

Multiplying Opportunities

2019 Global Citizenship Report



Cape Town

33.9249° S, 18.4241° E

FedEx®

Multiplying Opportunities Across the World

Spanning six continents and more than 220 countries and territories, our networks connect people and possibilities. We enable opportunities by drawing on our vast network of more than 5,000 hubs and facilities to deliver more than 15 million shipments each day.

We aim to add value to society by multiplying growth for our customers and our business, responsibly and resourcefully. We strive to:

- Multiply good for our community
- Multiply potential for our people
- Multiply efficiencies for our environment



Washington, D.C., United States



Santiago, Chile



Hoofddorp, the Netherlands

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About This Report

Our 11th annual *Global Citizenship Report* covers FedEx corporate social responsibility (CSR) strategies, goals, programs and progress. Unless otherwise noted, data covers each of our operating companies and all geographies in our 2018 fiscal year (FY18), which ended May 31, 2018.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards Core option, and contains disclosures from the GRI Sustainability Reporting Standards, which are listed in this [index](#)

Aircraft fleet modernization, FedEx® Fuel Sense operational improvements, technology innovations, alternative fuels and electric vehicles are just some of the ways we are reducing emissions from our aircraft and vehicle fleets. Thanks to these collective efforts, we decreased CO₂ emissions intensity (on a revenue basis) by about 37 percent from FY09 through FY18, a period when our revenue grew by 84.5 percent.



OUR COMPANY

Multiplying Growth

FedEx Corporation (FedEx) delivers a diverse portfolio of transportation, e-commerce and business solutions that create opportunities for customers, businesses and communities. We deliver products and services that enable us to drive growth and lift economies across the globe.

Our operating companies form the center of this network. They compete collectively, operate independently and are managed collaboratively under the respected FedEx brand. Our operating companies are also united by our longstanding Purple Promise: to make every FedEx experience outstanding. It guides everything we do.

For more about our operating companies, visit [About FedEx](#)

Our global retail service network has expanded in Asia, where FedEx Express and 7-Eleven have teamed up to offer even more 24/7 shipping options, including package self-collection at more than 5,000 7-Eleven stores across Hong Kong and Taiwan. Additionally, FedEx Self-Service Lockers at 70 Hong Kong locations provide more customer choice in package pickup.

Hong Kong

22.3964° N, 114.1095° E



Chairman's Letter

Putting our networks to work: How FedEx multiplies opportunities across the world

To connect is a basic human impulse. The more connections we make — at home, at work, in our communities — the better our lives become. The networks we create with others broaden our thinking.

Similarly, with our mission to connect people and possibilities, FedEx has created vast global networks that power the world's economy. Everywhere FedEx operates, we put our size, scale, and connections to use for good — multiplying positive outcomes for people, businesses, and the environment. Essentially, the FedEx “multiplier effect” creates more value for society at large.

Multiplying economic growth

We stimulate global economic growth in several ways.

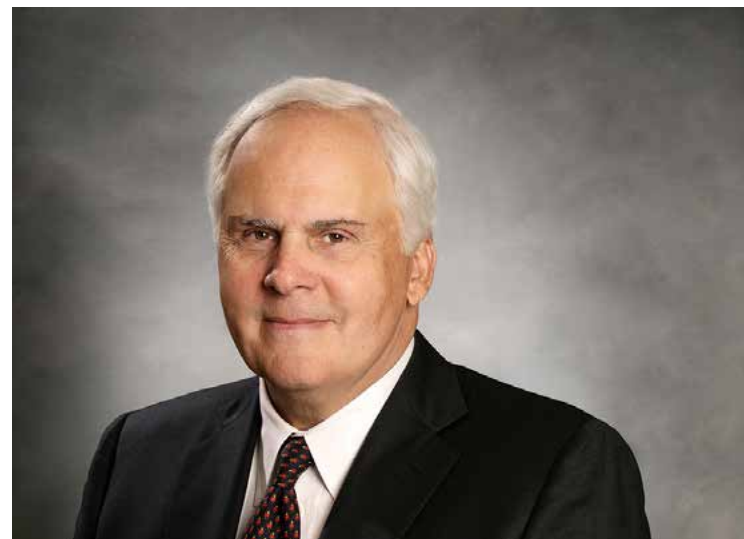
We empower entrepreneurship. Each year, FedEx awards small-business grants through a small business contest. The 2018 grand prize winner, Rumi Spice, partners with more than 300 farmers and nearly 2,000 women harvesters in rural Afghanistan to source sustainably farmed saffron. The company was founded by two former U.S. Army officers who wanted to catalyze rural economic development in the country and empower women through direct wages. FedEx services help these entrepreneurs reach markets far and wide.

We generate jobs. Besides the more than 450,000 team members around the world, we also spur job growth in our communities. For example, FedEx Ground, FedEx Express, FedEx Freight, and FedEx Custom Critical rely on independent businesses for certain types of pickup-and-delivery, linehaul transportation, and other services. Our contracts with them support small businesses and local economies, employing

tens of thousands of people worldwide. During FY18, we procured \$9.6 billion in goods and services from diverse and small-business suppliers in the U.S. alone. Of that amount, 9 percent was spent with women-owned businesses and 15 percent with minority-owned businesses, with the remaining 76 percent spent with other small business suppliers.

We foster e-commerce. While the business-to-business market is much larger, the business-to-consumer e-commerce market is growing faster. We've expanded our retail networks to give our customers even more locations to pick up and ship packages, or have them held. Currently they can do that at 12,000 convenient, secure retail locations such as Walgreens and Walmart stores. As a result, 80 percent of the U.S. population is within five miles of a FedEx hold location. Our growing retail network also positions us to play a key role in reverse logistics by enabling our business customers to restore, refurbish, or reuse returned products.

We advocate for global trade. We support ambitious trade agendas that provide opportunities for our customers, our team members, and FedEx. This includes supporting policies in the U.S. and overseas that strengthen the future of the world marketplace. We advocate for greater customs clearance efficiency around the globe, and we urge trade facilitation policies that reduce administrative costs. This especially helps small and medium-sized companies, which are most disadvantaged by complicated and costly customs procedures.



Frederick W. Smith
Chairman and CEO

“Everywhere FedEx operates, we put our size, scale, and connections to use for good — multiplying positive outcomes for people, businesses, and the environment.”

Multiplying good for our communities and team members

It's important to our customers and to FedEx that we effect positive change in the world. We do that through a corporate social responsibility strategy that includes:

- The FedEx Cares giving and volunteering platform
- "Safety Above All" focus throughout FedEx
- Career development and opportunity programs for team members
- Efficient, sustainable operations and services

In FY16, we committed to give \$200 million to 200 communities by 2020. As of the end of FY18, we're ahead of plan for the number of communities (now 252) and on track to meet our total contribution goal early. This past fiscal year, we gave \$55.1 million in corporate charitable contributions, \$8.98 million in team member United Way contributions, and 81,976 volunteer hours contributed by more than 13,000 team members.

As noted, we put safety first in the air, on the roads, and everywhere we operate. We source the most up-to-date safety technology for our transportation equipment, facilities, and yards. For example, we're testing platooning in our highway trucks, which allows tractors with drivers to follow each other in a safe, controlled manner through vehicle-to-vehicle communication and safety features such as collision mitigation. At FedEx Ground, we're piloting virtual reality training modules to improve safety techniques related to dock behavior and large-package lifting. Our FedEx Express Indianapolis hub now offers a slip-and-fall simulator to enable team members to experience real-life dangers in a safe environment. We set the highest standards for safety training throughout FedEx.

While we work to provide the safest workplaces for our team members, we are also broadening their career and education opportunities. That's part of our People-Service-Profit philosophy, the bedrock of FedEx since day one. In FY18, we provided our people more than 24,000 online courses and \$11.4 million in tuition assistance. Here are a few more workforce development examples from FY18:

- As a global company, FedEx values the talent and perspectives of team members everywhere. A far-reaching cultural initiative is underway at FedEx Express which includes a cross-cultural, multinational network of team members empowered to support the continued integration of TNT and build an inclusive culture in all countries afterwards, based on FedEx values.
- At FedEx Office, a new Diversity and Inclusion website contains updated interview guides and orientation materials to reflect the company's inclusive philosophy.
- We committed \$2.5 million to create the FedEx Purple Runway Aviation Scholarship program to educate aspiring pilots, aircraft maintenance technicians, and other aviation professionals. Purple Runway will help FedEx train our pilots of the future.
- We partnered with the University of Memphis to provide FedEx Express team members in the Memphis, Indianapolis, Oakland, Los Angeles, and Newark facilities the chance to earn a tuition-free online degree.
- The FedEx Services Internship Program now has more than 50 percent minorities. This past fiscal year, the program received about 16,000 applications (up 2,000 from last year) to fill 170 summer intern positions. We typically hire around 70 percent of the selected interns for full-time employment.

Not only do we motivate our team to excel, we also recognize them when they do. Company-wide, team members received almost 48,400 awards in FY18. More than 50 of those were to team members who showed selfless courage responding to those in need, particularly in life-threatening situations.

Multiplying efficiency and sustainability

At FedEx, we operate responsibly, efficiently, and sustainably. To these ends, we developed our "Reduce, Replace, Revolutionize" approach to FedEx aircraft, vehicles, facilities, and materials. The program focuses on improving productivity while creating new, more efficient solutions.

From FY09 through FY18, we've decreased CO₂ emissions intensity (on a revenue basis) by about 37 percent. Last fiscal year alone, we avoided 2.7 million metric tons of CO₂e emissions through fuel- and energy-saving initiatives throughout our operations. That's equivalent to the carbon kept out of the atmosphere by more than 3 million acres of U.S. forests in one year. We're realizing aircraft-efficiency benefits from fleet modernization and fuel conservation programs that saved more than 200 million gallons of jet fuel and avoided almost 2 million metric tons of CO₂e emissions in FY18. Last year we ordered an additional 12 Boeing 777 Freighters and 12 Boeing 767 Freighters, which are much more fuel efficient than the aircraft they will replace.



Chairman's Letter (continued)

FedEx Express is working to improve vehicle fuel efficiency by 50 percent by 2025 from a 2005 baseline. As of FY18, the operating unit has achieved nearly 40 percent improvement. In November 2018, we announced we will expand our vehicle fleet by adding 1,000 Chanje V8100 electric vehicles (EVs). These will be operated for commercial and residential pickup-and-delivery in California. The EVs can travel more than 150 miles when fully charged and will save 2,000 gallons of fuel while avoiding 20 metric tons of emissions per vehicle each year.

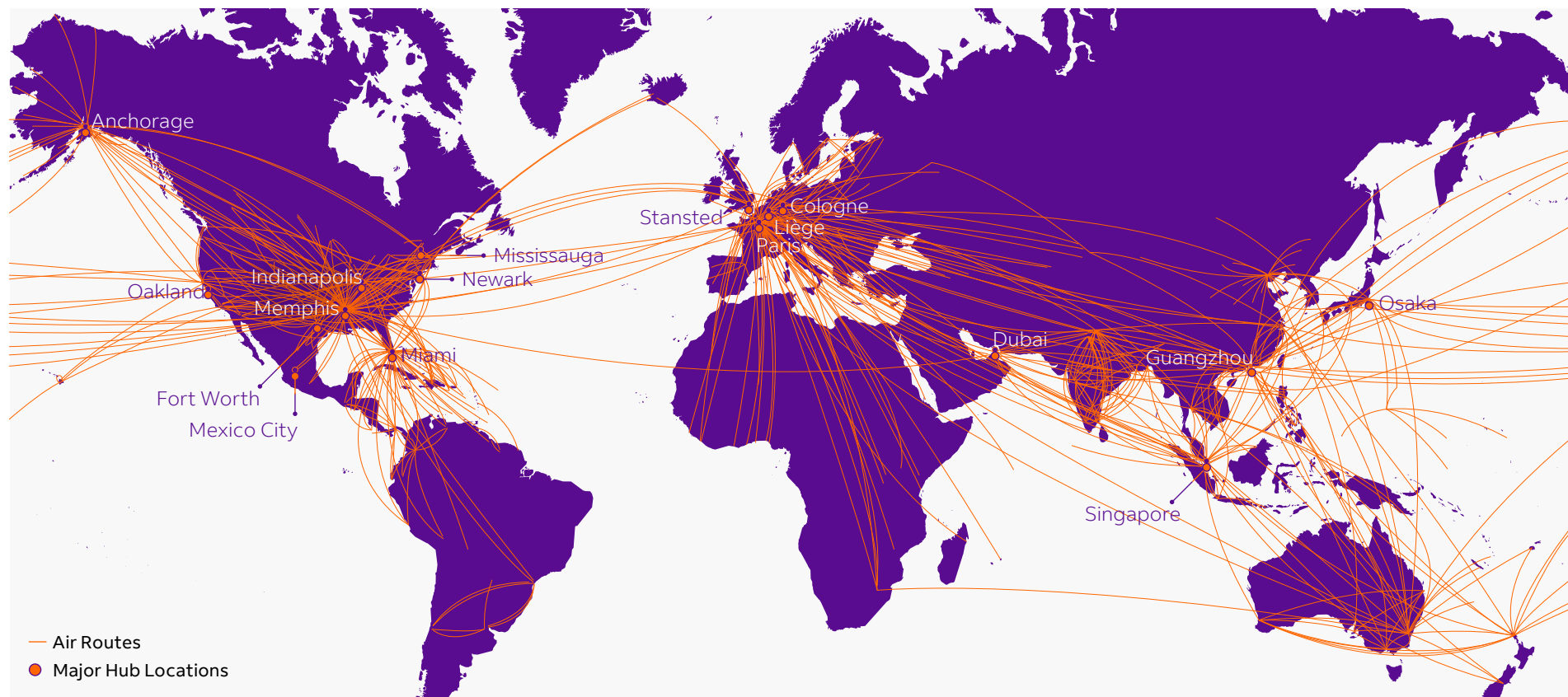
We've also made great strides converting to sustainable materials. In FY18, almost 100 percent of all paper bought by FedEx Office was third-party certified. As such, 88 percent of that was Forest Stewardship Council certified. More than half of FedEx-branded packaging was made from recycled content in FY18, with all FedEx packaging being recyclable.

By continuing to connect more people and possibilities while giving back to our communities and our planet, FedEx will ensure that its multiplier effect benefits the world. This report gives a summary of what we accomplished in FY18 and a preview of the great things yet to come for FedEx and the billions of people we serve.

Frederick W. Smith
Chairman and CEO

FedEx Express Global Network

Our more than 450,000 team members help us connect 220+ countries and territories and more than 99 percent of the world's Gross Domestic Product (GDP).



>17

Major Hubs

678

Aircraft

>85,000

Motorized Vehicles

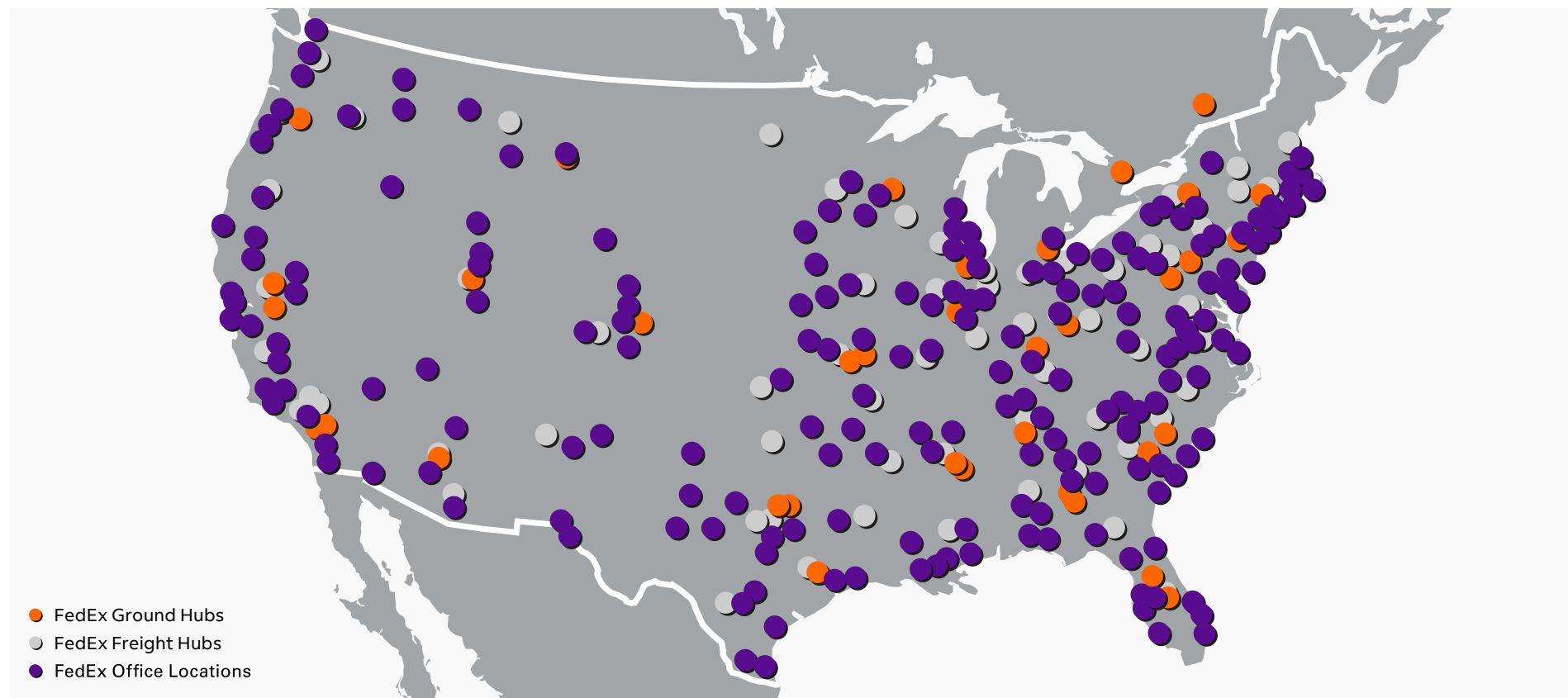
>2,150

Facilities

>650

Airports Served

FedEx Ground, FedEx Freight and FedEx Office Networks



FedEx Ground

>600

Operating Facilities

68

Ground and SmartPost Hubs

>65,000

Motorized Vehicles

FedEx Freight

~370

Service Centers

70

Hubs

>25,000

Motorized Vehicles

FedEx Office

~2,000

Locations

Business Performance

FedEx is committed to producing superior financial returns for shareowners by providing high valued logistics, transportation and related business services. During FY18, total revenue increased by almost 9 percent to \$65.5 billion.

These financial results reflect our successful strategy of managing FedEx as a portfolio of business solutions, allowing us to respond to marketplace changes quickly and efficiently while providing outstanding service to our customers.

As a result of this success, we climbed to No. 50 on the Fortune 500 list of U.S. companies — a notable accomplishment as we also celebrated our 45 year in operation.

Financial Highlights	FY16	FY17	FY18
Revenue (\$B)	\$50.4	\$60.3	\$65.5
Operating Income (\$M)	\$3,077	\$5,037	\$4,870
Operating Margin	6.1%	8.4%	7.4%
Net Income (\$M)	\$1,820	\$2,997	\$4,572
Diluted EPS	\$6.51	\$11.07	\$16.79
Capital Expenditures (\$B)	\$4.8	\$5.1	\$5.7

For more information, please see our [2018 Form 10-K](#)



\$65.5b

revenue in FY18, up
9 percent from FY17

30%

increase in quarterly
dividend for FY19

\$4.6b

record net income,
a 53 percent increase
over FY17

\$4.2b

committed to team members
and hub modernization
following the U.S. Tax Cuts
and Jobs Act

Beyond Business Performance

Our belief that a connected world is a better world guides everything we do, and allows us to add value that multiplies far beyond our business.

With networks that link more than 99 percent of the world's GDP, we connect people with goods, services and ideas in ways that strengthen our business, while creating opportunities and positive impacts for society. Whether we are enabling global trade, helping small businesses expand to new markets or coaching the next generation of entrepreneurs, our products and services — and the talent of our more than 450,000 team members — connect people and possibilities by:

- Empowering entrepreneurship
- Supporting job growth
- Supporting e-commerce in a circular economy
- Enabling global trade

\$2.25m
contributed to support
global entrepreneurship
programs in FY18 alone

\$1m
additionally pledged over
four years to help minority
businesses in Memphis

Empowering Entrepreneurship

Our roots as entrepreneurs grow deep at FedEx, beginning with the innovative idea and entrepreneurial spirit of our Founder and Chairman, Frederick W. Smith, who launched our own enterprise more than four decades ago. Of course, it takes more than a good idea and hard work to grow a successful business. That's why we empower entrepreneurship through a variety of programs that provide tools, resources, training and partnerships to help small enterprises succeed. Many of these tools are accessible through fedex.com and connect business owners with tools, tips and expertise for everything from fulfilling e-commerce orders and handling returns, to marketing a small business and expanding to international customers. For example, [FedEx Know and Grow](#) offers resources and education events for current and potential customers interested in learning more about exporting, importing and international business growth.

We also support global and local entrepreneurship through initiatives that foster economic empowerment by providing training, grants and other resources. For instance, the 800 Initiative, announced in FY18, includes a pledge of \$1 million over four years to help minority businesses in Memphis. Targeting the roughly 800 African American-owned businesses in Memphis that are between start-up and full-scale operation, the collaborative initiative aims to help grow their annual revenue by \$50 million through technical assistance, coaching, loans and grants.

For more about the ways we are supporting women, minority-owned small businesses and entrepreneurs around the world, see our [FedEx Cares Global Entrepreneurship](#) website.



Small Business Grant Contest

The [FedEx Small Business Grant Contest](#) awarded more than \$606,000 in grants and prizes to passionate entrepreneurs in ten countries during FY18. Many of the recent winners are enterprises with a socially responsible business purpose, such as Rumi Spice, the grand prize winner of the U.S. 2018 Small Business Grant Contest. They partner with a network of 300+ farmers and support employment for approximately 2,000 women during harvest season to source sustainably farmed saffron in rural Afghanistan. The company, which was founded by two former U.S. Army officers, hopes to catalyze rural economic development in the country and empower women through direct wages.

Supporting Job Growth

Small and diverse businesses support job growth and global innovation. They are not only engines of their local economies, but can be powerful job creators as well, providing up to 80 percent of new job growth in some countries. Within our own operations, FedEx Express, FedEx Ground, FedEx Freight, and FedEx Custom Critical rely on independent businesses for certain pickup-and-delivery, linehaul transportation and other services. These contracts support small businesses and local economies, employing tens of thousands of people worldwide. By giving entrepreneurs everywhere the tools they need to prosper alongside our own growth, FedEx helps smaller businesses improve lives, boost economies and build thriving communities.

For more about how we work with suppliers, see [Our Global Supply Chain](#)

80%

of U.S. citizens live within five miles of FedEx hold locations, such as grocery and drug stores, as well as FedEx Express and FedEx Office facilities

Supporting E-Commerce and the Circular Economy

As e-commerce continues to grow around the world, we have expanded our retail convenience network through FedEx hold locations and collaborations with retailers such as Walgreens and Walmart in the U.S. and 7-Eleven in Asia. This growing network not only makes it easier for customers to pick up and ship packages, but also helps to prevent package theft, streamlines our “last-mile” delivery capabilities and improves environmental efficiency. In the U.S., 80 percent of citizens live within five miles of FedEx hold locations, such as grocery and drug stores, as well as FedEx Express and FedEx Office facilities.

In addition, we are committed to maximizing customer convenience and minimizing environmental impacts in reverse logistics. Our retail network enables customers to ship returns and allows businesses to restore, refurbish or reuse returned products. This not only contributes to the circular economy by keeping products at their highest value, but also helps to transform the returns process from a cost of doing business into a strategic advantage for our customers. In addition, our FedEx Supply Chain and FedEx Forward Depots divisions provide technology customers with diagnostics testing, repair, refurbishment and recycling services, helping to keep electronic waste out of landfills.



Enabling Global Trade

The human imperative to connect, travel and trade has propelled people forward since the beginning of time. Now, the power of transportation, technology and innovation is multiplying the positive effects of commerce and trade — and requiring new approaches. We are proud to be at the heart of enabling possibilities for progress, growth and advancement. By coupling our unparalleled transportation network with the world's digital network, supporting lower trade barriers and facilitating more inclusive trade, we enable manufacturers, retailers, craftspeople, and consumers to overcome traditional trade limitations. In turn, this makes it easier for FedEx customers to access new markets, products and solutions.

7m
customs transactions
are handled by FedEx
Logistics annually for
customers of all sizes

We advocate for ambitious trade agendas that contribute to opportunities for our customers and our company. This includes advocating for public policies in the U.S. and overseas that support the economic future of our company, our shareowners and our team members. In FY18, we advanced this commitment by creating a global government and regulatory affairs structure that aligns and consolidates our regional approach to regulatory and policy advocacy across key markets.

Our approach focuses on two primary strategies:

1. Trade Advocacy — We practice direct trade advocacy in key markets, such as to promote greater customs efficiency.
2. Trade Agreements — We leverage trade institutions and multilateral agreements, such as the World Trade Organization's Trade Facilitation Agreement (TFA), which can reduce administrative costs for small and medium-sized companies — the businesses most affected by complicated customs procedures around the world.

FedEx Logistics (formerly FedEx Trade Networks) handles more than 7 million customs transactions annually for customers of all sizes and is a leading provider of North American customs brokerage. In addition, we offer services such as customs brokerage and trade facilitation through our specialty companies within FedEx Logistics. We simplify international shipping by helping customers manage imports and exports over ocean, air or ground, which is especially important as the international shipment of goods directly to consumers continues to increase.

Awards and Recognition

FORTUNE	No.10 among World's Most Admired Companies (2019)
FORTUNE	No.15 among 100 Best Places to Work (2018)
FORTUNE	One of the "Best Workplaces for Millennials" (2018)
FORBES	World's Most Valuable Brands (2018)
FORBES	No.79 World's Best Employers
Reputation Institute	Rep Trak 100 List of World's Most Reputable Companies (2018)
Corporate Responsibility Magazine	No.63 on 100 Best Corporate Citizens (2018), up 19 places since 2017
JUST Capital	No.85 on Just 100 List of America's Best Corporate Citizens (2018)
Women's Business Enterprise National Council	America's Top Corporations for Women's Business Enterprises (2018)
Points of Light	The Civic 50 Listing of America's Most Community-Minded Companies (2018)
FORTUNE and Great Place to Work Institute	No.15 Best Workplace for Diversity (2018)
Interbrand	Best Global Brands (2017)
Black Enterprise	50 Best Companies for Diversity (2017)
CECP — The CEO Force for Good	Top 25 percent of companies in total giving and leadership in social investment.
Solar Energy Industries Association	No.14 Top Corporate Solar Users (2018) in the United States

CSR OVERVIEW

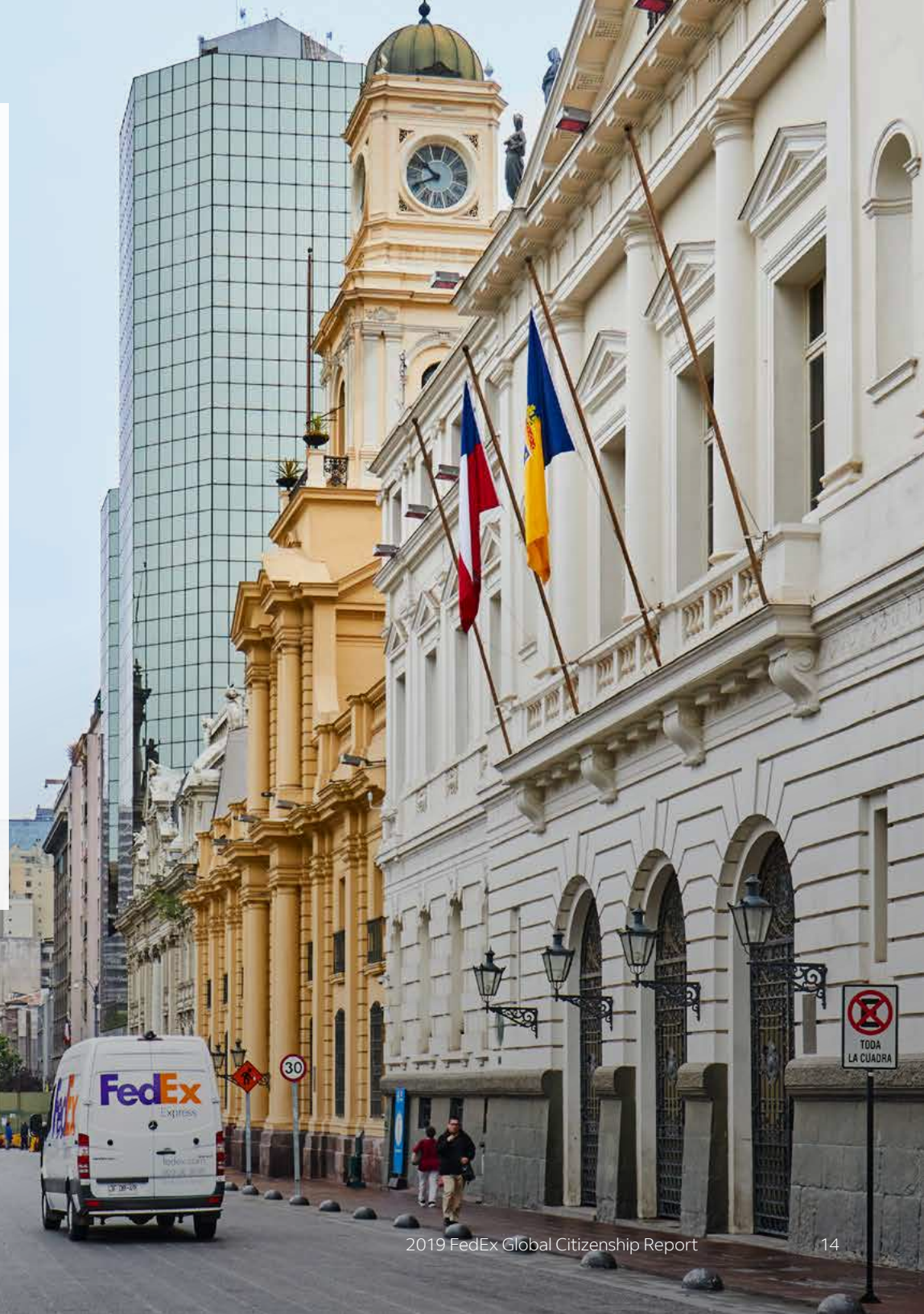
Multiplying Good

We connect the world responsibly and resourcefully through a network spanning more than 220 countries and territories. By linking businesses and communities through a diverse portfolio of services and tools, we enable economic growth. By embedding our CSR strategy into our operations and culture, we simultaneously add value to society wherever we operate. Our CSR strategy focuses on Economy, People, and Environment.

We met our goal to invest in 200 communities by 2020 — ahead of schedule — and 252 communities have benefited from our diverse charitable investments since 2016. That same year, we launched our alliance with the Vital Voices GROW Fellowship and provided training for women entrepreneurs who are driving positive change within their communities throughout Latin America and the Caribbean, the Middle East and North Africa, and sub-Saharan Africa.

Santiago

33.4489° S, 70.6693° W



Our CSR Approach

For us, CSR is at the heart of the connection we make across the world.

CSR Strategy and Implementation

Key elements of our CSR strategy include environmental efficiency innovations, a sustainable supply chain, a diverse and inclusive workplace, and the robust giving and volunteering platform known as FedEx Cares. We embed CSR into our systems and our culture in various ways, including our values, which include commitments to responsibility, integrity, people, service, safety, loyalty and innovation.

Across our organization, we set enterprise-level strategies to deliver our global CSR goals and commitments. Though many FedEx CSR programs and policies are designed for, and implemented at, the operating company-level — with each reporting on a core set of metrics — our shared purpose unites and guides these efforts. We prioritize our material environmental and social issues, as well as the areas where we can use our most valuable assets — global transportation networks, logistics expertise and the talent of our team members — to reduce risks and add the greatest possible value to society.

For more information about the policies that inform our CSR strategy, see our [CSR Policy Statements](#). Please refer to this report's [Data Appendix](#) for FY18 CSR performance results.

Our CSR Focus Areas



Economy

By connecting businesses and communities through a growing portfolio of services and tools, we enable economic growth and make it easier for customers to access new markets, thereby helping to raise standards of living. And, as one of the world's most admired brands, we strive to serve as a role model in the communities we serve by providing economic opportunities to small businesses and people in need.

More information is provided in this chapter and the [Our Company](#) chapter of this report.



People

We engage and empower our 450,000+ team members, providing them with safe, inclusive workplaces and continued career development opportunities that help them thrive, and enable them to help us make every FedEx experience outstanding. Each FedEx operating company provides programs and resources to best meet the needs of their team members, while maintaining a shared culture, an emphasis on Quality Driven Management and an enduring commitment to the Purple Promise.

For more information, see the [Our People](#) chapter of this report.



Environment

By using our global assets, expertise in efficiency and commitment to innovation, we work to minimize our environmental footprint, find innovative solutions and improve quality of life. Throughout the FedEx organization, our Reduce, Replace, Revolutionize approach permeates our sustainability efforts, with our [Environmental Policy](#) guiding the operating companies in managing environmental performance.

For more information, see the [Environment](#) chapter of this report.

Global CSR Governance

Effective in March 2019, the Nominating & Governance Committee of the FedEx Board of Directors assists the Board in overseeing our CSR initiatives. At least annually, the committee reviews and discusses CSR and sustainability strategies and programs with senior leadership, including our Chief Sustainability Officer.

The FedEx Enterprise Sustainability Council (FESC) is responsible for setting and implementing our company-wide sustainability strategy and administering our CSR materiality assessments. Our Chief Sustainability Officer chairs the FESC and also oversees the company-wide implementation of our environmental management system and reviews performance annually.

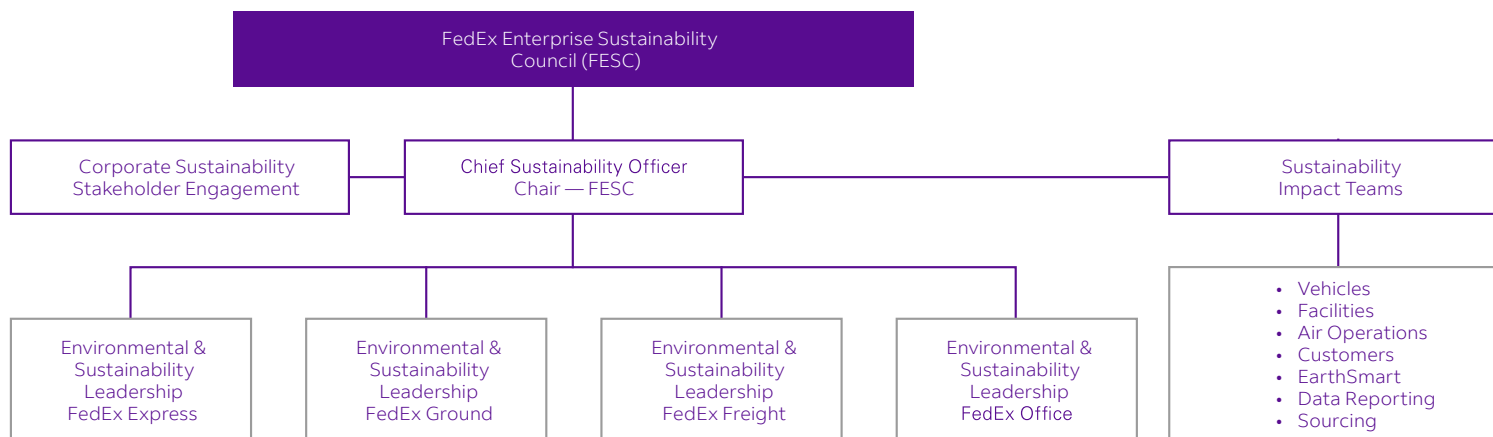
Additionally, enterprise-wide Sustainability Impact Teams (SITs) for global vehicles, facilities, air operations, customer solutions, EarthSmart, data/reporting, and sourcing allow our operating companies to share synergies, ideas, and innovations. The SITs and operating companies' senior sustainability leaders report to our Chief Sustainability Officer.

Our global CSR governance also encompasses a variety of functions and departments dedicated to our people. FedEx executive officers have individual objectives that include (but are not limited to) the promotion of our commitment to diversity, tolerance and inclusion in the workplace and ensuring that successors exist for all management positions. Additionally, Human Resources (HR) departments in each FedEx operating company manage HR priorities, including team member career development, engagement, and health and wellness. Our Corporate HR department promotes consistency of policies across operating companies and manages executive development, team member benefits and diversity strategy.

In addition, each FedEx operating company sets workplace safety goals and implements the Safety Above All philosophy through policies and programs relevant to their specific operations. The FedEx Diversity & Inclusion (D&I) Council includes members across operating companies who coordinate company-wide D&I initiatives.



For more information about our programs for career development, D&I and safety, see the [Our People](#) chapter of this report. Please see our [Investor Relations](#) website for more information about our corporate governance structure and practices.



Stakeholder Engagement

Growing our business responsibly, resourcefully and in a forward-thinking manner not only drives the long-term success of our company, but also benefits millions of stakeholders by creating income and opportunities for customers, team members, communities, shareowners and suppliers.

Stakeholder Value Add	FY16	FY17	FY18
Dividends paid to shareowners (millions)	\$277	\$426	\$535
Salaries and employee benefits (billions)	\$18.58	\$21.54	\$23.21
Diverse supplier spend (billions)	\$9.2	\$9.1	\$9.6
Community investment (millions)	\$57.29	\$65.30	\$64.12

Connecting with Our Stakeholders

Formal CSR materiality assessments inform and refine our approach, goals, targets and metrics on environmental, social and governance topics. We also seek wide-ranging input from our team members and external stakeholders through workshops, interviews and surveys. In addition, we recognize that FedEx customers around the world are increasingly interested in our CSR performance, and we meet with them, when appropriate, to discuss our CSR programs and progress. In 2018, we adopted a more streamlined approach to communicate about our environmental, social, and governance performance. This ensures customers have additional avenues to receive information in a timely and convenient way.

We provide detailed information on a wide variety of CSR topics to recognized external platforms and protocols, including the [Climate Disclosure Project](#) (CDP), EcoVadis, Responsible Business Alliance (RBA) and others. We also report on these issues in our own publicly available documents, such as the [FedEx Annual Report Proxy Statement](#) and this Global Citizenship Report. This greater efficiency in reporting allows us to spend more time on transformative operational improvements that contribute to our progress on important CSR metrics.

FedEx shareowners are also interested in our environmental, social and governance practices. We have an active shareowner engagement program in which we meet regularly with our largest shareowners to discuss our business strategy, operations, sustainability and social responsibility programs, and corporate governance as well as other topics of interest to them. Our shareowner engagement efforts enable the company to effectively address issues that matter most to our stockholders and allow us to better understand their priorities, perspectives and concerns.

\$7.3b
in revenue from
customers requesting
emissions data in FY18



CSR Advocacy

To further progress toward our CSR goals, we support responsible advocacy such as initiatives that advance talent management innovations, fleet efficiency and alternative-fuel technology. For example, we continued working with U.S. government leadership on unique approaches for identifying, training and hiring “opportunity youth” — the 5 million young Americans outside the workforce.

In addition, FedEx supports policies to advance alternative-fuel technologies for the commercial sector. From 2007 through 2018, we have successfully advocated for legislation and regulation, such as the U.S. Environmental Protection Agency’s Phase 2 fuel efficiency and greenhouse gas standards, which would incentivize the production of clean technology vehicles such as hybrid-electric, all-electric, alternative fuel, fuel cell and other advanced technology vehicles needed by FedEx.

Also in FY18, we continued engaging with U.S. regulators to allow larger 33-foot trailers in a twin configuration. This would increase freight capacity by 18 percent and reduce truck traffic by 1.3 billion miles per year. The resulting fuel and emissions savings for our linehaul and freight operations, as well as others, would be significant.

To learn more, please view our [Policy Perspectives Overview](#)

Alliances for Industry Progress

FedEx works with various government and industry organizations to improve the transportation sector’s environmental, social and business performance, including:

Business and Governance

- American Trucking Associations
- European Express Association
- International Air Transport Association and Airlines for America
- International Civil Aviation Organization
- International Road Assessment Programme
- The Business Roundtable
- U.S. Chamber of Commerce
- U.S. Federal Aviation Administration

People

- American Industrial Hygiene Association
- American Society of Safety Engineers
- Commercial Vehicle Safety Alliance
- Inner City Capital Connections
- Women’s Business Enterprise National Council

Environment

- The Electrification Coalition
- Keystone Policy Center Energy Board
- Rocky Mountain Institute Business Renewables Center
- Securing America’s Future Energy
- Sustainable Purchasing Leadership Council
- U.S. Department of Energy, National Highway Traffic Safety Administration and National Clean Fleets Partnership
- U.S. Environmental Protection Agency, SmartWay® Program



Corporate Integrity and Compliance

Our [Code of Business Conduct and Ethics](#) is the foundation of our corporate integrity and compliance program and sets a high standard for team member conduct worldwide.

New hires are trained on its provisions, which cover, among other things, workplace health, safety and environment; human rights; money laundering prevention; equal opportunity and anti-harassment; conflicts of interest; improper payments and gifts; and entertainment. The code is being updated in 2019 to make sure it remains accessible and relevant to our global team members.

Corporate Integrity and Compliance Department

Each FedEx operating company works within a unique set of regulatory environments and maintains compliance with regional and sector-specific requirements. Globally, the FedEx Corporate Integrity and Compliance department serves as a central resource to further embed the FedEx commitment to integrity in everything we do. The department, led by our Global Chief Compliance and Governance Officer, provides best practices, tools and guidance, as well as communications and training. FedEx encourages employees to report any potential legal or ethical violation to management, Legal, HR or the 24-hour FedEx Alert Line. In FY18, we added translations to the Alert Line portal and rolled out translated Alert Line posters around the world. Other recent enhancements include a stronger focus on compliance analytics to identify trends and better manage risk.

For more information about our compliance record, as well as compliance in the social and economic area, see the [2018 Proxy Statement](#)

Anti-Corruption Policies

We are committed to complying with all anti-corruption laws and prohibit bribes of any type throughout our organization. Our [Global Anti-Corruption Policy](#) and related Anti-Corruption Compliance Procedures provide detailed guidance to team members. Training at the time of onboarding, and again within three years, is required for team members in relevant roles. This includes management in international operations, as well as team members and suppliers who interact with government officials on behalf of FedEx, such as customs and border personnel. Our third-party oversight program includes due diligence, annual certifications of compliance, training and other practices to mitigate risks.

Ethics, Integrity and Anti-Corruption Training

Code of Conduct, anti-corruption, antitrust, conflicts of interest and other compliance training are all key components of our corporate integrity and compliance program. During FY18, training efforts focused on investigation and fraud reporting to ensure designated team members have the knowledge and resources to investigate potential fraud using standard rules of practice. Another key focus is ensuring our compliance program and expectations are embedded into a newly acquired company's communications, training and systems. To this end, a two-year initiative that began as a way to establish a common culture following the TNT acquisition evolved in FY18 into a broad revitalization of our People-Service-Profit (PSP) culture, emphasizing the cultural values and behaviors expected in our business.

For more about the culture initiative, see the [Our People](#) chapter.



Combating Human Trafficking

We share the zero-tolerance policies adopted by the U.S. and other governments to combat slavery or the trafficking of persons for any purpose.

We prohibit trafficking-related activities and expect the same of our suppliers and contractors. In addition, FedEx Freight has joined Truckers Against Trafficking, an organization that trains drivers to identify potential signs of human trafficking.

See the FedEx [Policy Combating Trafficking in Persons](#) for more about our commitment.

Data Security and Privacy

Protecting the privacy of our customers, vendors and team members is critical to maintaining their trust. We take precautions to safeguard all sensitive information and ensure a secure online environment, including customer transactions. In FY17 and FY18, we took the necessary steps to update our privacy practices and policy in response to the European Union (EU) GDPR. This included creating a Global Privacy Office that addresses not only EU legislation, but upcoming regulations in other regions as well.

The [FedEx Trust Center](#) website highlights our [Global Privacy Policy](#) adopted in May 2018, along with information about how FedEx protects customer privacy and resources to help customers identify, report and mitigate risks. For more information, please see our [2018 Form 10-K](#)

Business Preparedness, Resiliency and Disaster Response

As a leading global logistics company, we encounter challenging situations, ranging from natural disasters to social unrest, in the course of doing business. Preparing for these events is critical to sustaining our global operations and minimizing the impact on customers. We proactively establish contingency plans that focus on restoring service to customers with the least impact as possible, while ensuring team member safety — our top priority.

We have over 40 years of experience in proactively addressing situations, such as severe weather events, that can occur at any given time anywhere in the world. We are adept at implementing contingency plans at a moment's notice to respond quickly, efficiently and on a global scale. This positions us to restore operations promptly following natural disasters, serve our customers as quickly as possible and ensure security for their shipments.

Our operating companies have planning teams that apply sophisticated analytical models to assess scenarios that could potentially affect our operations and develop robust strategies to ensure network resilience. These tools incorporate a variety of factors, including but not limited to population, congestion and demand changes. We also have an in-house, 15-person meteorology division that utilizes state-of-the-art weather monitoring tools to manage risks associated with global weather patterns.



To further support our internal process, we participate in State Emergency Operations Centers programs, as well as the FEMA-Northern Command Public-Private-Partnership Program, which brings private-sector companies like FedEx together with national, state, and local emergency management organizations to work collaboratively before, during and after disasters. Our active participation in these initiatives helps us gain the earliest possible safe re-entry to affected areas.

Our Global Supply Chain

The continued growth of e-commerce and the need for even faster and more efficient supply chains shapes our global supplier relationship management practices.

All of our suppliers are expected to uphold the principles in our [Code of Business Conduct and Ethics](#) and aspire to meet our other CSR policy commitments. Of course, when we grow our business through acquisitions, we work to make sure these principles are embedded into those supply chains through clearly articulated expectations, awareness raising, contract language, and evaluations.

Managing Supply Chain Risk

Across our global business, we identify and manage critical supply chain risks through enterprise-wide policies and procedures, such as assessing and adjusting our supply chain to reduce our carbon footprint. Our suppliers work closely with us to mitigate risks, especially those inherent in extended supply chains. We mitigate the most significant risks by focusing on those suppliers critical to our business success. Our FedEx Services Supplier Relationship Management (SRM) team also leads efforts to improve sustainability in our supply chain through:

- Sustainability-related questionnaires, which are included in our requests for qualifications and proposals (RFx) in core categories. A database tracks adherence and supports a rigorous, consistent process. During FY18, we increased the number of total suppliers screened by 37 percent year over year.

- Sustainability-related contract language, which addresses supplier performance in environmental, social, labor, and human rights areas, including child and forced labor. This is included in all new or amended supplier agreements. During FY18, we also updated our executive review tool to indicate whether sustainability language has been included in the supplier agreement.
- Regular supplier evaluations that drive desired practices and provide feedback.
- Training, awareness raising and a focus on continuous improvement among SRM team members to institutionalize sustainable supply chain practices.

In FY18, we continued our involvement in the Sustainable Purchasing Leadership Council (SPLC). We are a founding member of the organization and continue to leverage SPLC research to inform our programs. In FY18, we further refined our approach to include supplier category liaisons who work directly with our SRM team, providing information on emerging issues to help navigate sustainability, diversity, and business continuity opportunities and risks in the supply chain.

Leveraging external platforms for a more sustainable supply chain extends to FedEx Express International, where sourcing aligns with ISO 20400 guidance for sustainable procurement. The program includes supplier risk screening to identify categories of goods and regions known to present inherent risks, along with training and guidelines for sustainable procurement. Future plans include providing buyers with a standardized set of RFx questions for sustainable procurement and information to support specialized purchases, such as electric vehicles.

Our Diverse Suppliers

We look to enrich economies by investing in people and communities where we live and work. This includes proactively seeking diverse suppliers and strengthening our supply chain by sourcing from small, minority- and women-owned businesses. In our U.S. operations, we leverage alliances, industry associations, learning opportunities and other events to help companies build capabilities to develop their full potential. In FY18, we procured \$9.6 billion in goods and services from diverse and small-business suppliers in the U.S. Of that \$9.6 billion, 9 percent was spent with women-owned businesses and 15 percent was spent with minority-owned businesses, with the remaining 76 percent spent with other small-business suppliers. For details, see the [Data Appendix](#)

78%
of potential and current suppliers were screened with sustainability RFx questions during FY18 sourcing events, an increase of 5 percentage points over the previous year*

*For details, see the [Data Appendix](#)

FedEx Cares: Community Giving

FedEx Cares, our community giving and volunteering platform, is one more way we help make a positive difference in the world.

We deliver the connections that help create possibilities in communities globally by investing in strategies and programs that align with our values and best serve our customers.

We provide monetary donations, in-kind shipping services and team member volunteering to deliver solutions that benefit communities around the world.

For more information, visit the [FedEx Cares](#) website.

Our FedEx Cares Pillars



Global Entrepreneurship

FedEx is committed to giving women and minority entrepreneurs everywhere the tools they need to succeed.



Delivering for Good

Lending our global network and our unparalleled logistics expertise to organizations with mission-critical needs, especially in times of disaster, and to help communities heal, learn and thrive.



Sustainable Transportation

Scaling solutions and investing in new ideas to improve mobility, reduce congestion, and decrease pollution in communities around the world.



Employment Pathways

Connecting young adults in underserved communities to skills and career training that lead to greater access to jobs and opportunity, especially in the fields of technology and logistics.



Road Safety

Leveraging our safety expertise to reduce road crash fatalities by improving road conditions and educating drivers and pedestrians — especially child pedestrians — around the world.

\$3m

contributed to support communities in Texas, Florida and Puerto Rico in the aftermath of Hurricanes Harvey, Irma and Maria in FY18

13

dedicated relief flights during the hurricane season in FY18

Goal: Invest \$200 million in 200 communities around the world by 2020 (FedEx Cares goal was set in 2016).

Progress: Met goal for number of communities benefited. On track to meet financial contribution goal ahead of schedule.

We are committed to actively supporting the communities we serve through the strategic investment of our people, resources, and network. We provide financial contributions, in-kind charitable shipping services and team member volunteering to help non-profit organizations achieve their goals and make a measurable impact. For instance, as we work to implement more creative ways to recruit top talent in an ever-tightening labor market, we are leveraging our Employment Pathways programs to identify, coach, mentor, train, hire, and retain talent from non-traditional sources. Key to this is a three-way collaboration among non-profits, education institutions, and our company that reflects the FedEx commitment to supporting youth and lifting communities out of poverty.

For more about the ways Employment Pathways is helping FedEx hire top talent, see the [Our People](#) chapter.

FY18 Community Giving

\$47.78m
cash grants

\$55.14m
total corporate charitable contributions

>500
communities participating

81,976
volunteer hours

\$.42m
Corporate Marketing and Operating Company in-kind giving

13,016
team member volunteers

\$6.94m
charitable shipping

\$8.98m
team member United Way cash contributions



CSR Goals and Progress

In FY18, we made continued progress toward our social and environmental goals, meeting our community investment goal ahead of schedule.

Goals	Progress	Additional information
Investment in Communities		
Invest \$200 million in 200 communities around the world by 2020	<div> <div>\$157m</div> <div>\$200m</div> </div> <ul style="list-style-type: none"> \$157 million since 2016 Community goal met in FY18: 252 communities benefited since 2016 	<ul style="list-style-type: none"> FedEx Cares goal was set in 2016 Team members provided 81,976 volunteer hours in FY18
Aircraft Emissions		
Reduce aircraft emissions intensity 30 percent from a 2005 baseline by 2020	<div> <div>22.6%</div> <div>30.0%</div> </div> <ul style="list-style-type: none"> 22.6 percent reduction from a 2005 baseline Original goal was met and we are now on a revised goal 	<p>Our aircraft modernization and FedEx Fuel Sense programs:</p> <ul style="list-style-type: none"> Saved more than 204 million gallons of fuel Avoided more than 1.97 million metric tons of CO₂e emissions in FY18
Vehicle Fuel Efficiency		
Increase FedEx Express vehicle fuel efficiency 50 percent from a 2005 baseline by 2025	<div> <div>39.6%</div> <div>50.0%</div> </div> <ul style="list-style-type: none"> Improved fuel efficiency by 1.7 percentage points during FY18, contributing to a 39.6 percent improvement from a 2005 baseline 	<p>Our efforts avoided 240,000 metric tons of CO₂e emissions in FY18 due to:</p> <ul style="list-style-type: none"> Upgrading our vehicle fleet and implementing innovative technologies, including use of alternative fuels Improving operations through routing, automation and driver monitoring
LEED-Certified Facilities		
Seek LEED (Leadership in Energy and Environmental Design) certification on all new U.S. FedEx Express buildings	FedEx Express (U.S.) <ul style="list-style-type: none"> 5 new LEED-certified facilities in FY18 19 LEED-certified facilities at the end of FY18, totaling 825,142 square meters 	<ul style="list-style-type: none"> FedEx Express (International): 3 LEED-certified facilities FedEx Ground (U.S.): 6 LEED-certified facilities FedEx Office (U.S.): 1 LEED-certified facility
Alternative Fuels		
Obtain 30 percent of jet fuel from alternative fuels by 2030	<ul style="list-style-type: none"> Red Rock Biofuels, which will supply low-carbon, renewable jet fuel to FedEx Express, broke ground on a biodiesel refinery near the end of FY18 Estimated first delivery of commercially viable and available alternative jet fuels is anticipated in 2020 	
Renewable Energy		
Expand on-site energy generation and continue to procure renewable energy for facilities	<ul style="list-style-type: none"> 3 new solar installations in FY18 23 total on-site solar installations at end of FY18 	<ul style="list-style-type: none"> 21 million kWh generated in FY18 12,504 metric tons of CO₂e emissions avoided in FY18

OUR PEOPLE

Multiplying Potential

People are at the heart of our culture — whether it's the service we deliver to our customers or each other. People are also at the heart of our management philosophy. Without the efforts of our 450,000+ team members, there would be no FedEx. People-Service-Profit, or PSP, is the corporate philosophy that helps us deliver on the Purple Promise. It is a concise and comprehensive statement of the principles that govern every FedEx activity.

Through a variety of initiatives, we multiply potential for our people. We support higher education through tuition assistance and programs such as "Learning inspired by FedEx (LiFE)," which offers employees at select facilities the chance to earn tuition-free degrees online through the University of Memphis. We also provide employment pathways by removing the college degree requirement for some positions, hiring from specialized boot camps, and engaging non-traditional candidates including opportunity youth, veterans, and diverse candidates.

Washington D.C.

38.9072° N, 77.0369° W



Our focus on people produces outstanding service that meets the highest customer expectations. This, in turn, gives us a competitive edge so we can win more business and become more profitable. And profitability is what funds our future and allows us to reward our people. When we apply PSP to deliver on the Purple Promise, we help to multiply opportunities for customers, businesses, communities and, of course, our team members.

PSP reflects our shared commitment to excellence, earns the trust and loyalty of customers and makes FedEx a great place to work. It includes providing our team members with inspiring opportunities to realize their potential and thrive in a workplace that prioritizes inclusion, diversity and safety above all. United by a longstanding commitment to the PSP philosophy, each operating company provides programs and resources to best meet the needs of their team members, while emphasizing Quality Driven Management and an enduring commitment to the Purple Promise.

With an extremely competitive labor market in many regions, especially the U.S., we are implementing even more creative ways to attract top talent and make sure our team members have ample opportunities to build lasting, rewarding careers with us. Collectively, our approach to recruiting, growing and retaining talented team members includes:

- Innovative internships, training, and learning options
- Alliances with people-focused organizations to provide best-in-class benefits
- Initiatives that further embed and celebrate diversity and inclusion in our culture
- Industry-leading practices in driver and workplace safety

Our workplace culture celebrates extraordinary efforts. In FY18, 61 team members received the annual Purple Promise Chairman's Award for their exceptional dedication, collaboration, and innovation. An additional 53 team members earned the Humanitarian Award for displaying selfless courage and promoting human welfare — particularly in life-threatening situations — above and beyond basic human responsibility. Company-wide, we recognized team members with 48,395 awards during the fiscal year.



Safety Above All

Our longstanding Safety Above All philosophy, backed by strict policies, robust team member education, and safety recognition awards, along with continued investments in industry-leading technology, is designed to prevent accidents — because even one accident is one too many.

Each day, hundreds of thousands of FedEx team members are on the move, and from our offices and hubs to roads and airways, our priority to ensure the safety of the people and communities we serve always comes first. This means incorporating safety principles into all aspects of our global network, including people, facilities, and technology.

In our unique Safety Above All culture, we measure and manage operational safety on a daily basis, just as we manage every other business function for quality outcomes. This approach delivers strong performance in the two key safety metrics we use to track performance — injury rate and vehicle accident rate. In FY18, our overall lost time injury rate remained relatively unchanged, despite our operations in North America, which experienced an increase over FY17. We have investigated the root causes of this increase and are working to improve safety performance going forward through new training methods, additional implementation of industry-leading technology, and initiatives to make sure our Safety Above All approach is reflected in every action.

Regular team member engagement about safety is also key to ongoing improvement. The FY18 FedEx Express safety culture survey — our first ever — explored team member perceptions of company safety with an objective of further improving performance. We hope to expand the survey across the entire FedEx enterprise in the future.

For more about our FY18 and year-over-year safety performance, see the [Data Appendix](#)



Vehicle Safety

Our quality-driven approach to safety extends to our global vehicle fleet of more than 180,000 vehicles, including both on-road and non-road equipment at FedEx Express, FedEx Freight, and FedEx Ground.

FedEx Express

Implementing the latest safety practices and innovations is key to continued safety performance in the face of our significant business growth. During FY18, FedEx Express incorporated several key road safety technologies, including:

GPS tracking on all 30,000 FedEx Express pickup-and-delivery vehicles in the U.S. This allows a central facility to view where a driver had to park, the length of the walk to deliver a package, and what kinds of obstacles the driver encountered. This information can then be used to identify the safest places to park, minimize obstacles, and make sure drivers know the safest routes. It also provides an additional tool for accident investigations.

Autonomous safety features— We continue to incorporate the latest version of autonomous technologies such as forward collision and lane departure warnings, forward collision avoidance mitigation systems, and speed limiters, all of which augment safety for our already-safe drivers.

Video cameras— FedEx Freight and FedEx Ground vehicles have used outward-facing cameras and telematics to implement a driver consultation program for onboard triggering events. Now, FedEx Express is installing cameras in all tractor-trailers and straight trucks to provide both a forward- and driver-facing view. Among other benefits, the cameras capture close calls, such as when a driver had to brake hard or turn suddenly to avoid a collision, and gives drivers and managers a chance to review what went well and what could have been improved.

Auto-docking technology— We are implementing auto-docking capability on all airport ground service equipment so that operators no longer have to maneuver the equipment the last 3 meters toward the plane. The technology was piloted in FY18 and we expect to add 1,000 of these auto-dockers next year.

FedEx Freight

During FY18, we made significant progress with our policy to implement three key safety technologies in all FedEx Freight road tractors, which drive the most miles in the FedEx Freight fleet. We were an early adopter of these technologies in the transportation industry — installing them as soon as they were commercially available — and we intend to have 100 percent of our FedEx Freight road tractor fleet equipped by the end of FY19.

Tractor Safety Innovations at FedEx Freight

Safety Feature	FY18 Implementation
Collision mitigation systems with automatic braking	10,224 (or 93%)
Audible lane departure warning systems	10,677 (or 97%)
Roll stability systems	10,691 (or 97%)
10,991 road tractors total	

FedEx Ground

At FedEx Ground, where contracted service providers are responsible for their own vehicle fleets, a combination of robust safety requirements, standards, audits, and incentives help to ensure safety.

Each provider must maintain and administer a safety and compliance program for all personnel assigned to provide services to FedEx Ground. In addition, we work in partnership with our service providers to promote highway safety. MyGroundBiz is a web-based resource through which we communicate organizational and industry news, updates, business insights, customer alerts, and safety/regulatory information. We also encourage providers to engage in weekly voluntary forums that address highway safety topics for linehaul, as well as pickup-and-delivery operations.

Making sure our contractors' vehicles include the latest safety technology is also essential. In FY17, FedEx Ground established a new contracting standard for linehaul service providers that included on-board video recorders and forward collision and lane departure warning systems, which have been installed in 100 percent of linehaul tractors. In FY18, we began a three-year process to implement similar technology on all FedEx Ground delivery vans as well, and to add forward collision avoidance mitigation on tractors. Working with manufacturers, we provide retrofit kits and monitor installation to achieve compliance with these and other equipment requirements.

Safe Driving Recognition

FY18 was a record year for FedEx drivers in the National Truck Driving Championships, with a total of 175 FedEx drivers taking home first-place honors in state championships and advancing to the national competition. FedEx drivers took home National Championship trophies in seven of the nine classes, and one earned the title of Grand National Champion. Also, for the second year in a row, we honored drivers who have accomplished 40-year safe driving records with FedEx.

Air Safety FedEx Express

FedEx Express operates the world's largest dedicated all-cargo air fleet, and we have long been an industry leader in safe and secure flight operations — a differentiator for our business. Today, our aviation safety strategy includes, among other elements, the use of evolutionary technology and science to keep us at the forefront, along with a holistic approach to review any mishaps or near misses. We've deployed a rigorous risk identification system and communication campaign called The Right Way to raise awareness among team members about practical safety issues. Through a monthly series of presentations and discussions, the campaign helps to make sure team members have the knowledge they need to identify mistakes on the job before they turn into safety concerns. And while we expect all team members to follow all safety procedures, we also design system resiliency into each operation, which helps to guard against human error.



Facility Safety

Safety Above All begins well before the first employee steps into a new facility.

FedEx Express: Safety in Design

At FedEx Express International, the Safety in Design system embeds safety at the facility planning stage and incorporates consistent standards, tools, decisions and behaviors informed by frameworks such as OHSAS 18001. The system encompasses hazard identification, risk assessment and best practices early in the design process to ensure safety is central in the hardware, systems, equipment, products, tools, materials, energy controls, layout, and configuration in every facility project. Consistent standards for features like walkways and traffic lanes also give team members a familiar experience at each facility, which contributes to safety.

FedEx Ground: Prevention through Design

Similarly, at FedEx Ground, a program called Prevention through Design incorporates safety improvements at facilities and yards. In FY18, one Prevention through Design effort recommended engineering controls to reduce potential hazards between load lane staging conveyors and large-package conveyors in hubs and stations. Already, 316 of the improved bridge conveyors have been ordered.

Safety initiatives were completed at all FedEx Ground yards during FY18. These included adding high-visibility yellow wrapping and LED light bars to hostlers (specialized vehicles used to move trucks and trailers on FedEx properties) to improve visibility, installing safety signage and requiring that anyone outside designated walkways wear high-visibility reflective garments.

FedEx Ground also finished installing video event data recorders on all hostlers in the yard network. These systems capture video and vehicle data before, during and after a collision, and coaching on these events — a focus in FY18 — reduced preventable hostler accidents. In addition, a new Stop Work Authority program empowers employees to stop any activity they witness that could create an unsafe environment.

Safety Training

Our operating companies implemented a number of innovative safety training methods in FY18:

- FedEx Ground piloted virtual reality training modules on trailer setup, dock behaviors, large-package lifting techniques and others.
- FedEx Express Slip and Fall Simulator allows team members to experience real-life dangers in a safe environment. While safely harnessed into the simulator, employees are taught methods for dealing with inclement weather, such as walking on slick surfaces while carrying packages and maneuvering around obstacles. Already in place in Indianapolis, a simulator was also installed at our Memphis World Hub in FY18.
- FedEx Express Safe Foundations Training Center at our Indianapolis hub takes new team members through a course on the safest ways for handling cargo, operating equipment and performing other essential ramp activities.
- FedEx Express updated training on close-quarters skills, in which drivers address common challenges such as navigating between two parked vehicles, expanding the experience to real life in a controlled environment with an instructor.



Recruiting and Retaining Top Talent

Hiring and retaining the world's best talent is challenging. We employ a range of innovative recruiting, development, and retention approaches, including:

- **Focused workforce strategy**— We develop 3-year workforce strategy plans for all skilled positions at FedEx Services so we know where to focus learning and development initiatives.
- **Investments in non-traditional candidates**— Through a variety of alliances, we identify and coach candidates from non-traditional pathways. This includes aligning our hiring investments with our philanthropic giving strategy, where appropriate, to help people develop skills that get them workforce ready.
- **Training and development**— We offer a wide array of formal training and on-the-job learning opportunities, as well as tuition reimbursement, to help FedEx team members build rewarding careers.

Pathways to a FedEx Career

Hiring and retaining top talent in a tight labor market is at the heart of our ability to maintain our global workforce in the years to come. At FedEx, we believe there is more than one path to a successful career, and we aim to provide opportunities to non-traditional candidates for our entry-level positions. Employment Pathways, a FedEx Cares pillar closely linked to our talent management efforts, supports education, job training, and access to employment using a variety of platforms. Through financial investments and collaborations with educators and non-profits, we help underserved youth and others navigate the college application process, train for high-demand jobs such as in tech and logistics, and access employment through credential programs. To this end, we have removed the college degree requirement from some positions and are instead hiring from “boot camps” that specialize in IT, sales, or customer service.

Likewise, when it comes to hiring non-traditional candidates such as “opportunity youth” — the 5 million people in the U.S. ages 16 to 24 who are neither in school nor working — we look for ways to forge a three-way collaboration among the education system, nonprofit organizations and our company. This allows us to identify, support and nurture students every step of the way and get them the teaching, mentoring, and coaching they need for success. In addition, our recruiters connect qualified candidates with people doing similar jobs in the company so they can learn more about the experience of working at FedEx.



>100,000
youth and veterans provided with
education, job training and access
to employment since FY16

\$7.1m
invested in programs that provide
pathways to employment since FY16

\$2.7m
invested in programs that provide
pathways to employment in FY18 alone

Recruiting and Retaining Top Talent (continued)

Jobs for Returning Veterans

As part of our ongoing commitment to provide U.S. military veterans with rewarding employment as they transition to civilian life, we implemented an innovative hiring algorithm in FY18 that makes it easier for veterans to find jobs at FedEx. Now, veterans can go to our Careers site and enter their military occupation code. The algorithm automatically translates this code into open positions that align with their skills.

For other ways we build an inclusive workplace, see [Diversity & Inclusion](#)

92%
of full-time U.S. team members
were retained in FY18

Team Member Retention

We prioritize promoting team members from within and regularly post positions internally before advertising them publicly, which is central to retaining top talent. In FY18, we retained 92 percent of our full-time U.S. team members. Globally, FedEx hired 200,411 full and part-time team members in FY18, while 191,917 left the company in this period. Most of these positions involved part-time hourly workers, including package handlers.

When careers at FedEx end, we provide career transition and outplacement services to eligible employees globally. Through a third party, FedEx offers access to career coaching, job search, professional skills development and other support to assist in managing career endings and continued employability in the broader market.

For details about employee retention, including turnover by gender year over year, see the [Data Appendix](#)



Engaging Our Team Members

We listen to our team members through annual surveys, employee networks and direct feedback so we can improve their experience, build an even more productive workplace and strengthen our business. In FY18, 83 percent of eligible employees completed our annual engagement survey, providing valuable feedback and 12,000 open-ended comments. Text analytics provided senior leaders with a summary of comments to inform changes based on employee feedback. For instance, in FedEx Services individual reports are available for all leadership levels. Each leader utilizes their results and employee feedback to develop leadership plans in our online system.

A multi-part culture initiative is providing additional connection points for international team members with our company and our brand. Launched as an initiative to establish a common culture following the TNT acquisition, it has since evolved to inspire and motivate international team members about our culture. Building on the results of a culture survey and assessment, the initiative focuses on incorporating the FedEx culture into our communications, behaviors, business processes, decision-making, recruiting, career development and other aspects of our business.

Culture immersion workshops highlight ways to reflect our culture in everything we do, while culture ambassadors help to make sure the desired cultural values and behaviors are present in our daily actions. Today, we have five generations in the FedEx workplace, and nearly one-third of our workforce is under 30 years old. As we continue to grow and diversify our workforce, our strong and unified culture will provide the shared foundation for a bright future.

Collectively Bargained Agreements at FedEx

The vast majority of FedEx employees do not work under a collectively bargained agreement, and FedEx believes in compensating and treating our employees in a fair manner. In the U.S., a group of employees' decision to unionize is their own, and FedEx respects that right, however, the company's track record with respect to employee relations demonstrates that most of our employees prefer a direct relationship with the company.

The pilots of FedEx Express, who are a small number of the total employees at FedEx Express, are employed under a collective bargaining agreement that took effect on November 2, 2015. This collective bargaining agreement is scheduled to become amendable in November 2021, after a six-year term.

In addition to our pilots at FedEx Express, FedEx Supply Chain has a small number of employees who are members of unions, and FedEx Freight drivers at one location have voted for union representation, but are not currently subject to a collective bargaining agreement. Internationally, there are some unionized employees who do not fall within the umbrella of U.S. labor law, and a union has been certified to represent owner-drivers at a FedEx Freight facility in Canada.



Diversity & Inclusion

The FedEx experience starts with our people. We take seriously our responsibility to foster respectful, safe workplaces that celebrate the unique contributions of each individual.

As we work together to deliver the Purple Promise, we also aim to empower our team members to reach their full potential and meet their career goals, in turn helping us meet our business goals. To achieve this, we need the best people — and a broad range of backgrounds and perspectives. And with operations in so many communities around the world, we rely on a diverse mix of talent to understand our customers' varied needs. Everywhere we operate, diversity and inclusion (D&I) are part of our culture.

Our D&I practices help deliver a better future for team members, customers, suppliers and communities. Each operating company maintains a D&I team that also participates in an enterprise-wide Diversity & Inclusion Corporate Council. This group holds in-person strategy sessions and meets monthly to further embed D&I into our organization through best practices that support success.

Diversity Starts at the Top

The FedEx Board of Directors includes twelve directors, four of whom are women and two who are African American. Women represent 22 percent of FedEx's management employees globally, while minorities comprise 36 percent of management employees in the U.S.

See the [Data Appendix](#) for the percentage of minorities in management from FY16 to FY18 in the U.S.

Recruiting for a Diverse Workforce

Through collaborations with key organizations, we recruit candidates from a variety of backgrounds to help us build a more inclusive workplace. For example, we work with the National Urban League, United States Hispanic Leadership Institute, Society of Women Engineers and others to increase our involvement at conferences and career fairs and launch targeted recruitment initiatives.

The internship program collaborates with the D&I team to ensure the pipeline of students coming into FedEx is as diverse as possible. We recently added targeted recruiting events to reach an even more diverse population of African American and Hispanic students. The program now includes more than 50 percent minorities.

In order to ensure our interns have a positive experience at FedEx, interns are paired with a team member who provides feedback and mentoring throughout the summer. The program has continued to grow since its inception. In FY18, we received more than 16,000 applications to fill our 170 summer intern positions. This is an increase of 2,000 applicants from the previous year. We typically hire around 70 percent of interns for full-time employment.

Also during FY18, we hosted our first annual IT summit with two historically black colleges and universities. The summit gave students the opportunity to join us for a day of education and gain exposure to the company. In addition to presentations and discussions about technology opportunities at FedEx, we conducted mock interviews and provided feedback to help students position themselves for success in the job market.



Across our operating companies, FedEx team members participate in business resource teams and affinity groups that help recruit and develop talent, create connections and build community through targeted programs and events that align with business strategies for maximum impact. Numerous networks are available to team members, including Women in Leadership, Black Professional's Network, All-Generation, Multi-Ethnic Leadership Community, Asia Network, LGBT & Friends, U.S. Military Veterans and many others.

A Diverse and Inclusive Culture

We believe that a culturally competent workplace is one where team members can bring their whole selves to work because the workplace has the right accountability, infrastructure, and resources to foster a lasting, inclusive culture.

Education, training and regular communications encourage managers and individual team members to embrace a strategic mindset and a culture where D&I are fundamental to the organizational bottom line.

FedEx Ground developed standardized D&I awareness materials and integrated this content into the orientation programs for management positions and the standard leadership development series. During FY18, FedEx Ground also offered 62 sessions of the Inclusive Workplace Learning Map course — an instructor-facilitated game experience — reaching 1,800 team members. Also during the year, FedEx Office created an inclusive project team resource, developed a new D&I website, updated interview guides to reflect D&I principles, began evaluating formal diversity training modules and incorporated D&I messages into onboarding materials.

As we continue integrating TNT Express and other companies, cultural competence and diversity play key roles. For instance, as part of the culture initiative underway at FedEx Express International, which includes FedEx Express operations outside the U.S., we have created a cross-cultural, multinational transition network of team members empowered to support the integration process through facilitation and coaching as we work together to build an inclusive culture. This includes affirming the identity of everyone, building the community toward shared purpose and cultivating leaders at every level.

See the [Data Appendix](#) for:

- FedEx global headcount by gender
- U.S. percent workforce diversity
- U.S. percent generational diversity

A Workplace Free of Harassment and Discrimination

We are committed to maintaining a safe, respectful and lawful workplace environment for all employees. Our [Code of Business Conduct and Ethics](#) policies on equal opportunity and non-discrimination, training and related resources ensure team members and managers will provide this work environment. This includes a policy against retaliation so that employees will come forward to report concerns in good faith. We prohibit harassment and discrimination; we treat any report of such behavior seriously and treat each incident with confidentiality and sensitivity.



Team Member Quality of Life

At FedEx, we believe our success depends on the talent, dedication and well-being of our people. Providing them with competitive health care, wellness, retirement and other benefits supports our team members’ quality of life and enables them to perform at their best.

Health and Wellness

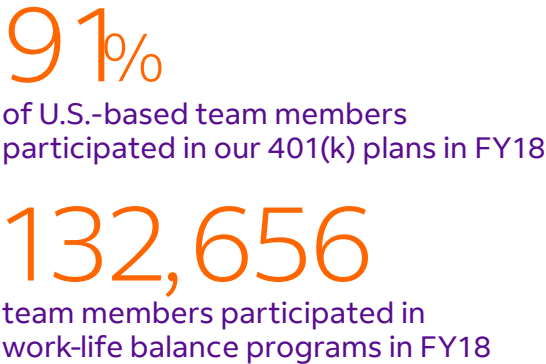
FedEx offers health programs and competitive health benefits for eligible full-time and part-time team members and their dependents. We cover most healthcare costs for our U.S. team members, including medical, dental and vision coverage. Team members can also access a 24-hour nurse line, integrated personal health teams and a medical decision support group free of charge. Maternity and flexible work options are available to help employees manage work-life balance, and FedEx provides short- and long-term disability and life insurance benefits to eligible team members.

Team member wellness programs, including healthy weight management and tobacco cessation programs, stress-management classes, access to health club services and other resources, reflect our holistic approach to supporting well-being. Other wellness offerings at some operating companies include free on-site flu shots, on-site mammograms and fitness challenges.

In addition to family-friendly benefits such as maternity leave and financial assistance with adoptions, FedEx offers a Work-Life Balance Program to all U.S. team members. Team members can access specialists and online resources for advice and support on common life events and challenges, such as parenting, child care and financial matters. In FY18, a total of 132,656 team members — 45 percent of eligible U.S.-based team members — participated in work-life balance programs, about 8 percent more than the previous year.

Saving for the Future

We encourage eligible U.S. team members to save for retirement through our pension and 401(k) plans. In FY18, 91 percent of U.S.-based team members participated in our 401(k) plans. To encourage greater retirement plan participation, we held 35 benefits fairs in FY18, reaching more than 20,000 employees and spouses. In response to the U.S. Tax Cuts and Jobs Act, we made a voluntary contribution of \$1.5 billion to our U.S. pension plans — among the best funded in the U.S. We also announced more than \$200 million in increased compensation to certain hourly team members 6 months early.



ENVIRONMENT

Multiplying Efficiencies

At FedEx, we connect people and possibilities around the world, responsibly and resourcefully. Building on a philosophy we call Practical Sustainability, we work to multiply efficiencies, minimize impacts and apply innovative solutions to enable opportunities for our business and customers. Central to our Practical Sustainability philosophy are four interconnected building blocks — performance, transparency, innovation, and leadership — that drive strategic, transformational stewardship to strengthen our operations, grow our business, and add value to society.

The FedEx Express International headquarters in Hoofddorp, the Netherlands, is one of the greenest offices in Europe. The carbon-neutral, LEED Platinum building conserves energy with features like intelligent lighting controls and produces more energy than it consumes through solar panels and a combined heat and power plant that runs on biological waste.

Hoofddorp

52.3061° N, 4.6907° E

Reduce, Replace, Revolutionize

Reduce, Replace, Revolutionize is the global strategy that informs our approach to Practical Sustainability

Reduce: Minimize or eliminate impacts from activities and operations.

Replace: Apply the right solutions in the right applications.

Revolutionize: Discover and utilize cutting-edge technologies and solutions.

Throughout the organization, our Reduce, Replace, Revolutionize strategy guides environmental efforts to drive efficient use of resources and cost savings in four key areas:

- Aircraft efficiency
- Vehicle efficiency
- Sustainable facilities
- Sustainable materials and recycling

In each of these areas, our Practical Sustainability philosophy helps us determine the right sustainability initiatives, which are then guided by input from the experts on our Sustainability Impact Teams (SITs). Collectively, these efforts have contributed to an approximately 37 percent reduction in CO emissions intensity (on a revenue basis) across the enterprise from FY09 to FY18, a period in which revenue grew by 84.5 percent.

Team member engagement is also central to success in achieving our sustainability strategy and goals. A variety of internal programs encourage FedEx team members to actively contribute to our continued progress at reducing fuel emissions, energy use and waste in the workplace. Examples include FedEx® Fuel Sense and Eco Drive at FedEx Express, Energy Watch at FedEx Freight, Simplify Your Center at FedEx Office, and EarthSmart Champions at FedEx Ground.

37%
decrease in CO₂ emissions intensity
(on a revenue basis) since FY09

2,690,828
metric tons of CO₂e emissions avoided
from enterprise-wide fuel and energy
saving initiatives in FY18*

*Includes on-site solar, building lighting retrofits, FedEx Fuel Sense, aircraft fleet modernization, FedEx Express vehicle efficiency, and FedEx Freight intermodal rail usage.



Energy and GHG Emission Reduction

FedEx operates a fleet of more than 670 aircraft and more than 180,000 owned and contracted on-road and non-road vehicles (including some 80,000 company-owned vehicles over which we have operational control) around the world.

The fuel used to power this fleet represents a significant operational cost, as well as our most material environmental impact, accounting for almost 6 percent of operating expenses and 92 percent of our emissions footprint in FY18. Our continued rapid growth means we must seek new approaches and available technologies to optimize efficiency in our vehicle and aircraft fleets, and facilities. Through these efforts we have been able to decrease our GHG emissions intensity on a gross revenue basis. We are proud of the continued reductions we have made in GHG emissions intensity and have adopted a number of strategies to continue improving efficiency:

- Setting ambitious fuel efficiency and emission reduction targets.
- Modernizing our aircraft and vehicle fleet.
- Incorporating alternative fuels into our fleet.
- Using more purchased transportation, including interline commercial air carrier and intermodal rail transport.
- Engaging team members and customers in energy efficiency initiatives.
- Advocating for regulatory and policy changes that support emissions reduction, efficiency improvements, and cleaner technology.

See the [Data Appendix](#) for FY18 and year-over-year results on:

- Direct and indirect energy consumption
- Direct and indirect GHG emissions
- Emissions intensity
- Other significant air pollutants

FY18 Transportation Efficiency Gains and Cost Savings

FedEx Initiatives	FY18 Cost Savings Estimates (\$)	FY18 Emissions Avoided (metric tons CO ₂ e)
Aircraft fleet modernization, FedEx® Fuel Sense operational improvements	\$394 million	1,970,391
Fuel-efficient driving, vehicle technology improvements, alternative fuel usage and electric vehicles	\$65 million	240,171
Intermodal rail transport	\$134 million	296,510

The Role of Interline and Intermodal Transport in Our Emissions Intensity Calculations

Where appropriate, we use interline commercial air carrier transport to maximize system and network efficiency and lower costs, which in turn reduces fuel use and emissions. We collaborate with others to carry FedEx packages on routes where our aircraft have less than a full load. This makes our air operations in that region more efficient. We also use intermodal rail for some FedEx Freight and FedEx Ground shipping, which provides the efficiency of rail for the long-haul portion, and the convenience of trucks to deliver freight to the originating intermodal terminal and the final destination.

These practices have shifted some emissions from Scope 1 to 3. To maintain transparency, we are including Scope 1, 2 and 3 as part of our CO₂ emissions intensity reduction (on a gross revenue basis). We have reduced our CO₂ emissions intensity (on a revenue basis) by approximately 37 percent from FY09 through FY18. Including just our Scope 1 and 2 emissions as part of this intensity comparison would have shown a greater reduction of approximately 43 percent for the same period.

Aircraft Efficiency

Goal: Reduce aircraft emissions intensity 30 percent from a 2005 baseline by 2020.

Progress: 22.6 percent reduction since 2005 baseline.

Goal: Obtain 30 percent of jet fuel from alternative fuels by 2030.

Progress: The first delivery of commercially viable and available alternative jet fuels is anticipated in 2020.

With the world's largest dedicated all-cargo air fleet, making sure our aircraft operate as efficiently as possible is essential to both our operational performance and environmental commitments. We apply the three-part Reduce, Replace, Revolutionize approach to meet our ambitious operational goals and maximize efficiency.

This means we:

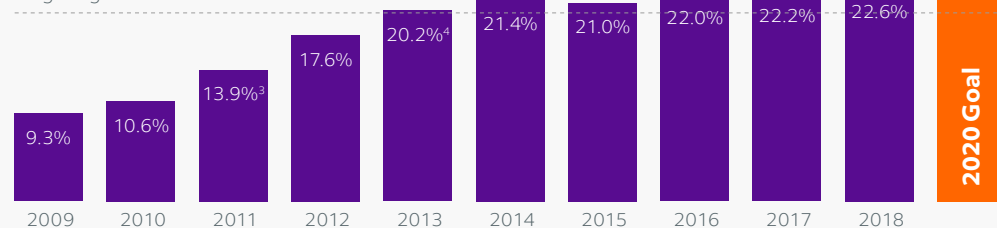
- **Reduce** fuel use in flight operations through our global FedEx Fuel Sense program.
- **Replace** and modernize our planes with more efficient aircraft.
- **Revolutionize** our operations by exploring and employing alternative fuels and technologies.

In FY18, this approach achieved strong results. Our aircraft modernization and FedEx Fuel Sense programs saved more than 204 million gallons of fuel and avoided more than 1.97 million metric tons of CO₂e emissions during the fiscal year.

Progress against Aircraft Emission Goals

Revised goal 30%

Original goal 20%



1 Revised goal set in 2011: Reduce aircraft CO₂ emissions intensity by 30 percent by 2020, using FY05 as the baseline year.

2 Original goal set in 2008: Reduce aircraft CO₂ emissions intensity (on a pounds-per-ATM basis, or Available Ton Mile) 20 percent from a 2005 baseline by 2020. FedEx was the first U.S. airline to make a public commitment to reduce aircraft emissions.

3 In 2011, we changed from reporting by calendar year to reporting by fiscal year.

4 In the 2013 Global Citizenship Report, we reported that we had reduced our aircraft CO₂ 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 FY05 benchmark, which differs from the calendar year, the total reduction in emissions intensity was 20.2 percent from 2005.

Commitment to Sustainable Aviation

FedEx is committed to efforts that will make aviation more sustainable. For the last several years, we have participated in the effort to develop the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) program alongside our industry association. This year CORSIA was adopted by the International Civil Aviation Organization (ICAO), a specialized agency of the United Nations, which has the authority to enforce the provisions of the program. CORSIA will complement the aviation industry's multi-pronged strategy, which includes development of alternative fuels to reduce emissions on a lifecycle basis and the advancement of engine and airframe technology to improve efficiency. CORSIA is designed to achieve the international aviation industry's goal of carbon neutral growth starting in 2020. In 2019 and 2020, airlines will report emissions from international flights in accordance with the requirements of CORSIA, and the data will be used to set the 2020 emissions baseline. Beginning in 2021, FedEx and other airlines subject to the requirements of CORSIA will be responsible for purchasing and retiring carbon credits to offset emissions in excess of the baseline set in 2020.

Aircraft Efficiency (continued)

Reduce

FedEx® Fuel Sense

Since 2006, the FedEx Fuel Sense program has leveraged the insights and ideas of aviation team members and experts who have built a culture of fuel-saving behavior and systems. A total of 59 projects have been identified, and 655 million gallons of jet fuel have been saved since then as well. Collectively, FedEx Fuel Sense programs saved more than 94 million gallons of jet fuel in FY18, and avoided more than 912,000 metric tons of CO₂e emissions, an increase of 7.4 percent over FY17 savings.

During FY18, three FedEx Fuel Sense programs contributed considerably to efficiency and operational cost savings:

- **Auxiliary Power Unit (APU) Program**— This program changed the way we think of using the APU, a small jet engine primarily used to power the aircraft systems while in the gate. We substitute ground (electric) power instead of operating the APUs, and have set new parameters for when the APUs should be powered up and shut down. During FY18, this program saved almost 11 million gallons of fuel and avoided 104,000 metric tons of CO₂e.
- **Cost Index Programs**— Flight dispatchers utilize a feature in their flight planning system that balances fuel costs with aircraft speed to plan each flight at the lowest cruise speed to arrive at its destination on time. During FY18, this program helped to lower operating costs, saved 8 million gallons of fuel, and avoided 77,000 metric tons of CO₂e.
- **Top of Climb Optimization**— This program re-evaluates the expected flight arrival time when an aircraft reaches top of takeoff climb. Using actual takeoff time, the program can determine any changes to expected arrival

time. If the flight is expected to arrive early, the dispatcher calculates a slower cruise speed to save fuel while maintaining an on-time arrival. This program was based on improved decision-making and coordination between flight crews and dispatchers, and saved 515,000 gallons of fuel and \$959,000 in associated fuel costs in FY18.

Replace

Aircraft Modernization

Through our ongoing modernization program, FedEx maintains one of the world's largest and most innovative all-cargo aircraft fleets. Our aircraft modernization strategy delivered even more benefits in FY18, saving 109,644,262 gallons of fuel and avoiding 1,058,368 metric tons of CO₂e, a 22.7 percent increase over the previous year.

We have been working to reduce aircraft emissions since 2005, our baseline year, and announced our first reduction goal in 2008. Since 2005, our aircraft emissions intensity has decreased by 22.6 percent.

However, our progress falls short of the overall improvements needed to meet our 2020 reduction goal. Continued higher shipping volumes and the need to maintain older aircraft marked for retirement while we await production of more efficient replacements have presented challenges to meeting our goal. In June 2018, FedEx Express committed to purchase an additional 12 Boeing 777 Freighters and 12 Boeing 767 Freighters, and as of February 2019 has pending orders for 21 Boeing 777F aircraft and 57 Boeing 767F aircraft, with delivery scheduled from 2019 through 2025. The inclusion of these new aircraft will improve fleet efficiency, operating costs and operational flexibility for FedEx Express.

Our feeder aircraft fleet, which covers shorter routes, is also being upgraded. In FY18, we entered into agreements to purchase 50 Cessna SkyCourier 408 aircraft and 30 ATR 72-600F aircraft, which improve fuel efficiency, reliability and operating costs.

For details on our aircraft fuel and emissions savings, see the [Data Appendix](#). For details about our aircraft purchase commitments, see the [2018 Annual Report](#).

Revolutionize

Aircraft Biofuels

Our goal to obtain 30 percent of jet fuel from alternative fuels by 2030 underscores our commitment to explore all avenues to reducing emissions from our aircraft. We have collaborated with our industry, government agencies, academia and alternative fuel suppliers in search of viable, cost-effective alternatives. In FY18, the journey to aviation biofuels reached a milestone. Red Rock Biofuels, which will supply low-carbon, renewable jet fuel to FedEx Express, broke ground on a biodiesel refinery. The first delivery of alternative jet fuel is anticipated in 2020.

Also in FY18, the ecoDemonstrator, a Boeing 777F built for FedEx Express, became our first plane to fly 100 percent on biofuel during a short-term period that also tested and gathered data on 35 new technologies. Read more about this specially equipped plane [here](#).

Vehicle Efficiency

Goal: Increase FedEx Express vehicle fuel efficiency 50 percent from a 2005 baseline by 2025.

Progress: 39.6 percent improvement from a 2005 baseline.

The FedEx global ground transportation fleet includes more than 180,000 on-road and non-road vehicles, approximately 80,000 of which are company-owned vehicles within our operational control. By applying our Reduce, Replace, Revolutionize approach, we are improving the fuel economy of FedEx fleet vehicles and reducing GHG emissions:

- **Reduce** miles driven and fuel used through efficiencies such as optimizing route structures and using innovative tracking that correlates driver behaviors with fuel efficiency.
- **Replace** older elements of our vehicle fleet with the most up-to-date and efficient technology viably available.
- **Revolutionize** our fleet through timely testing and adoption of innovations, such as electric and alternative fuel technologies, where applicable, as well as exploration of emerging technologies like autonomous vehicles, mobile command centers and robots.

Through FY18, our efforts collectively resulted in a 39.6 percent improvement in FedEx Express vehicle fuel efficiency from our 2005 baseline.

See the [Data Appendix](#) for FY18 and year-over-year results on:

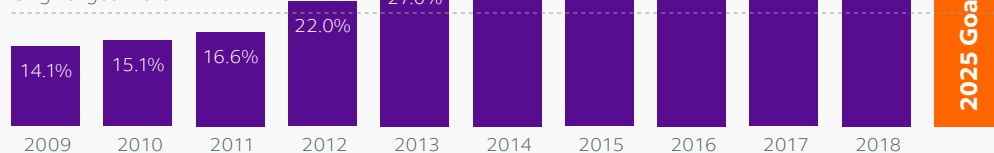
- Vehicle fuel use (diesel, gasoline, propane, Liquefied Natural Gas, Compressed Natural Gas)
- Number of alternative fuel vehicles (hybrid, electric, Liquefied Natural Gas, Compressed Natural Gas, Liquefied Petroleum Gas, hydrogen fuel cell)
- Fuel saved and emissions avoided through vehicle efficiency efforts

Progress against Fuel Economy Goals

New goal 50%

Revised goal 30%

Original goal 20%



- 1 New goal set in 2017: Increase FedEx Express vehicle fuel efficiency 50 percent from a 2005 baseline by 2025.
- 2 Revised goal set in 2012: Increase FedEx Express vehicle fuel efficiency 30 percent from a 2005 baseline by 2020.
- 3 Original goal set in 2008: Improve FedEx Express fuel efficiency 20 percent from a 2005 baseline by 2020.

23m
gallons of fuel saved, a
9.3 percent improvement
over FY17

240,171
metric tons of CO₂e emissions
avoided, equivalent to
the emissions from 51,428
passenger cars driven
for one year

Reduce and Replace Technology and Operations

Across the enterprise, we work to utilize the emission technology available in each market for our vehicles.

This enables us to reduce emissions and minimize the impact of the remaining legacy vehicles in the fleet. The effects of this approach are especially notable at FedEx Express, which operates more than 85,000 company-owned and contracted vehicles around the world and has committed to maintaining a robust emission strategy, well ahead of low-emission zone and other regulatory requirements.

Innovative approaches such as platooning, which we demonstrated with Volvo Trucks North America in FY18, offer the potential to increase truck fuel efficiency while enhancing safety. When two or three trucks can drive closely behind one another, fuel efficiency improves as a result of reduced drag, which accounts for up to 25 percent of a truck's fuel consumption. Our platooning demonstration allowed trucks to follow each other in a safe and controlled manner by using automated vehicle-to-vehicle communication in which the lead truck has the ability to detect an issue by radar and signal to the following trucks for automated responses using collision mitigation and other technology. This is an example of our efforts to both reduce fuel use and revolutionize our fleet at the same time. See the [Safety](#) section and [press release](#) for more on this promising approach to efficiency and safety.

Some of our approaches combine new technology with traditional fuel efficiency tactics, such as driver practices, for even better outcomes. For instance, a FedEx Freight pilot initiative in FY18 correlated the use of cruise control and certain braking techniques to determine the impact on fuel efficiency. The results were shared with drivers so they could see exactly how their habits behind the wheel could reduce fuel use.

FedEx Freight also continued replenishing some of its fleet early in FY18, replacing older tractors and other equipment with newer models that enhance efficiency and safety. However, as with our aircraft modernization program, some of the older tractors slated for replacement have been kept in service to accommodate company growth.

Intermodal Rail Transport

Use of intermodal rail transport at FedEx Freight, which is 70 percent more efficient than transport by road, saved an additional 25,846,666 gallons of fuel and avoided 296,510 metric tons of CO₂ emissions, a nearly 12 percent increase over FY17. This reflects a 10 percent increase in rail miles for FedEx Freight intermodal shipping during FY18 compared to the previous year.

An 11 percent increase in diesel fuel savings due to greater use of intermodal rail helped to offset the impact of retaining some older vehicles and improve overall emissions reductions at FedEx Freight during FY18.



Vehicle Efficiency (continued)

Revolutionize

Alternative Fuel Vehicles

At FedEx, we are continuing our “revolutionize” approach to alternative fuel and vehicle technologies. The continued adoption of alternative fuel and advanced technology vehicles will play a critical part in reducing our global GHG emissions, while also benefiting the broader transportation industry. We are intensifying efforts toward greater use of electric vehicles and exploring fuel cell-powered vehicles, among other advanced technologies.

Electric Vehicles

Advances in battery technology are making it possible to electrify segments of the transportation sector, including parts of the FedEx vehicle fleet. As a result, in FY18, we were able to add 445 electric vehicles to our global fleet, resulting in more than 2,554 electric vehicles in service by the end of the fiscal year, including forklifts, airport ground service equipment and delivery trucks.

FedEx Express is continuing to increase its use of electric vehicles — which not only reduce emissions, but also lower maintenance costs. In 2019, we expect to acquire 1,000 Chanje V8100 electric vehicles for FedEx Express in California, a significant step in our efforts to scale up the electrification of our fleet, especially for urban delivery. These vehicles can travel more than 150 miles when fully charged and have the potential to help save 2,000 gallons of fuel while avoiding 20 metric tons of CO₂ emissions per vehicle each year. Outside the U.S., FedEx Express is testing electric vehicles in China and Europe, with a view to strategically scale the adoption of commercially viable models in those markets soon.

In FY18, FedEx Freight also completed assessments to determine return on investment and optimization factors for selecting electric versus propane forklifts. The assessment evaluated infrastructure installation costs, charging requirements, propane purchase costs, and other factors to determine when electric or propane forklifts are the better choice. Future plans at FedEx Freight include incorporating the Tesla Semi electric tractors into the fleet. However, delivery is not anticipated for several years and will require infrastructure upgrades for large electric vehicles. To this end, we are currently focusing on our facilities to make sure they are equipped to charge many electric vehicles at once. See the [Sustainable Facilities](#) section for details on the ways we are beginning to upgrade our infrastructure with new technology and incorporate additional on-site solar installations to power an electric fleet.

Electrification Coalition

The FedEx commitment to electric vehicles as a path to further reduce emissions and enhance operational efficiency starts at the top. Since 2009, our Chairman and CEO, Frederick W. Smith, has served on the Electrification Coalition. This nonpartisan, not-for-profit group of business leaders is committed to promoting policies and actions that facilitate deployment of electric vehicles on a mass scale. Mr. Smith also has advocated for transportation electrification through the Electrification Coalition by championing the development of the Coalition’s Fleet Electrification Roadmap, a comprehensive analysis of the business case for electric-drive technology adoption among the more than 16 million commercial, corporate, and government fleet vehicles in the United States. For more information, see the [Coalition](#) website.



Vehicle Efficiency (continued)

Biodiesel and Other Fuels

Across the FedEx enterprise, we continued adding alternative fuels to our fleets in FY18, including biodiesel, liquefied natural gas (LNG), compressed natural gas (CNG), propane and fuel cells.

FedEx Ground sells biodiesel to contracted service providers through a network of more than 80 fuel island locations. In FY18, 70 percent of diesel sold to service providers consisted of various biodiesel blends, avoiding almost 55,000 metric tons of CO₂e emissions. Beyond providing pre-blended biodiesel at those fuel island locations, 27 locations also have on-site blending technology. We plan to expand the fuel island network throughout the U.S. based on careful evaluation of each geography and extend the saving benefits of the fuel program. During FY18, FedEx Ground also worked with a propane distributor in Illinois to install our first propane fueling facility, and another facility is expected to be announced later in 2019.

In FY18, we had more than 330 CNG and LNG vehicles in service. Our fleet now includes more than 100 CNG tractors at FedEx Freight, reducing diesel fuel use and emissions. FedEx Freight continues to monitor the development of natural gas vehicles and explore additional opportunities to add more to the fleet. However, the availability of natural gas engines capable of meeting our freight needs is limited.

Hydrogen fuel cell technology offers the potential for low-emission alternatives to traditional engines, and could provide excellent range for longer routes. FedEx Express currently operates 15 fuel cell cargo tugs at the Memphis World Hub and continues seeking extended-range electric vehicles, but fueling infrastructure remains an impediment. Through a U.S. Department of Energy grant, FedEx Express recently evaluated a medium-duty fuel cell vehicle with an extended range.

Innovations for Urban Mobility

Operating effectively in congested urban areas requires ongoing innovation. FedEx seeks to identify innovative last-mile delivery solutions as the number of vehicles in cities continues to outpace infrastructure. We are evaluating emerging technologies through a number of pilot programs. For example, in one pilot, FedEx Express is assessing the potential role of artificial intelligence to connect vehicles to infrastructure, such as traffic lights, which could help optimize routes. Another pilot explores innovative approaches that would allow us to transport a large batch of packages to one area of a city, then use small electric vehicles or vans to deliver them to their final destinations. This would help to minimize the number of larger delivery vans and trucks in congested city centers.

Alternative Fuel Vehicles

Vehicles	FY16	FY17	FY18
Total Alternative Fuel Vehicles	2,724	2,865	3,873
Hybrid	527	463	389
Electric	1,817	2,109	2,554
Compressed Natural Gas/Liquefied Natural Gas	195	220	331
Liquefied Petroleum Gas (LPG) (Propane) ⁽¹⁾	144	58	583
Hydrogen Fuel Cell	41	15	16

(1) Total does not include propane-powered forklifts. FY18 increase due to inclusion of on-road LPG vehicles at TNT.

Sustainable Facilities

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

Progress: On track, with five additional LEED-certified facilities in FY18.

The efficient operation of our more than 5,000 air and ground hubs, local stations, freight service centers, and retail locations is critical to achieving our sustainability goals and our business objectives. From efficient facility design and construction, to state-of-the-art energy management and waste minimization practices, we are working to make our worldwide facilities more sustainable.

Our operating companies improve efficiency in many ways, including by certifying facilities to external standards, where viable, that encompass a host of environmental criteria. These include:

LEED

- In FY18, FedEx Express completed five new LEED-certified facilities in the U.S., bringing the total number to 19 facilities covering an area of 825,142 square meters.
- FedEx Express operates three LEED-certified facilities outside the U.S., including the FedEx Express International headquarters in Hoofddorp, the Netherlands, which is certified LEED Platinum.
- FedEx Ground has six LEED-certified facilities.
- FedEx Office has one LEED-certified facility.

ISO 14001

- FedEx Express operates 561 facilities certified to the ISO 14001 environmental management system standard.
- Two more FedEx Supply Chain facilities in the U.S. achieved ISO 14001 certification in FY18, bringing the total to three facilities for that operating company.

BREEAM (Building Research Establishment Environmental Assessment Method)

In Europe, FedEx Express International uses BREEAM as the standard for all new buildings. For offices, our minimum building standard is BREEAM Excellent, and for warehouses, our minimum standard is BREEAM Good.

Other Facility Sustainability Programs

The FedEx Ground EarthSmart Champions program aims to increase employee participation and engagement in sustainability initiatives in every facility. The program grew significantly in FY18, adding 212 champion sites, an 85 percent increase over the previous year. The FedEx Freight GREEN Site internal certification program, which recognizes facilities that complete certain actions to reduce environmental impacts, like recycling and conserving energy, included all FedEx Freight sites in FY18.



Facility Energy Efficiency

Energy efficiency is an important component of our sustainable facilities approach, encompassing both our Reduce and Replace strategies.

Lighting Retrofits

As in previous years, lighting retrofits — including upgrading to LED for interior and exterior lights and installing motion sensors and lighting control systems, among other upgrades — make up a large part of our energy efficiency projects. In FY18, we upgraded an additional 27 facilities. Along with previous retrofits, these upgrades saved more than 230 million kWh of electricity and avoided 171,252 metric tons of CO₂e emissions in FY18. Since the program began in 2007, lighting retrofits at 1,112 facilities have saved more than 1.2 billion kWh of electricity.

230m

kilowatt-hours energy saved in FY18 as a result of lighting retrofits

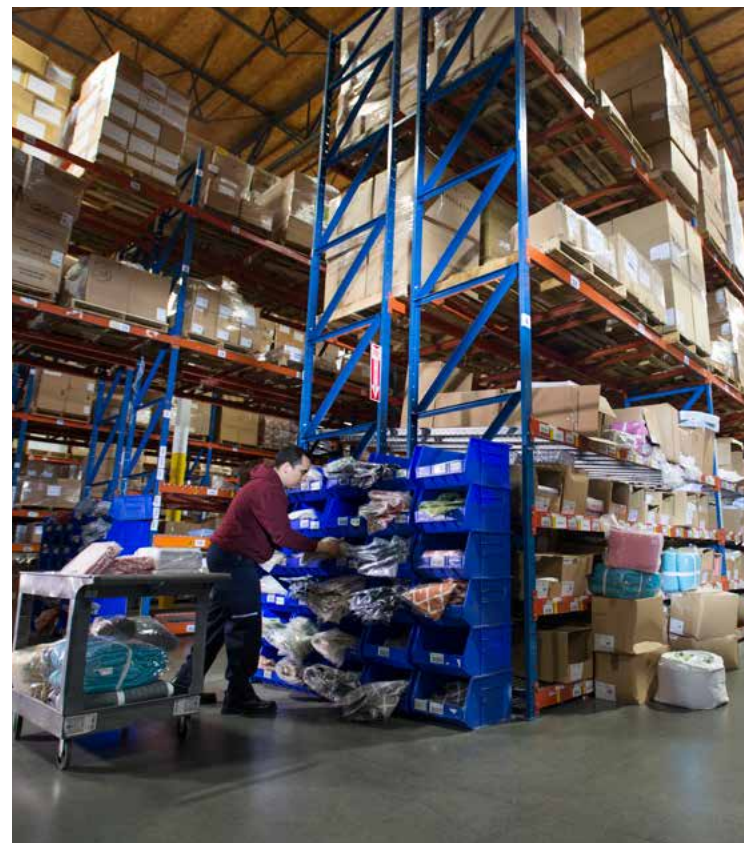
171,252

metric tons of CO₂e emissions avoided in FY18 as a result of lighting retrofit projects

Energy Management Systems

Centralized energy management systems also contribute to our efficiency efforts by setting temperature controls to adjust for occupied and vacant building times, controlling lighting, and identifying the most energy-intensive buildings and potential energy-saving opportunities. At FedEx Office, a new energy management system was rolled out at 508 stores in FY18, with others planned for the coming year. We also have centralized energy management systems in place at 27 facilities across other operating companies.

However, recent assessments have shown the combination of LED lighting and motion sensors enhances efficiency as much as sophisticated control systems, and therefore remains our primary lighting efficiency measure. Where possible, we also work with suppliers to help them increase the energy efficiency of equipment in our facilities that support FedEx operations. For example, during FY18, we collaborated with key technology suppliers to update our data center infrastructure. The program reduces power consumption by 62 percent, from 70 kilowatts per hour to 26.6 kilowatts per hour, and is expected to save more than \$1 million in energy costs over five years.



Sustainable Facilities (continued)

Renewable Energy

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

Progress: 3 new solar installations in FY18.

Revolutionizing Energy Management

Expanding on-site renewable energy generation and procuring renewable energy are examples of revolutionizing our facilities. At 24 FedEx facilities, renewable and alternative energy systems — including on- and off-site solar, as well as fuel cell technologies — generated almost 33 million kWh of clean energy in FY18. These installations reduce GHG emissions and operating expenses, advance our renewable energy goals and demonstrate industry leadership. With the addition of three new on-site solar installations during FY18, FedEx on-site solar generation capacity grew to more than 21 million kWh at 23 facilities in FY18. This is equivalent to the annual electricity consumption of 2,342 homes. One of our newest renewable energy installations is a FedEx Ground on-site solar project in Hawaii that features our first implementation of energy storage through state-of-the-art Powerwalls, which are rechargeable lithium ion batteries with liquid thermal control.

33m

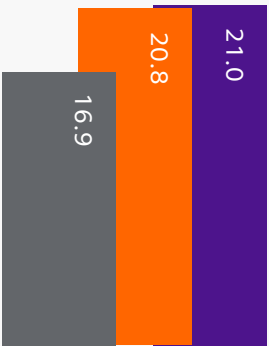
kWh of clean energy generated at 24 facilities in FY18

In addition, electricity generated by on-site fuel cells totaled 12.8 million kWh in FY18, an increase of 33 percent over FY17. Along with on-site solar, these revolutionary energy initiatives underscore our ongoing commitment to reducing emissions through best available technologies. As renewable energy technology continues to evolve, we seek new ways to revolutionize our energy management approach. This includes greater investments in solar energy and fuel cell technology that we hope will allow us to create our own on-site microgrid pilots. Already, three FedEx facilities are powered by both fuel cells and solar, and we have begun exploring the possibility of replacing diesel backup generators with on-site solar, fuel cells, combined heat and power technology, and energy storage. Together, these advancements could create a microgrid and provide a more efficient alternative to generators that, while historically necessary, largely sit unused.

We also continue to closely monitor opportunities to purchase off-site renewable energy, although certain regulatory and accounting structures present obstacles. We currently purchase off-site renewable energy in the State of Washington and continue looking for other locations where the practice is viable.

See the [Data Appendix](#) for details on our efficient facilities.

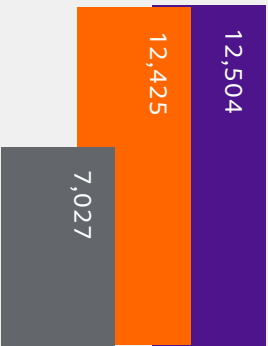
On-Site Solar Electricity Generation



million kilowatt-hours

● FY16 ● FY17 ● FY18

Emissions Avoided



metric tons CO₂e

Sustainable Materials and Recycling

FedEx-branded packaging — the familiar envelopes and corrugated boxes provided to our customers and used to protect their shipments in transit — is the largest volume of material we purchase each year.

We also purchase other types of materials for our operations, such as vehicle maintenance supplies, other packaging supplies and pallets.

Responsible Packaging

Minimizing packaging and maximizing recycling volume conserve resources, reduce waste and improve transportation emissions efficiency. As of FY18, 100 percent of FedEx-branded packaging is recyclable, and 54 percent is made from recycled content. For FY18, we began reporting the third-party-certified content percentage of our packaging materials, which reached 55 percent for the year, mostly from certified corrugated packaging. To reduce the potential for wasted packaging, we have approved packaging specifications and ordering allocations. Quarterly audits of our packaging suppliers further ensure branded packaging meets all specifications and guidelines. The FedEx Sourcing team also evaluates each critical packaging supplier annually on environmental management practices, continuously monitoring and improving sustainability programs where possible.

Optimizing packaging by making weight, size and content adjustments helps customers ship more efficiently, such as through dimensional, or dim, weight pricing based on package volume. This allows us to make the best use of space in our aircraft, vehicles and distribution centers, improves loading efficiency, and reduces emissions. Dim weight pricing also encourages customers to make packaging adjustments that maximize product density and reduce packaging materials.

FedEx Packaging Services works with customers to optimize package size and design, which reduces their costs and environmental impacts. Our specialty engineers assess existing packaging and recommend more efficient designs, followed by performance testing to make sure the redesigned packaging meets customer needs with just the right amount of material. We also work to make sure our customers' packages are delivered free of any damage that could lead to a return and replacement.

For details about the volume and percentages of packaging materials, paper, and other operational materials with recycled content, see the [Data Appendix](#)



Sustainable Materials and Recycling (continued)

Sustainable Paper

After corrugated packaging, paper represents our most used material, so our operating companies have implemented a variety of strategies to responsibly source, use, and recycle paper.

Those efforts delivered notable results in FY18. We doubled the percentage of paper purchased with recycled content over FY17. Across the FedEx enterprise, the vast majority of our paper use takes place during printing operations at approximately 2,000 FedEx Office locations. Providing customers with sustainable paper options is essential, so we stock clearly labeled, sustainably sourced paper options, which we encourage customers to choose. The FedEx Office forest-based product procurement policy includes vendor requirements for responsible forest-management practices, as well as recycled-content standards.

FedEx Office applies a holistic approach to responsibly sourcing, using and recycling paper, as well as managing operations. This includes engaging team members and customers in our sustainable practices, along with a forest-based product procurement policy that encourages manufacturing of innovative, sustainable paper products. We purchase the vast majority of our paper from suppliers who are certified by sustainable forest programs, such as the Forest Stewardship Council (FSC). In fact, 99.7 percent of all paper purchased by FedEx Office during FY18 was third-party-certified, including 88 percent that was FSC certified. In addition to purchasing our paper from certified forest programs, we are looking to reduce tree pulp consumption overall. We continue purchasing “tree-free” products, or those that use alternative fibers, like agricultural residues. We plan to continue researching these alternatives and others to ensure the continued reduction of our paper footprint.

For more information about our supplier purchasing policies, please see the [CSR Overview](#) section. For the percentages of FSC and other third-party-certified sustainable paper used by FedEx Office year over year, see the [Data Appendix](#).

Engaging our Customers

At FedEx Office and other operating companies, we aim to make it easy for our customers to reduce material use and increase recycling. FedEx Office® Print Online, for instance, allows our commercial customers to print locally, avoiding unnecessary shipping and enabling them to preview projects before production, which reduces wasted pages.

The longstanding paper shredding and recycling service at FedEx Office allows customers to bring any documents, including sensitive items such as tax returns, to a FedEx Office location and have them securely and confidentially shredded, then recycled. During FY18, almost 9.9 million pounds of paper were shredded and recycled.

88%
of all paper purchased
by FedEx Office during
FY18 was FSC certified

Waste and Recycling

As our business grows to meet the accelerating demands of e-commerce and other shipping needs, our waste management strategies help ensure we recycle more of our own waste and encourage customers to recycle our packaging.

In FY18, 78 percent of the solid waste generated in our operations was sent to recyclers, an increase of 7 percentage points over the previous year, and the volume of landfilled waste dropped by almost 23 percent in FY18 over FY17. Our operating companies use different waste reduction and recycling strategies to maximize waste diversion for their unique operations. At FedEx Ground, some smaller facilities send their recyclable items to a larger facility where they are combined and picked up for recycling. This allows our waste management vendors to limit the number of facilities visited to pick up recyclables. We also diverted close to 22,500 metric tons of wood waste materials, including pallets, away from landfills in FY18.

Also in FY18, FedEx Ground reduced waste further by eliminating the core on plastic film — widely used to wrap and secure packages — and replacing it with a reusable core. Roughly 900,000 cardboard cores will no longer need to be recycled or sent to landfills, which is equal to diverting almost 1.2 million pounds of paper. In addition, this film is lighter than its predecessors, making it easier for team members to handle.

For details about the volume of waste generated, recycled and landfilled year over year across FedEx operating companies, see the [Data Appendix](#). Included are:

- Solid waste
- Hazardous waste
- Non-hazardous regulated waste
- Universal waste
- Electronic waste



Data Appendix

Our Company/CSR Overview

BUSINESS PERFORMANCE ⁽ⁱ⁾

	FY16	FY17	FY18
Revenue (\$B)	\$50.40	\$60.32	\$65.45
Operating Income (\$M)	\$3,077	\$5,037	\$4,870
Operating Margin	6.1%	8.4%	7.4%
Net Income (\$M)	\$1,820	\$2,997	\$4,572
Diluted EPS	\$6.51	\$11.07	\$16.79
Capital Expenditures (\$B)	\$4.82	\$5.12	\$5.66

(i) For more information, see our 2018 Annual Report.

STAKEHOLDER VALUE-ADDED

	FY16	FY17	FY18
Dividends Paid to Shareholders (\$M)	\$277	\$426	\$535
Salaries and Employee Benefits (\$B) ⁽ⁱ⁾	\$18.58	\$21.54	\$23.21
Community Investments (\$M) ⁽ⁱ⁾	\$57.29	\$65.30	\$64.12

(i) For more information, see our 2018 Annual Report.

(ii) This includes cash, in-kind and United Way team member contributions.

SUPPLY CHAIN

	FY16	FY17	FY18
Total Number of Suppliers Participating in RFx Event	318	281	386
Total Number of Suppliers Asked Sustainability Questions in RFx Event	229	206	300
Percent Suppliers Screened with Sustainability RFx Questions	72%	73%	78%
Diverse and Small-business Supplier Spending (\$B)	\$9.20	\$9.10	\$9.6
Minority-Owned Businesses (percent of total diverse supplier spend)	13%	12%	15%
Women-Owned Businesses (percent of total diverse supplier spend)	11%	9%	9%
Other Small Businesses (percent of total diverse supplier spend)	76%	79%	76%
Minority-Owned Businesses (\$B)	N/R	\$1.10	\$1.40
Minority Spend by Demographic (percent)			
Hispanic	N/R	30%	23%
African American	N/R	27%	30%
South Asian Indian	N/R	13%	4%
Asian	N/R	4%	5%
Other/Not Disclosed ⁽ⁱ⁾	N/R	26%	38%

(i) This includes Native American, which was <1 percent of data reported.

**CHARITABLE CONTRIBUTIONS & VOLUNTEERISM**

	FY16	FY17	FY18
Cash Grants (\$M)	\$40.53	\$49.30	\$47.78
Corporate Charitable Shipping (\$M)	\$5.68	\$5.25	\$6.94
Corporate Marketing and FedEx Express In-kind Donations (\$M)	\$1.66	\$0.90	\$0.42
Total Company Direct Charitable Contributions (\$M)	\$46.21	\$55.45	\$55.14
Team Member Contributions to United Way Campaign (\$M)	\$9.42	\$9.85	\$8.98
TOTAL (\$M)	\$57.29	\$65.30	\$64.12
FedEx Cares Volunteerism			
Total FedEx Volunteers	20,875	21,650	13,016
Total Volunteer Hours	93,175	111,200	81,976

(i) FY16 Total Company Direct Charitable Contributions does not include Corporate Marketing and FedEx Express in-kind donations, which are included in the FY17 & FY18 totals.

Our People

HEADCOUNT BY GLOBAL REGION⁽ⁱ⁾

	FY16	FY17	FY18
Total Headcount ⁽ⁱ⁾	335,767	404,336	426,530
U.S. (percent)	N/R	70%	69%
Europe (percent)	N/R	12%	11%
Asia Pacific (APAC) (percent)	N/R	7%	7%
Latin America, Caribbean (LAC) (percent)	N/R	6%	8%
Canada (percent)	N/R	3%	3%
Middle East, Indian Subcontinent and Africa (MEISA) (percent)	N/R	2%	2%

Full-time Employees – Global Workforce⁽ⁱⁱ⁾

N/R N/R 243,226

Part-time Employees – Global Workforce⁽ⁱⁱ⁾

N/R N/R 134,000

Full-time Employees – U.S. Workforce

153,441 160,732 169,795

Part-time Employees – U.S. Workforce

117,202 118,879 123,526

(i) FY17 & FY18 include TNT Express employees.

(ii) Excludes TNT Express employees.

TEAM MEMBER CAREER DEVELOPMENT

	FY16	FY17	FY18
Total Average Training Hours (does not include TNT Express)	20.08	19.38	19.07
Management	31.77	22.58	38.68
Non-management	19.23	19.11	17.50

U.S. WORKFORCE DIVERSITY

	FY16	FY17	FY18
Caucasian	50.6%	50.1%	49.2%
Black/African American	28.4%	28.7%	29.0%
Hispanic/Latin	13.9%	14.5%	15.3%
Asian	4.0%	4.3%	4.0%
American Indian/Alaskan Native	0.7%	0.6%	0.6%
Native Hawaiian or Pacific Islander	N/R	0.5%	1.3%
Other	2.4%	1.3%	0.5%
Minorities in U.S. Management	30.7%	34.3%	35.5%

**WORKFORCE GENERATIONAL DIVERSITY⁽ⁱ⁾**

	FY16	FY17	FY18
Global Workforce			
Under 30 Years of Age	N/R	N/R	29%
30–50 Years of Age	N/R	N/R	46%
Over 50 Years of Age	N/R	N/R	25%
U.S. Workforce			
Under 30 Years of Age	29%	29%	30%
30–50 Years of Age	41%	41%	42%
Over 50 Years of Age	30%	30%	28%

(i) FY18 excludes TNT Express, FedEx Europe and MEISA regions.

EMPLOYEE TURNOVER (NOT INCLUDING TNT EXPRESS)

	FY16	FY17	FY18
New Hire Data			
Total New Hires	143,327	163,755	200,411
New Hire Rate	43%	47%	53%
Male Percent of New Hires	67%	67%	66%
Female Percent of New Hires	33%	33%	34%
Employee Turnover Data			
Total Turnover	128,723	142,805	191,917
Turnover Rate	38%	41%	51%
Male Percent of Turnover	68%	67%	65%
Female Percent of Turnover	32%	33%	35%

GLOBAL HEADCOUNT BY GENDER (NOT INCLUDING TNT)

	FY16	FY17	FY18
Total Employees	335,767	349,456	377,226
Total Male Employees	241,702	249,674	269,824
Male Percent of Headcount	72%	71%	72%
Total Female Employees	94,065	99,782	107,052
Female Percent of Headcount	28%	29%	28%
Management Employees	22,777	27,200	28,559
Male Percent Management Employees	78%	78%	78%
Female Percent Management Employees	22%	22%	22%
Non-Management Employees	312,990	322,256	348,667
Male Percent Non-Management Employees	72%	71%	71%
Female Percent Non-Management Employees	28%	29%	29%

GLOBAL SAFETY DATA

	FY16	FY17	FY18
Total Lost Time Injury Rate, per 200,000 Hours Worked ⁽ⁱ⁾	3.53	3.33	3.34
North America (US/Canada)	3.79	3.68	3.89
Rest of the World (Includes TNT Express)	2.39	2.51	2.21
Lost Time Injuries percent Male ⁽ⁱⁱ⁾	69%	66%	66%
Lost Time Injuries percent Female ⁽ⁱⁱ⁾	31%	34%	34%
Total Preventable Recordable Vehicle Accident Rate, per 1 Million Miles Driven ⁽ⁱⁱⁱ⁾	0.31	0.27	0.28
Total Number of Employee Fatalities (work-related) ^(iv)	6	7	7

- (i) Per 200,000 hours worked; Lost Time Injury means a nonfatal traumatic injury that causes any loss of time from work beyond the day or shift it occurred; or a nonfatal nontraumatic illness/disease that causes disability at any time. Global LTIR data is based on definitions from the United States Occupational Safety and Health Administration (OSHA).
- (ii) For percent Male and percent Female breakouts: FY16 breakouts do not include FedEx Express Europe, Middle East, Indian Subcontinent and Africa, or Canada regions. FedEx Express Europe and TNT Express numbers are not included for FY17 or FY18. FedEx Logistics numbers not included in FY18.
- (iii) The Preventable Recordable Vehicle Accident Rate incorporates employees and contracted service providers for FedEx Ground, FedEx Freight Canada and FedEx Custom Critical. The term DOT Recordable means an occurrence involving a commercial motor vehicle operating on a highway in interstate or intrastate commerce which results in at least one of the following and it is ruled Preventable:
- * A fatality; or
 - * Bodily injury to a person who, as a result of the injury, immediately receives medical treatment away from the scene of the accident; or
 - * One or more motor vehicles incurring disabling damage as a result of the accident, requiring the motor vehicle(s) to be transported away from the scene by a tow truck or other motor vehicle.
- (iv) GRI definition: the death of a worker occurring in the current reporting period, arising from an occupational injury or disease sustained or contracted while in the organization's employ.



Environment

DIRECT AND INDIRECT ENERGY CONSUMPTION (terajoules)	FY16	FY17	FY18
Direct Energy Consumption			
Aircraft Fuel			
Jet Fuel	156,960	160,399	168,804
Vehicle Fuel ⁽ⁱ⁾			
Diesel	37,167	36,867	42,989
Gasoline	3,415	3,489	3,385
Propane	848	870	954
Liquefied Natural Gas (LNG) & Compressed Natural Gas (CNG)	20	146	156
Facility Use			
Natural Gas ⁽ⁱⁱ⁾	4,257	5,727	6,797
Heating Oil	9	52	38
Total Direct Energy Consumption (terajoules)	202,676	207,550	223,123
Indirect Energy Consumption			
Facility Electricity Use			
Purchased Electricity	6,647	7,988	8,461
Purchased Heating ⁽ⁱⁱⁱ⁾	N/R	61	N/R
Purchased Cooling ⁽ⁱⁱⁱ⁾	N/R	2	2
Total Indirect Energy Consumption (terajoules)	6,647	8,051	8,463
Total Direct and Indirect Energy Consumption (terajoules)	209,323	215,601	231,586
Other Indirect Energy Consumption			
Contracted Transportation	33,908	36,068	38,179
Total Other Indirect Energy Consumption (terajoules)	33,908	36,068	38,179
Total Energy Consumption (terajoules)	243,231	251,669	269,765
Consolidated Revenue (\$M)	\$50,365	\$60,319	\$65,450
Total Energy Intensity (terajoules/\$M)	4.83	4.17	4.12

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

(ii) FY17 usage restated slightly higher due to incorrect data reported last year for one FedEx Logistics facility.

(iii) Started capturing data in FY17.



DIRECT AND INDIRECT GHG (metric tons CO₂e)	FY16	FY17	FY18
Direct Energy Consumption (Scope 1)			
Aircraft Fuel			
Jet Fuel	10,654,641	10,889,010	11,467,497
Vehicle Fuel ⁽ⁱ⁾			
Diesel ⁽ⁱⁱ⁾	2,603,841	2,582,237	3,049,466
Gasoline ⁽ⁱⁱⁱ⁾	236,429	241,331	235,226
Propane	48,619	50,535	55,432
Liquefied Natural Gas (LNG) & Compressed Natural Gas (CNG)	1,000	7,625	8,153
Facility Use			
Natural Gas ^(iv)	214,676	278,650	333,844
Heating Oil	659	4,211	2,765
Total Direct Emissions (Scope 1) (metric tons CO ₂ e)	13,759,865	14,053,599	15,152,383
Indirect Energy Consumption (Scope 2)			
Facility Energy Use			
Purchased Electricity	958,526	1,093,006	1,049,902
Purchased Heating	N/R	1,012	N/R
Purchased Cooling	N/R	91	85
Total Indirect Energy Emissions (Scope 2) (metric tons CO ₂ e)	958,526	1,094,109	1,049,987
Market-Based Scope 2 Emissions ^(v)	N/R	1,094,867	1,049,987
Total Direct and Indirect Emissions (Scope 1 & 2) (metric tons CO ₂ e)	14,718,391	15,147,708	16,202,370
Other Indirect Energy Consumption (Scope 3)			
Contracted Transportation	2,336,731	2,571,006	2,740,531
Team Member Business Travel	63,944	71,409	80,434
Total Other Indirect Emissions (Scope 3) (metric tons CO ₂ e)	2,400,675	2,642,415	2,820,965
Total Greenhouse Gas Emissions (Scope 1, 2 & 3) (metric tons CO ₂ e)	17,119,066	17,790,123	19,023,335
Total Emissions Intensity (Scope 1, 2 & 3) (metric tons CO ₂ e/\$M revenue)	339.90	294.93	290.65

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

(ii) Restated FY17 Diesel CO₂e due to incorrect calculation in last year's report.

(iii) Restated FY17 Gasoline CO₂e due to incorrect calculation in last year's report.

(iv) Restated FY17 Facility Natural Gas CO₂e due to incorrect data reported last year for one FedEx Logistics facility noted above.

(v) Based on comprehensive assessment performed for FY17, we determined the difference between Location- and Market-based Scope 2 emissions is de minimis at the present time. Therefore, we are reporting the same value for both metrics in FY18.

GHG EMISSIONS INTENSITY

	FY16	FY17	FY18
Consolidated Revenue (\$M)	\$50,365	\$60,319	\$65,450
Total Emissions Intensity (Scope 1 & 2) (metric tons CO ₂ e/\$M revenue)	292.23	251.13	247.55
Total Emissions Intensity (Scope 1, 2 & 3) (metric tons CO ₂ e/\$M revenue)	339.90	294.93	290.65

DIRECT AND INDIRECT GHG EMISSIONS: GHG equivalency breakdown (metric tons CO₂e)

	FY16	FY17	FY18
Total Direct Energy Emissions (Scope 1) ⁽ⁱ⁾			
Carbon Dioxide (CO ₂)	13,620,050	13,889,862	14,772,355
Methane (CH ₄)	6,536	6,862	7,287
Nitrous Oxide (N ₂ O)	133,280	136,202	156,547
Total Indirect Energy Emissions (Scope 2)			
Carbon Dioxide (CO ₂)	953,914	1,087,006	1,042,938
Methane (CH ₄)	432	2,397	1,965
Nitrous Oxide (N ₂ O)	4,180	4,705	5,084
Total Direct and Indirect Energy Emissions (Scope 1 & 2)			
Carbon Dioxide (CO ₂)	14,573,964	14,956,011	15,815,293
Methane (CH ₄)	6,967	8,949	9,252
Nitrous Oxide (N ₂ O)	137,460	140,704	161,631
Total CO ₂ e (Scope 1 & 2)	14,718,391	15,105,666	15,986,176

(i) This breakout does not include TNT Express vehicle fuel emissions as we did not get those emissions broken out by GHGs. FY18 also does not include vehicle CNG/LNG usage as those GHGs were not broken out separately either.

(ii) Restated FY17 data due to Diesel, Gasoline and Facility Natural Gas revisions noted above.

OTHER SIGNIFICANT AIR POLLUTANTS (metric tons)⁽ⁱ⁾

	FY16	FY17	FY18
Nitrogen Oxides (NO _x) ⁽ⁱ⁾	317,009	321,603	344,326
Sulfur Oxides (SO _x)	20,623	21,031	22,547
Particulate Matter (PM10) ⁽ⁱ⁾	3,096	3,040	3,248

(i) FY17 and FY18 do not include TNT Express vehicle fuel emissions. FY18 does not include facility natural gas usage.

(ii) Restated FY17 NO_x and PM10 data due to overreported values in last year's report.

	Energy saved (terajoules)			CO ₂ e emissions avoided (metric tons)		
	FY16	FY17	FY18	FY16	FY17	FY18
FUEL AND ENERGY SAVING INITIATIVES						
On-site Solar Electricity Generation	61	75	76	7,027	12,425	12,504
Building Lighting Retrofits	771	793	828	149,789	164,018	171,252
FedEx® Fuel Sense (Jet Fuel)	11,600	12,510	13,436	787,447	849,183	912,023
FedEx Express Aircraft Fleet Modernization	10,208	12,705	15,591	686,169	862,420	1,058,368
FedEx Express Reduce, Replace, Revolutionize Vehicle Efficiency	3,140	3,113	3,401	217,549	219,714	240,171
FedEx Freight Intermodal Rail Usage ⁽ⁱ⁾	3,218	3,408	3,787	226,744	264,296	296,510
Total Energy Saved/ Emissions Avoided	28,998	32,604	37,119	2,074,725	2,372,056	2,690,828

(i) Restated CO₂e emissions avoided value for FY17 due to revision in underlying diesel C\$/gallon ratio per restatement above.

	FY16	FY17	FY18
GLOBAL ALTERNATIVE VEHICLE FLEET			
Total Alternative Vehicles	2,724	2,865	3,873
Hybrid	527	463	389
Electric	1,817	2,109	2,554
Liquefied Natural Gas (LNG) & Compressed Natural Gas (CNG)	195	220	331
Liquefied Petroleum Gas (propane) ⁽ⁱ⁾	144	58	583
Hydrogen Fuel Cell	41	15	16

(i) Total does not include propane-powered forklifts. FY18 increase due to inclusion of on-road LPG vehicles at TNT.

	FY16	FY17	FY18
FACILITIES OVERVIEW			
Number of ISO 14001 Certified Sites ⁽ⁱ⁾	52	650	561
Number of FedEx Express LEED Buildings in U.S. ⁽ⁱⁱ⁾	12	14	19
Number of FedEx Freight GREEN Site-designated Facilities	240	486	490
Number of FedEx Ground Sustainability Champion Designated Facilities	34	248	460

(i) The majority of ISO 14001 certified facilities are at FedEx Express. The FY18 decrease is due to the lapse in certifications for former TNT Express sites in the United Kingdom and Ireland that were undergoing recertification. These sites have since been recertified.

(ii) There are other LEED facilities as well: FedEx Express International (3 sites), FedEx Ground (6 sites), and FedEx Office (1 site).

SOLAR ENERGY

	FY16	FY17	FY18
Number of On-site Solar Energy Systems Company-Wide	18	20	23
Solar Electricity Generated On-site (kWh)	16,986,893	20,832,023	21,041,856
Emissions Avoided by Solar Sites (metric tons CO ₂ e)	7,027	12,425	12,504

MATERIALS CONSUMPTION & RECYCLED CONTENT

	FY16	FY17	FY18
Packaging Material ⁽ⁱ⁾			
Total Packaging (metric tons)	53,859	66,833	66,495
% of Packaging From Recycled Content	48%	44%	41%
% of Packaging From Third Party-Certified Content	N/R	60%	55%
Paper			
Total Paper (metric tons) ⁽ⁱⁱ⁾	26,151	23,467	24,256
% of Paper from Recycled Content	6%	5%	10%
Other Operational Materials (solids)			
Total Other Operational Materials (solids – metric tons)	21,728	20,238	18,879
% of Other Operational Materials (solids) from Recycled Content	40%	56%	61%
Total Solid Materials Used (metric tons)	101,738	110,538	109,630
Other Operational Materials (fluids – liters)	N/R	6,738,515	6,565,694

(i) In addition to cardboard, other materials used in shipping include bubble pack, plastic air pillows, chipboard, Tyvek envelopes and packaging tape.

(ii) The vast majority of paper reported is for FedEx Office commercial copy and print services in the U.S.

FEDEX OFFICE PAPER CERTIFICATION (%)

	FY16	FY17	FY18
Forest Stewardship Council (FSC)	81.0%	87.6%	88.0%
Other Third Party ⁽ⁱ⁾	17.0%	12.0%	11.7%
Non-Certified	2.0%	0.4%	0.3%

(i) This refers to the paper used for printing operations at FedEx Office, which is the vast majority of our paper use across the enterprise.

(ii) Includes SFI/PEFC, Tree Free, ISO 14001, Green Seal, Wind Power and Carbon Neutral.



WASTE AND RECYCLING (metric tons)⁽ⁱ⁾	FY16	FY17	FY18
Total Waste Generated	250,488	287,219	291,059
Sent to Recyclers	177,146	203,550	228,311
Percent Sent to Recyclers	71%	71%	78%
Landfilled	73,342	83,669	62,748
Total Solid Waste (Non-Regulated/Trash)	240,917	275,988	280,715
Sent to Recyclers	169,067	198,353	223,003
Percent Sent to Recyclers	70%	72%	79%
Landfilled	71,850	77,635	57,712
Total Hazardous Waste (Regulated)	828	1,023	892
Sent to Recyclers	597	338	172
Percent Sent to Recyclers	72%	33%	19%
Landfilled	231	686	720
Total Non-Hazardous Waste (Regulated)	7,910	9,486	8,583
Sent to Recyclers	6,649	4,137	4,267
Percent Sent to Recyclers	84%	44%	50%
Landfilled	1,261	5,348	4,315
Total Universal Waste ⁽ⁱⁱ⁾	66	38	37
Sent to Recyclers	66	38	37
Percent Sent to Recyclers	100%	100%	100%
Total Electronic Waste	767	684	832
Sent to Recyclers	767	684	832
Percent Sent to Recyclers	100%	100%	100%
Landfilled	0	0	0

(i) Refers to data collected in North America and the United Kingdom. Waste at many of our facilities is difficult to track because it is collected by haulers contracted by a landlord or local municipality, or commingled with other tenants' waste in shared facilities such as airports and strip malls, and as such has not been included in this data.

(ii) Universal waste encompasses certain hazardous waste items, including batteries and mercury-containing lamp bulbs, as defined by U.S. EPA regulations.

**ENVIRONMENTAL COMPLIANCE SUMMARY**

	FY16	FY17	FY18
Number of Significant Spills ⁽ⁱ⁾	132	134	154
Number of Monetary Violations From External Agencies	3	2	3
Total Amount of Monetary Violations	\$15,250	\$1,119	\$35,840

(i) Defined as spills of hazardous materials like oil, fuel and chemicals that are reportable to the appropriate environmental regulatory agency, such as the U.S. National Response Center.

Cautionary Note

Certain statements in this report may be considered forward-looking statements, such as statements relating to management's views with respect to future events and financial performance. Such forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from historical experience or from future results expressed or implied by such forward-looking statements. Potential risks and uncertainties include, but are not limited to, changes in fuel prices, evolving or new U.S. domestic or international government regulation, our ability to meet certain goals relating to aircraft emissions, vehicle fuel efficiency, alternative fuels and renewable energy and other factors which can be found in FedEx Corp.'s and its subsidiaries' press releases and FedEx Corp.'s filings with the Securities and Exchange Commission. Any forward-looking statement speaks only as of the date on which it is made. We do not undertake or assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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