult year. We take the responsibility of protecting our communities and team members seriously and are making targeted investments through safety improvement initiatives and technologies across our operating companies to build a safer and more resilient company. (page 74)

FEDEX LEARNING CENTER

We expanded the rollout of our premier online team-member training platform in 2014 to eight operating companies. More than 275,000 team members can now search through more than 14,000 online courses, self-enroll, and track their progress. (page 76)

HEALTHWAYS WELL-BEING PROGRAM

We launched the Healthways Well-Being Program to provide team members with personalized resources to manage their health and improve their well-being. (page 81)

DIVERSITY OF U.S. WORKFORCE

CAUCASIAN	53.8%
BLACK/AFRICAN-AMERICAN	27.5%
HISPANIC/LATIN	12.9%
ASIAN	3.7%
AMERICAN INDIAN/ALASKAN NATIVE	0.7%
TEAM MEMBERS OF OTHER ETHNICITIES	1.4%

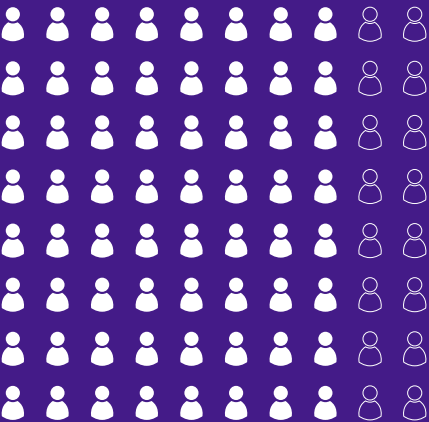
Case Study

SUPPORTING WOMEN IN AVIATION

Throughout 2014, FedEx women in aviation were featured on our website to celebrate their inspiring work and dispel gender stereotypes. (page 84)

Full-Time U.S. Retention Rate

80.4% OF FULL-TIME U.S. TEAM MEMBERS RETAINED



Women in FedEx Global Workforce



Women in FedEx Management Roles Globally



Case Study

MORE SAFETY CHAMPIONS THAN EVER

FedEx sent a record 138 drivers to the 2014 National Truck Driving Championships. Four FedEx drivers were crowned National Champions. (page 75)

## 1

## OVERVIEW

Across continents, FedEx team members are on the move, delivering on our promise of superior service and creating outstanding experiences for customers. It is our team members and shared company culture that unite us as we move toward turning tomorrow's possibilities into reality today.

FedEx is passionate about people. This starts with our team members and extends to the customers and communities we serve. Across our operating companies, team members share a professional commitment and passion that drive to keep them happy and healthy. This commitment to our people builds loyalty, and in turn, supports our exceptional service to customers worldwide. That is why we work tirelessly every day to make FedEx a safe and inclusive place to work. We provide opportunities to help our team members advance, as well as competitive benefits to our people builds loyalty, and in turn, supports our business.

## 1.1 THE PURPLE PROMISE

**"I WILL MAKE EVERY  
FEDEX EXPERIENCE  
OUTSTANDING."**

The FedEx Purple Promise is both a commitment to customer service and a fundamental philosophy that motivates our team members daily. The pledge is simple: "I will make every FedEx experience outstanding." Empowering team members to deliver on this pledge requires ongoing investment in our workforce, from recruiting to training to quality-of-life considerations. In this way, FedEx develops team members who go above and beyond in every customer interaction.

FedEx has more than 300,000 team members FedEx Ground and FedEx Custom Critical, to across more than 220 countries and territories, meet our customers' needs. including independent service providers for

1.2 RETENTION:  
IT'S MUTUAL

Team members frequently stay with FedEx for long periods and even entire careers. Keeping them engaged is important to the success of our company. In FY14, we retained more than 80.4 percent of our full-time U.S. team members.

Our FY14 global retention rate was 67.1 percent attribute a portion of the decline in retention to and measures seasonal and part-time team this seasonal effect, we understand that there members, as well as full-time team members. are other factors involved. Moving forward, we Annually, we see significant hiring and then intend to conduct further analysis in order to turnover following our peak holiday season understand additional causes that contribute to when temporary personnel are needed to fluctuations in our retention rates. handle higher shipment volumes. While we can



### 1.3 FEDEX CODE OF BUSINESS CONDUCT AND ETHICS

Maintaining the FedEx reputation for integrity, honesty, and reliability calls for a shared way of thinking across our global workforce. We set high standards for our team members and require compliance with the FedEx Code of Business Conduct and Ethics. The Code works to reinforce our company values and lays out our expected behaviors of professional conduct in areas such as health and safety, prohibiting harassment and discrimination, conflicts of interest, and gifts and entertainment. New team members are directed to the Code of Conduct during their orientations. This year, we updated the Code to address our policies in the areas of human rights and international trade controls.

We ask team members to report any possible (available 24 hours a day), or by directly violations of the Code through our FedEx contacting FedEx management, Legal or Human Alert Line call-in service, or web-based system Resources Departments.

## HIGH HONORS FOR THE HUMAN TOUCH

Every year, we celebrate our team members' achievements with two awards that recognize superior customer service and selfless assistance to others. From accelerating the delivery of life-saving medical devices to helping victims of roadside accidents, the actions of award recipients exemplify FedEx core values in exceptional circumstances.

### THE PURPLE PROMISE CHAIRMAN'S AWARD

The Purple Promise Awards are inspired by to be displayed at the prestigious event was the FedEx promise to make every customer still in Brazil. Daniela worked to locate the pack experience outstanding. In FY14, we presented age. Paulo Nogueira, FedEx Customer Service 61 Purple Promise Awards and 16 Purple Manager in São Paulo, then took a commercial Promise Chairman's Awards, which represent airline flight to Los Angeles to hand-deliver the the best-of-the-best Purple Promise Awardpackage. A Los Angeles operations manager winners. Here's the story of one Purple Promise drove Paulo to the recipient's doorstep, result ing in an exceptional customer experience.

Daniela Malaquias, Customer Representative in Solutions, received an urgent customer request relating to the Oscar ceremonies less than 24 precious time away from their personal lives, they delivered on the Purple Promise. hours away. A package containing special items

### THE HUMANITARIAN AWARD

The Humanitarian Award recognizes team was seriously injured and unconscious. Samphun members who have gone above and beyond called for help and then used the flashlight func basic community responsibility to help others. tion on his mobile phone to signal oncoming One of this year's award winners was Samphun traffic to slow down and avoid the lane where Sea-Teaw, a FedEx courier in Thailand. Samphun the accident had occurred. Thanks to Samphun's witnessed a motorbike crash and immediately efforts, further accidents and injury to the victim parked his van and checked on the rider, who were avoided.

## 2

## WORKPLACE SAFETY

Each business day, we move more than 10.5 million packages to customers across the globe. For many team members, the world's roads are their workplace. Every year, upward of 50 million road-related injuries occur globally. That's why the safety of our team members and the public is our first priority at FedEx.

Our critical focus on safety is embodied by the FedEx Safety Above All philosophy and our Chairman and CEO Frederick W. Smith's commitment to it:



**JUST AS WE SEEK TO CONTINUOUSLY IMPROVE THE SERVICE WE PROVIDE TO OUR CUSTOMERS, WE MUST ALSO CONTINUOUSLY IMPROVE THE PRACTICES AND PROCEDURES THAT CAN MAKE OUR WORKPLACE EVEN SAFER FOR OUR EMPLOYEES.**

**FREDERICK W. SMITH**

Chairman, President and CEO



We move forward on Safety Above All by integrating comprehensive workplace safety education into our operations and requiring team members to follow strict safety standards and protocols. We believe in a "best practices" approach to safety, and in many cases, our safeguards exceed regulatory requirements. To stay ahead of the curve, we invest millions of dollars in equipment and technology that prevents injuries and accidents in our operations.

To complement enterprise-wide standards, each FedEx operating company is responsible for implementing customized approaches to the unique safety needs of its business. Specific areas of importance include aircraft and vehicle safety, safe handling of packages and hazardous materials, severe weather preparedness and enforcement of safety practices.

While we take great pride in these principles and protocols, we acknowledge that we must continually strive to increase our safety efforts. In FY14, we worked on:

- Enhancing safety engagement: A new "Safety Focus Program" was implemented in 2014, which delivered enhanced safety engagement and support to FedEx operations to meet safety performance goals. The program relies on a collaborative process among local leadership, district and region management, and Corporate Safety to identify areas for improvement and apply Quality Driven Management (QDM) principles to achieve safety goals. Safety specialists play a key role, actively engaging and supporting continuous improvement efforts toward a heightened safety-above-all culture.
- Targeting areas for improvement: FedEx Express established the Safety Partnership Location (SPL) program to improve safety in locations with higher-than-average accident and injury rates. FedEx Express provided management at these sites with assistance in developing and implementing divisional safety plans that identified, reviewed and made corrective actions to reduce accidents. During FY14, our Memphis Hub Night organization had a 17 percent improvement in its SPL accident and injury rates.
- Introducing data driven programs: FedEx Freight implemented a new initiative to identify the root causes of accidents and injuries and improve follow-up after incidents. The program has enhanced our ability to gather accident and injury information immediately following an event and provide our teams with the tools to mitigate future occurrences.



## ADVANCING SAFETY IN A CHALLENGING YEAR

Our first priority, is the safety and security of FY14. We believe the largest factor contributing to this trend was the surge in severe weather we operate—bar none. With over 100,000 events in North America in December of 2013, owned and contracted vehicles on the road, leading up to Christmas, several storms hit across over 300,000 team members worldwide and North America, producing snow, ice, flooding operations in 220+ countries and territories, we and rain across nearly 30 states. This was a need to operate safely and are always striving to “perfect storm” and landed at the same time improve our performance. We believe in a “best that we move the largest volume of packages practices” approach to safety and actively promote across our operations and onto the roads for and support a culture of safety across the delivery. We saw accident and slip-and-fall organization through comprehensive workplace injury events increase during this time. We take education programs.

FedEx has set many safety records and thousands of our drivers drive accident-free each year. However, 2014 was a particularly difficult year for us as we experienced two tragedies—a highway crash in California that resulted in 10 fatalities and an incident at a FedEx facility in Atlanta where a troubled employee shot and injured six people before taking his own life. All of us at FedEx grieve for those individuals who lost their lives and those injured, and we offer our deepest sympathies and condolences to their families and loved ones.

We also saw our recordable vehicle accident rates and lost time injury rates go up slightly in

the responsibility of sharing the roads and protecting our team members and communities seriously. That’s why we are focusing our Corporate Safety departments to work closely with our operations to target safety improvement initiatives across our operating companies and facilities. In 2014, we updated our workplace violence training program to educate team members on how to respond to active shooter situations. We are also making targeted investments across all of our operating companies to improve safe driving and reduce unnecessary hazards on the road. This includes investing in technologies such as lane departure warnings and object detection systems on our vehicles to complement our standard safe driving practices.



**CONTINUOUSLY ADVANCING OUR SAFETY PRACTICES REQUIRES UNWAVERING FOCUS. AS WE REFLECT BACK ON A CHALLENGING YEAR, WE ALSO LOOK AHEAD AT OPPORTUNITIES TO BUILD A SAFER AND MORE RESILIENT COMPANY.**

**MICHAEL L. DUCKER**  
President and Chief Executive Officer  
FedEx Freight

## RECOGNIZING SAFETY

Recognizing safety performance is one way that vehicle and worker safety rates. Each quarter, In addition to location-based awards, FedEx FedEx reinforces safe work habits. In FY14, the facilities with the best rates are rewarded Express also recognizes individual team members FedEx Express implemented a Quality Driven with a cookout, plaque and a drawing for prizes. through its Safe Driving Awards. Team members Management (QDM) based program called the The goal of the program is to build awareness of that operate safely and without an accident are Quality Driven Safety Award to do just that. The safe work habits and increase pride in safety. eligible for several awards based on the length award is given based on a competition among FedEx Freight and FedEx Ground offer similar of their safe driving record. FedEx Express facilities for the best combined QDM safety initiatives.

### 2.1 WORKING WELL WITH OTHERS

Much as we prioritize safety within our own operations, we also recognize that we must collaborate with external allies to improve safety outcomes overall. FedEx trucks share the roads with millions of vehicles each day, so there’s a common responsibility for safe driving. That’s why we work closely with organizations like the Commercial Vehicle Safety Alliance, American Trucking Association, American Society of Safety Engineers and American Industrial Hygiene Association to share procedures for improving safety within and beyond our company. See pages 55–57 for more on how we work with third parties to support pedestrian and road safety outside of FedEx.

2.2 MEASURING SAFETY

Lost Time Injury Rate (LTIR) is one metric that we use to analyze safety outcomes at FedEx. LTIR covers nonfatal injuries or work-related illnesses that cause a team member to lose work time beyond the calendar date of the injury or the illness’s onset. In FY14, our LTIR rate was 4.01. This is modestly higher than our FY13 rate of 3.88 percent.

Another metric we use to track safety outcomes is the Preventable Recordable Vehicle Accident Rate (per 1 million miles driven) globally. This year, we regret to report that eight workplace fatalities resulted from vehicle accidents. We extend our deepest condolences to the families of those team members and all others affected. We investigate all fatalities at FedEx to identify root causes and take corrective actions to prevent reoccurrences.

GLOBAL SAFETY TRENDS	FY12	FY13	FY14
LOST TIME INJURY RATES, PER 200,000 HOURS WORKED*	3.72	3.88	4.01
PREVENTABLE RECORDABLE VEHICLE ACCIDENT RATES, PER 1 MILLION MILES DRIVEN	0.31	0.30	0.31

\*Global LTIR data is based on definitions from the United States Occupational Safety and Health Administration (OSHA).

2.3 PREVENTING WORKPLACE VIOLENCE

The safety and security of our team members is of the utmost importance. To ensure this, we have programs in place to help prevent workplace violence from occurring and have strong procedures for rapidly responding when incidents do occur.

Each year, every FedEx team member is trained directly with management, Security, Human Resources or Legal. When incidents are reported, our Workplace Violence Response Team promptly investigates the claims and responds accordingly.

NATIONAL CHAMPIONS OF SAFETY



year. In the championship, each driver must demonstrate his or her driving skills and knowledge through a series of tests, including a written exam, vehicle pre-trip inspection and driving skills challenge.

Four drivers representing FedEx were crowned National Champions in their respective driving classes. Six other FedEx drivers placed among the top finishers. Paul Brandon was one of those National Champions. Paul has worked for FedEx Freight for 14 years, based in New Haven, Conn., and has earned over 1.1 million accident-free miles. Debbie Conn earned her spot at the National Championships by placing first at the Arkansas State Truck Driving Championships. Debbie has been a professional driver for almost 25 years, nine over a 35-year career. “Some people have hobbies,” states Paul. “My passion is the Truck Driving Championships.” We would like to salute all FedEx state and national champions like Debbie and Paul who make road safety a priority every day.

A record 138 drivers represented FedEx at the 2014 National Truck Driving Championships (NTDC) in Pittsburgh this year. The event is known as the “Super Bowl of Safety,” and to earn the honor of competing, each driver has to win his or her respective state competition and also drive accident-free for a minimum of one



## 3

TEAM MEMBER  
DEVELOPMENT

We are committed to helping our team members grow in their careers and rise through the ranks at FedEx. In fact, more than 70 percent of our global management team was hired from within the organization. This strong track record reflects our investment in our team members through career training and development programs and recognition initiatives. Just as we move possibilities forward for the communities we serve, we seek to move our people forward as well, recognizing and developing their full potential.

We offer a variety of training and leadership of training per person. FY14 was a transition programs that empower team members to year at FedEx, where we focused on developing excel in their jobs and gain the knowledge and solutions to reduce travel-to-training costs and skills required to get ahead. FedEx operating instead reach more individuals through technology companies also implement specialized training andand alternative education solutions. We've workforce development programs that targetreceived positive user feedback on the new skills unique to their operating environment. approach and are excited by the opportunities

In FY14, team members from across the organi  
zation participated in an average of 13.8 hours

that technology can bring to our training methods.

## FEDEX LEARNING CENTER

In 2014, we expanded the rollout of the FedEx Learning Center, our premier online team-member training platform, to eight FedEx operating companies. The tool allows team members to easily search through an extensive course catalog, self-enroll in educational offerings, track progress and review their learning history. We have over 275,000 users of the system so far and offer more than 14,000 courses.

**THE FEDEX LEARNING CENTER HELPED TO EXPAND TRAINING IN LATIN AMERICA AND THE CARIBBEAN AND IMPROVED OUR ABILITY TO TRACK COMPLETION RATES.**

**FERNANDO SKERL**

Training Advisor for Latin America-Caribbean Health & Safety at FedEx



### 3.1 TUITION ASSISTANCE

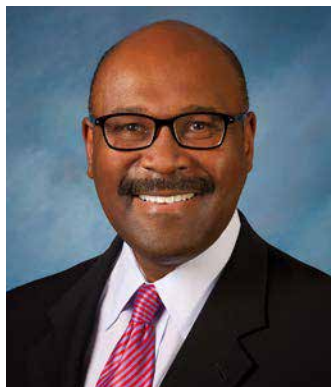
We believe education is an important tool for professional growth and are committed to supporting our team members to pursue higher education. We make tuition assistance available to our full-time and part-time employees at FedEx. Tuition programs vary by operating company and range from \$1,250 to \$5,000 per employee per year.

### 3.2 PROMOTING TEAM MEMBERS

We prioritize hiring from within whenever possible. Prior to advertising job openings publicly, we often post positions internally first, which provides a strong incentive for team members to stay and grow at FedEx. Nearly all full-time U.S. team members received performance reviews in FY14. The reviews provide valuable feedback on current performance and help to prepare team members for possible advancement within FedEx.

Our Executive Development Teams at FedEx within FedEx. Our commitment to advancing are tasked with preparing team members to our team members has fostered a loyal, engaged advance into more senior roles. Approximately and knowledgeable workforce. 98 percent of officers were promoted from

### 3.3 RISING THROUGH THE RANKS



Matthew Thornton III is an example of our commitment to advancing team members from within. In 1978, Matthew began his career with FedEx Express as a package handler. Since then, he has earned multiple promotions, including to Managing Director and later to Vice President and Senior Vice President positions within FedEx Express. Today, Matthew serves as Senior Vice President of FedEx Express U.S. Operations, overseeing the team responsible for U.S. domestic package pickup and delivery services, customer retail operations, and the FedEx Express customer service experience. Mr. Thornton guides a business segment with more than 53,000 employees who provide service to customers shipping an average of 2.6 million packages per day. The U.S. Operations division utilizes approximately 29,000 vehicles operating out of more than 650 locations.

Thornton has received national recognition as "Top 100 Executives in America." He currently one of Black Enterprise magazine's "75 Most serves on the Board of Directors of The Powerful African-Americans in Corporate Sherwin-Williams Company and Safe Kids America" (2005) and "100 Most Powerful Worldwide. He is also a member of the United African-Americans in Corporate America" (2009 Way Tocqueville Society and the Executive and 2012). In 2014, he was recognized by Leadership Council (ELC). *Uptown Professional* magazine as one of the

#### EXECUTIVE CURRICULUM FOR ENTERPRISE-WIDE LEADERSHIP (EXCEL)

EXCEL is our executive development program, have gone through our EXCEL DRIVE program which brings together executives from across for directors, and another 75 through our EXCEL the organization to focus on strategy, changeAdvanced program for VPs. Nineteen participants management and developing leadership skills thatin the EXCEL Advanced program have been promote success. Since 2008, 78 participants promoted to a new or expanded role within FedEx.

## TRAINING FOR ENTERPRISE SUCCESS

We offer two training programs that help FedEx FedEx managers across the enterprise with a leaders from across the organization foster central point of access to online learning what we call the Seven Drivers for Enterprise resources that also support the development of Success. One of them is our Executive Center the Seven Drivers for Enterprise Success. The for Enrichment and Education (EXCEED). site offers online continuing education, topical EXCEED is available to officers and directors, videos, book summaries and more.

providing them with classroom learning, online tools and executive coaching opportunities.

The Seven Drivers for Enterprise Success were developed from key competencies within the

Another important training program is our company leadership models and reflect executive Leadership for Information, Networking and attributes that we consider to be critical to the Knowledge (LINK) program. LINK provides future success of our company.

## PASSPORT TO LEADERSHIP

The Global Leadership Corps program offers Projects ranged from developing campaigns to team members the opportunity to work abroad improve working conditions within the construction for one month—often with outside organizations industry to providing clean cooking stoves and on an innovative community project. The goal is to solar lights to communities in need.

help team members acquire valuable leadership and teamwork skills while gaining insight into the emerging markets where FedEx business is growing rapidly.

“We had an opportunity to find a different type of meaning from our labor—to save lives by preventing accidents or to use our skills to help make the lives of the people there that much better,” stated one participant in the FY14

In FY14, FedEx sent two Global Leadership Corps teams to Ahmedabad and Chennai, India. Global Leadership Corps program.

## DRIVER DEVELOPMENT COURSE AT FEDEX FREIGHT



For years, we have seen a growing shortage of truck drivers entering the field, while at the same time, FedEx Freight operations have experienced double-digit growth. To address this gap, we added almost 70 new truck-driving instructors to our Driver Development Course in FY14. As part of our “home-grown” approach to training, the course leads the industry and far exceeds many of the requirements of third-party truck-driving schools. The course has furthered our ability to hire from within, ensure the quality of the drivers that we put on the road, target hiring more female drivers and meet the growing demands of our operations.

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### 3.4 TEAM MEMBER FEEDBACK

Listening to FedEx team members is important for our company success, and we take their feedback very seriously. In FY14, our annual confidential feedback surveys achieved a collective response rate of 90.8 percent. Each FedEx operating company collects feedback from team members on subjects including compensation, benefits, and manager and customer relationships. Surveys vary across operating companies and are not tracked at the enterprise level. We also surveyed over 270 team members on global citizenship issues as part of our materiality assessment.



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### 3.5 ENGAGING TEAM MEMBERS

FedEx encourages team members to provide suggestions and raise concerns to management through our formal and informal open-door policies. We facilitate communication through team member tools, including our intranet site (the Purple Hub), internal television network (FedEx Productions) and periodic newsletters. Events to engage team members are held throughout the year, including presentations from management, brown-bag lunches and town hall meetings.

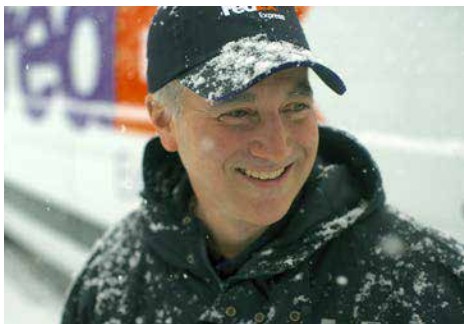


## 4

## ENHANCING QUALITY OF LIFE

The success of our business is dependent on the health, wellness and overall well-being of our team members. We provide health and wellness, as well as financial security benefits, across our operating companies. This year, FedEx launched the Healthways Well-Being Program to provide team members with personalized resources to manage their health. We also work to customize benefit packages to meet the needs of team members in the countries where we operate. We vary employee benefits based on local customs and norms.

### 4.1 RETIREMENT BENEFITS



FedEx offers pension and 401(k) retirement plans to eligible team members in the United States. These plans together currently have a participation rate of 85 percent.

We encourage team members to participate in active team members who were not taking retirement benefit plans and offer education advantage of the Retirement Savings Plan (RSP) programs to boost involvement. For example, in or the FedEx Office 401(k) Plan. For the RSP, of FY14, FedEx Retirement Services, together those who received the communication, nearly with Vanguard, the world's largest mutual fund 8 percent enrolled in the Plan with an average company, worked to help foster team member savings rate of 5.28 percent. For the FedEx participation in the FedEx retirement savings Office 401(k) Plan, of those who received the plans and to save enough to get the full communication, 4.75 percent enrolled in the company match. The campaign targeted eligible, Plan with an average savings rate of 5.4 percent.

### 4.2 HEALTHY PEOPLE, HEALTHY BUSINESS

FedEx promotes health and wellness through investments in health-focused programs and health care benefits. FedEx has a history of providing competitive health care coverage to our team members. We cover most health care costs for our U.S. team members eligible for benefit plans, including medical, dental and vision coverage. Team members have access to a 24-hour nurse line, integrated personal health teams and a medical decision support group. For team members not eligible, we offer benefits through a third party, allowing individuals to customize plans to meet their unique needs.

We also provide programs through our operating provide access to health club services on-site companies that support the personal health of or nearby, often at a reduced rate. We also our team members. Examples include fitness try to negotiate reduced rates with local improvement teams, nutrition education childcare centers close to our offices to better programs, wellness blogs, stress-management accommodate parents. classes and more. Many of our office buildings

### 4.3 HEALTHWAYS WELL-BEING PROGRAM

In July 2014, FedEx launched the Healthways Well-Being Program to make it easier for team members to take simple steps toward wellness. FedEx teamed up with Healthways, a leader in well-being improvement, to offer team members personalized resources to better manage their health and improve their overall well-being.

A key component of the program provides by his cardiologist, but he's feeling better and FedEx team members with the option to enroll enjoying activities like walking with his spouse. in a highly personalized long-term weight loss program developed with Johns Hopkins Medicine. "I've tried various diets," states John, "but I For two years, participating team members get enjoy this process where larger goals are personalized coaching through phone-based tackled through incremental small steps and sessions and online resources to help make goal-setting." changes that lead to weight loss.

One FedEx employee, John Dyson, Director of HR for FedEx Corporate Services, enrolled in the program and lost 35 pounds in 12 weeks. Not only is John losing the weight that was advised

FedEx also opened a new Center for Workforce Well-Being within our headquarters facility in Memphis, Tenn., in October 2014. Staff at the center offer well-being coaching and direct team members to wellness programming.

### 4.4 PROMOTING WORK-LIFE BALANCE

The stress that comes with balancing the pressures of modern life can affect personal health and work performance. The FedEx Work-Life Balance Program helps team members better manage day-to-day responsibilities through web-based resources on topics such as parenting, child and adult care, financial matters and more. It's yet another way we can support our people and move possibilities and solutions forward as an employer.

Our FedEx TechConnect REACH (Reps Engaged members that work from home. In FY14, the and Connected@Home) program supports program expanded to six new cities, including team members that work from home. Sixteen Fort Lauderdale, Fla.; Kansas City, Kan.; Atlanta; of our 20 U.S. call centers are staffed by team Salt Lake City; Dallas; and El Segundo, Calif.

## FEDEX FITNESS CHALLENGE

FedEx Custom Critical, our operating company One participant, Roy Pietras, Claims & Risk that provides urgent delivery services, created the Administrator at FedEx Custom Critical, credits FedEx Fitness Challenge in 2013 to encourage the program with helping him get more fit. "After team members to make health and wellness a going to the doctor, the numbers were laid out priority. The fitness challenge was designed to for me...blood pressure, sugar, et cetera. I had include all team members, regardless of their to do something to reduce it. I really wanted to current fitness, and help each participant attain get up and start motivating myself. So I began a personal fitness target.

to walk at lunch every day. My goal was to do 10,000 steps a day, and I'm pretty consistent. I feel better. I sleep better. I'm more alert."

#### DATA HIGHLIGHT:

- **88% OF U.S. WORKFORCE IS ENROLLED IN FEDEX MEDICAL PLANS**
- **85% OF U.S. WORKFORCE PARTICIPATES IN FEDEX PENSION AND 401(K) PLANS**

## 5

DIVERSITY AND  
INCLUSION

At FedEx, we are proud to have a global workforce that reflects the diversity of the customers that we serve and the communities in which we operate. We see diverse viewpoints and backgrounds as an asset to our company, enhancing our ability to deliver on the Purple Promise to our customers.

The importance that we place on diversity is Mission Statement, which guides our work best outlined in our Diversity and Inclusion around the world.

## 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.

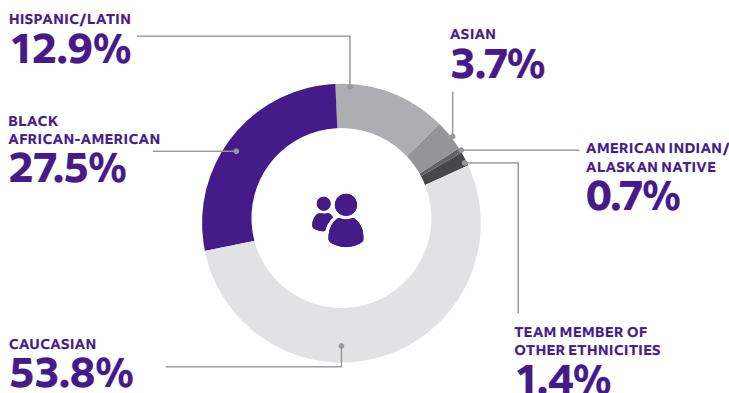
We value the diverse life experiences and perspectives of all team members. Our commitment to diversity is further enriched by an inclusive culture that leverages those unique experiences and perspectives to drive employee engagement, innovation and business growth. Our commitment to Diversity and Inclusion is a great competitive strength that makes us an even stronger company. As such, we strive in our workplace practices to treat our team members, customers and suppliers in a fair and ethical manner.



FY14 GLOBAL TEAM MEMBER MAKEUP	TOTAL	MALE	FEMALE
EMPLOYEES	298,099	217,715	80,384
OTHER SERVICE PROVIDERS* (APPROX.)	MORE THAN 10,000	NA	NA
MANAGEMENT EMPLOYEES	20,735	16,168	4,567
NON-MANAGEMENT EMPLOYEES	277,364	201,547	75,817
FULL-TIME EMPLOYEES (U.S. WORKFORCE ONLY)	136,326	100,952	35,374
PART-TIME EMPLOYEES (U.S. WORKFORCE ONLY)	97,912	69,464	28,448

\*Includes businesses contracting with FedEx but not the actual number of personnel employed by those businesses.

## DIVERSITY OF U.S. WORKFORCE



## Women in FedEx Global Workforce



## Women in FedEx Management Roles Globally



### 5.1 WOMEN IN THE WORKPLACE

The shipping and logistics industry has traditionally suffered from a lack of gender diversity. This has limited talent across the field, something that we are proactively working to change. Women currently make up a significant proportion of our workforce and represent over one-fifth of our management team members globally.

We work to promote women into managerial add more female drivers to the FedEx team. and leadership roles and see this as a key factor Nationally, there is a driver shortage, and in our future business success. We are taking attracting women into the workforce offers proactive steps to increase networking and multiple advantages. Not only does it provide mentoring opportunities for women at FedEx FedEx with a largely untapped pool of potential and offer programs that support women's team members, but it provides opportunities to advancement. In addition, we are seeking to women seeking strong salaries and benefits.

## EDUCATION AND DEVELOPMENT THROUGH GROUP EXPERIENCES (EDGE)

FedEx Ground launched the Education and the activities, the women continued to meet Development through Group Experiences (EDGE) through virtual workshops over the next nine program in FY14 to help develop female leaders months to expand upon the learnings and within the organization. Twenty-four women connections made during the retreats. The second participated in two in-person retreats that EDGE experience launched in September 2014, focused on team building, leadership skills and and a third is planned for FY15. developing peer-to-peer connections. Following



## WOMEN IN AVIATION



One of the women highlighted was Molly Boss, a FedEx pilot based in the Hong Kong hub. Molly salutes the fact that women have started to make their mark on this profession. She notes that women often have unique skill sets that complement those of their male counterparts in the cockpit.

Mary Murphy, a FedEx Fleet Captain based in Memphis, Tenn., was another woman we highlighted:

"With great support and encouragement from my parents and a few amazing mentors, I navigated the successes and the setbacks of an aviation journey that led me to my current position as a Fleet Captain for FedEx B757/B767 aircraft. FedEx, both personally and professionally, has given me the wonderful opportunity for career growth and work-life balance, keeping me fulfilled as a pilot, as a wife, as a mother and, yes, as a woman in aviation."

In FY14, we created a five-part series of [blog posts](#) profiling inspiring women in aviation. In March 2014, we also published a [Female Pilots article](#) to coincide with International Women's Day. We feel that sharing these narratives can inspire others, help dispel gender stereotypes about aviation and highlight great work happening in the field.

FedEx also fosters the growth of women in aviation through our support of Women in Aviation International, a nonprofit organization dedicated to assisting women in the traditionally male-dominated aviation and aerospace industries.

### 5.2 PROMOTING WORKFORCE DIVERSITY AND INCLUSION

Attracting and retaining a diverse workforce is a key priority for our business. Our success requires that we provide exceptional service to an increasingly diverse customer base, and we are equally committed to a diverse workforce. To support this, the FedEx Enterprise Diversity and Inclusion Alliance Team meets frequently to oversee company-wide diversity initiatives.

In the United States, FedEx collaborates with minority and women-centered organizations, its own Diversity and Inclusion Teams that work well as university groups, to support our diversity to implement policies, multicultural program recruitment strategy. Veterans are also an important group that we prioritize in our recruiting example, in FY14:

In FY14, we hosted a Virtual Career Session where FedEx veteran team members spoke directly with U.S. military installations worldwide. Team members shared their experiences transitioning from military life to corporate America, discussed available career paths across FedEx and reviewed best practices for resume building, networking and interviewing.

- FedEx Freight launched a 15-member Executive Diversity Council that meets bi-monthly to develop and implement company-wide diversity and inclusion strategies. FedEx Freight also has a 200-member Diversity Council that meets monthly for educational web meetings on topics such as stereotypes, celebrating diversity and cultural competence.

PEOPLE AND DIVERSITY  
AWARDS

RECOGNIZED BY THE  
GREAT PLACE TO WORK  
INSTITUTE AS ONE  
OF THE WORLD’S 25 BEST  
MULTINATIONAL  
WORKPLACES FOR 2014

RANKED AMONG THE  
40 BEST COMPANIES FOR  
DIVERSITY BY BLACK  
ENTERPRISE MAGAZINE  
IN 2014

- FedEx Office hosted Diversity Forums throughout the year that included keynote speakers for Black History Month, Women’s History Month, Asian/Pacific Islanders Heritage Month, LGBT Pride Month and Hispanic Heritage Month. FedEx Office was also represented at the NCLR (National Council of La Raza), NGLCC (National Gay & Lesbian Chamber of Commerce) and NMSDC (National Minority Supplier Development) Conferences, in addition to conducting semi-annual Supplier Inclusion Steering Committee meetings in partnership with our Memphis and Dallas Strategic Sourcing teams.
- FedEx Ground sponsored a Disability Mentoring Day event where FedEx employees hosted high school students with disabilities for a career mentoring program. FedEx Ground also launched Education and Development through Group Experiences (EDGE) in FY14. The focus of this experience was on women’s leadership development with the goal to create a sustainable female leadership pipeline by providing a year-long group experience that builds meaningful connections and leadership development. Twenty-five percent of the participants were promoted.

MINORITIES IN MANAGEMENT ROLES IN U.S.

	FY12	FY13	FY14
U.S. ETHNIC MINORITIES IN MANAGEMENT	28.2%	28.4%	28.9%

5.3 DIVERSITY AND INCLUSION  
AWARENESS TRAINING

New hires and management personnel at FedEx receive diversity and inclusion awareness training. We also offer online resources that provide team members with diversity awareness training. In FY14, FedEx Ground hosted a collection of trainings called the Leaders Series for senior managers and team members. Each training incorporated diversity sessions that provided employees with tools for creating a culture of inclusion and effectively dealing with cultural and communications differences.

5.4 EMBRACING  
NEW CULTURES

As FedEx expands to new markets, including our recent acquisition of Supaswift in southern Africa, we are working to facilitate cultural integration and sensitivity training programs across our organization. FedEx welcomes and celebrates the changing cultural demographics of our team that help us to move possibilities in a global world.

