



FedEx®

2016 Global
Citizenship Report

Deliver It Forward



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Deliver It Forward

Delivering is our business.

Delivering positive impact is our responsibility.

Empowering people to deliver it forward is our passion.

About This Report

Our annual global citizenship report covers FedEx enterprisewide strategies, goals, programs and progress across three key pillars: Economy, Environment and People.

Data in this report covers each of our operating companies and all geographies in our 2015 fiscal year, which ended May 31, 2015, unless otherwise noted.

This report references the Global Reporting Initiative's (GRI) G4 framework and contains Standard Disclosures from the GRI Sustainability Reporting Guidelines, which are listed in [this index](#).





A Letter from Frederick W. Smith

A connected world is a more sustainable and prosperous world

Every day FedEx pilots span continents, our drivers criss-cross countries, package handlers sort millions of shipments, and customer service reps answer thousands of calls. Each one of our more than 340,000 team members takes responsibility for not only moving the goods and resources that fuel global commerce, but also for helping make the world a better place to live — now and in the future.

We see our job of connecting the world and our responsibility as global citizens as one and the same. When we help businesses access new markets, they grow and create jobs that boost standards of living in their communities. A more connected world sparks innovation when shared ideas, goods, and technologies interact to transform how we live and work.

A bold commitment to our communities

Since FedEx was founded, we've supported our communities through team member volunteer efforts and financial contributions. We are now taking a longer view. We've challenged ourselves to place our investments where they can make the most difference to the world.

On behalf of our customers and communities, FedEx is pleased to announce an expanded, targeted FedEx Cares program. We will invest \$200 million in more than 200 communities by 2020 to create richer opportunities for positive change around the world. Our priorities are specific but wide-ranging: We will continue to empower entrepreneurs, develop sustainable transportation, create employment pathways for the underserved, make roads safer, and deliver resources — particularly for disasters — where they're needed most.

Two issues, fundamentally linked, are at the heart of our FedEx strategy: Trade, which is how our customers participate

and compete in the global economy, and Energy, the essential resource needed to power global commerce.

Removing barriers to trade

We know from history that trade accelerates when it's easy. As global connections have evolved and thrived, the planet is vastly more connected and prosperous. Communities are stronger and more resilient. Our lives are richer, filled with greater choice and opportunity.

But we have more to do if we are to break out of the current pattern of slow global economic growth. We know first-hand how customs processes and conflicting trade rules make it tough for small and medium-sized businesses to compete in international commerce. Our priorities align with theirs: Make trade more efficient by simplifying regulations and getting rid of red tape that wastes precious resources, time, and capital.

Our vision to connect the world responsibly means we advocate policies and agreements that support open and efficient trade. In the past year, this included the Transatlantic Trade and Investment Partnership (TTIP), and the Trans-Pacific Partnership (TPP). These ambitious agreements will unlock new opportunities to accelerate job growth and global commerce.



We see our job of connecting the world and our responsibility as global citizens as one and the same. When we help businesses access new markets, they grow and create jobs that boost standards of living in their communities. A more connected world sparks innovation when shared ideas, goods, and technologies interact to transform how we live and work.

Sustainable energy makes trade more efficient

As a heavy user of fossil fuels, we know how important it is to reduce our consumption and make trade-related energy more sustainable. Respect for our environment makes this an imperative. And reducing reliance on oil lessens the market volatility that slows growth.

Many years ago, FedEx had the foresight to participate in research that explored innovative sources of energy. We realized it would be years before alternative jet fuels could be produced in the quantity we needed at a competitive cost. But in 2009, we committed to obtaining 30 percent of our aviation fuel from alternative sources by 2030. We're looking forward to receiving our first shipment of aviation biofuel in 2017, and through 2024 we expect to use at least 48 million gallons of blended fuel (6 million per year) at our hub in Oakland, California.

This important milestone is the result of a long-term agreement to purchase biofuel from Red Rock Biofuels. We're proud to work with this innovative company, which converts scrap and forest waste to make fuel. The process contributes to smart forest management practices that reduce the intensity of forest fires. Innovations like this have the potential to help farmers and communities around the world turn waste into a new form of clean energy. Helping others replicate a waste-to-biofuel model could create sustainable local industries and new jobs near airports around the world.

As the Roman statesman and philosopher Marcus Aurelius once said: "The universe is change." We couldn't agree more. We believe the strategies we've implemented, the goals we've set, and the progress we've made continue to change lives for the better. Thanks to the efforts of our FedEx team members around the world, we will continue to deliver the future for generations to come.

Frederick W. Smith
FedEx Corporation Chairman
and CEO



Economy

All routes lead to FedEx. FedEx connects more than 99 percent of global GDP and billions of people across six continents. This global reach provides a unique opportunity for us to deliver positive impact around the world and to empower the people we serve — individuals, communities and businesses large and small — to deliver it forward.



What does a high school principal in South Africa have in common with a supply chain expert in Hong Kong?



Christina Tjiana is principal of a solar-powered high school in the village of Sokhulumi, South Africa. Off-grid infrastructure company Telenetix designed the school, housed in a former shipping container, using Schneider Electric technology.

“Most of our students are from highly disadvantaged families, living on farms with no access to electricity. So the internet school has made a huge impact. Our learners are now leaving high school with at least some computer literacy. At school, they can use the internet for lessons and access information that the teachers couldn’t in the past. They also come here in the evenings to study and use the computers. Last year, we improved our average high school examination results from 61 to 80 percent. So having the solar power system has really worked wonders, after just one year.

“Unemployment is very high in this area, so I want the school to produce learners that don’t depend on being employed by someone else. Learners that create their own jobs like maybe start an internet café. I would also like to expand the school to provide skills development for unemployed people in the community!”

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Christina Tjiana
High School Principal, Sokhulumi, South Africa



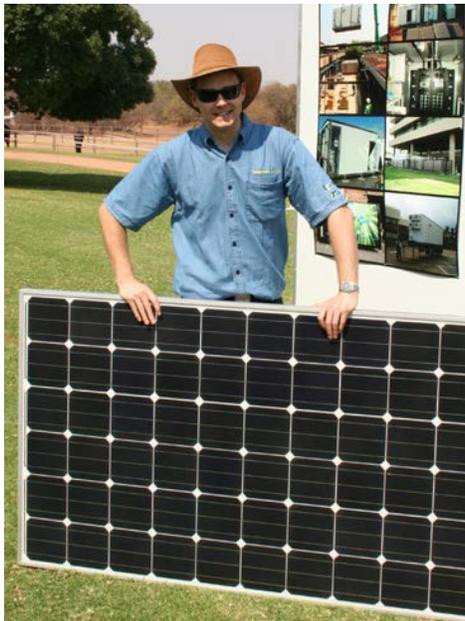
Johan Wolmarans, Chief Design Engineer at Telenetix, reinvents shipping containers as mobile solar-powered schools, data centers, health clinics and even police stations — increasing quality of life in African villages.

“Shipping containers lend themselves well to building applications in Africa, where the lack of infrastructure requires solutions that are highly adaptable and portable. Since containers are modular and easy to ship, we can build one in our factory and deliver it fully operational to a rural community within a few weeks.

“Many areas throughout Africa still lack grid electricity. This holds entire communities back from accessing technologies such as online education, agricultural information and electronic banking. That’s why integrating reliable solar energy into our systems is so important, bringing both electricity and internet access.

“In 2015, we engineered more than 14 solar-powered containerized systems using Schneider Electric technology. They are currently deployed as schools, mobile medical and dental clinics and mobile police stations across southern

Africa. Schneider Electric’s solar products are not only flexible to our unique needs but also provide the quality and reliability demanded by Africa’s harsh environments. In 2016, we are excited to use this same technology to develop modular water-purification systems.”



“
In 2015, we engineered more than 14 solar-powered containerized systems using Schneider Electric technology. They are currently deployed as schools, mobile medical and dental clinics and mobile police stations across southern Africa.

Johan Wolmarans
Chief Design Engineer, Telenetix

Schneider Electric brings clean energy to off-grid communities. Annette Clayton, Chief Supply Chain Officer, based in Hong Kong, describes Schneider’s vision for solving the global energy challenge, with support from FedEx.

“The competing challenges of energy demand and sustainable development are unprecedented. Globally, 1.3 billion people are deprived of access to electricity, which at Schneider we consider a basic human right.

“To bring light to off-grid communities, 87 percent of which are in Sub-Saharan Africa and South Asia, we design affordable solar solutions for village electrification, actively involving local stakeholders. For example, our award-winning solar-powered LED lamp, Mobyia, can be positioned seven ways to adapt to daily tasks. Globally, we deploy smart, connected technologies that enable customers to do more with less energy.

“Many of our product lines are among the most advanced in the world, and our industry is changing every day. FedEx is involved with basically every business of Schneider Electric, helping us stay ahead by innovating and maximizing efficiency in our supply chain.

“For example, they support shorter end-to-end lead times thanks to more efficient upstream movement, which allow us to test products faster, innovate faster and reach our customers first. The results are tangible both for our customers and our business. The FedEx relationship brought us delivery efficiency and higher customer satisfaction in 2015.”



“ FedEx is involved with basically every business of Schneider Electric, helping us stay ahead by innovating and maximizing efficiency in our supply chain.

Annette Clayton
Chief Supply Chain Officer, Schneider Electric, Hong Kong

Jill Brannon, Senior Vice President of International Sales at FedEx, describes how FedEx supports longstanding customers like Schneider Electric through business practices that drive economic growth and empower communities.

“This is a transformative time for FedEx. We are working with our customers to optimize and innovate across their value chains. In an interconnected world, our global reach has an enormous impact in helping customers reach new markets, scale their growth — and do good.

“More than ever, corporate responsibility and running a successful business go hand in hand. We are deepening our relationship with customers by helping them develop solutions that not only meet their logistics and transportation needs but also meet sustainability goals such as energy efficiency, recycling or carbon targets. And we are opening doors for them to deliver socially and environmentally beneficial products and services to more markets, including emerging economies that urgently need them.

“With Schneider Electric, for example, we share a passion for sustainable energy solutions that can make a difference to millions of lives. Both our businesses are about building better communities, and between their innovative energy solutions and our global network, we reinforce each other’s strengths.

“This is only one example of so many businesses, small and large, that FedEx has helped find new ways to grow and prosper. These businesses, in turn, are giving back to their communities while building stronger economies. So all around the world, every day, we are paying it forward.”



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Jill Brannon
Senior Vice President of International Sales, FedEx Services



Economy

We see four major trends shaping the global marketplace: ever-increasing globalization and trade; supply chain efficiencies; proliferation of high-tech businesses and high-value-added goods; and the growth of e-commerce.

As we adapt to this changing marketplace, we see a tremendous opportunity for our citizenship strategy to support our company's broader business objectives.

For FedEx, growing our company in a responsible, resourceful and forward-thinking manner is the only way to do business.

Our Business

Headquartered in Memphis, Tennessee, FedEx Corporation provides our global customers with a broad suite of logistics, transportation, e-commerce and related business services. Our more than 340,000 (as of December 31, 2015) dedicated team members deliver daily on the Purple Promise meeting the needs of customers and communities while upholding the highest safety, ethical and professional standards.



We provide these services through operating companies grouped into four business segments. These operating companies compete collectively, operate independently and are managed collaboratively, under the FedEx brand.



The world's largest express transportation company serving more than 220 countries and territories



A leading provider of small-package ground delivery services in the United States and Canada



A leading provider of less-than-truckload (LTL) freight services across the United States, with service to Canada, Mexico, Puerto Rico and the U.S. Virgin Islands



Coordination of sales, marketing, communications, information technology and customer service support for the FedEx global brand, including FedEx Office

In FY15, FedEx revenues were \$47.5 billion

up more than 4 percent over the previous year. We outperformed the Dow Jones Transportation Average and significantly expanded our business offerings with the acquisitions of GENCO and Bongo International. We also announced plans to acquire TNT Express.

These strategic acquisitions will enable FedEx to better meet customer needs by improving our logistics networks and filling gaps in our portfolio of solutions.

Our Financial Highlights

For full details on our financial performance, [2015 Form 10-K](#).

	FY13 ¹	FY14 ²	FY15 ³
Consolidated revenues (billions)	\$44.3	\$45.6	\$47.5
Operating income (millions)	\$4,434	\$3,815	\$1,867
Operating margin	10.0%	8.4%	3.9%
Net income (millions)	\$2,716	\$2,324	\$1,050
Diluted earnings per share	\$8.55	\$7.48	\$3.65
Capital expenditures (billions)	\$3.4	\$3.5	\$4.3

(1) Results for FY13 include a gain of \$1.4 billion (\$835 million, net of tax, or \$2.63 per diluted share) associated with our mark-to-market pension accounting, business realignment costs of \$560 million (\$353 million, net of tax, or \$1.11 per diluted share) and an impairment charge of \$100 million (\$63 million, net of tax, or \$0.20 per diluted share) resulting from the decision to retire certain aircraft and related engines at FedEx Express.

(2) Results for FY14 include a loss of \$15 million (\$9 million, net of tax, or \$0.03 per diluted share) associated with our mark-to-market pension accounting.

(3) Results for FY15 include a loss of \$2.2 billion (\$1.4 billion, net of tax, or \$4.81 per diluted share) associated with our mark-to-market pension accounting, impairment and related charges of \$276 million (\$175 million, net of tax, or \$0.61 per diluted share) resulting from the decision to permanently retire and adjust the retirement schedule of certain aircraft and related engines and a charge of \$197 million (\$133 million, net of tax, or \$0.46 per diluted share) to increase the legal reserve associated with the settlement of a legal matter at FedEx Ground to the amount of the settlement.

Main hub locations globally

North America

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

Europe

Paris, France
Cologne, Germany

Asia Pacific

Guangzhou, China
Osaka, Japan
Singapore

Latin America and the Caribbean

Miami, Florida

Middle East, Indian subcontinent and Africa

Dubai, United Arab Emirates



Our stakeholders

FedEx generates income and opportunity for millions of stakeholders across more than 220 countries and territories.

Customers: Through efficient local, national, regional and international trade channels, we connect our customers to 99 percent of global GDP, providing access to the goods and markets they need to succeed.

Shareowners: Our shareowners benefit when our stock price goes up and from dividends paid from corporate profits.

Employees: We provide employees with competitive pay, health benefits and pension plans.

Suppliers: We annually purchase billions of dollars' worth of services, consumable items and capital goods from a wide range of global suppliers.

Communities: We support communities with cash donations, team member and in-kind donations and charitable shipping. We also support local communities through job creation and through spending by our employees and suppliers.

Stakeholder Value Add

	FY13	FY14	FY15
Dividends paid to shareowners (millions)	\$177	\$187	\$227
Stock price (May 31 close)	\$96.34	\$144.16	\$173.22
Salaries and team member benefits (billions)	\$16.06	\$16.17	\$17.11
Diverse supplier spend (billions)	\$4.1	\$6.5 ¹	\$6.7 ¹
Community investment (millions)	\$46.51	\$45.48	\$53.06

(1) FY14 and FY15 data reflect an improved data-collection process resulting from the adoption of a centralized sourcing model.

Our Supply Chain

FedEx relies on a complex, global supply chain to provide the resources and services to run our business and meet customer needs. Our major suppliers include equipment manufacturers, fuel companies and independent service providers.

FedEx Ground independent businesses

Since 1985, FedEx Ground has contracted with independent businesses for pickup and delivery and line-haul services.

FedEx Ground contracts with nearly 7,200 businesses throughout the U.S. and Canada, almost one-third of which are minority- and woman-owned. These businesses employ an additional 52,000 people as managers, drivers and other staff, generating more than \$4.4 billion in annual revenue.



FedEx Ground: providing opportunities for small-business ownership since 1985

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

7,200



Workers employed by these independent businesses

52,000

- Drivers
- Managers
- Helpers and staff



Percentage of minority- and women-owned businesses

32%

Annual revenue generated by these independent businesses

\$4.4 billion



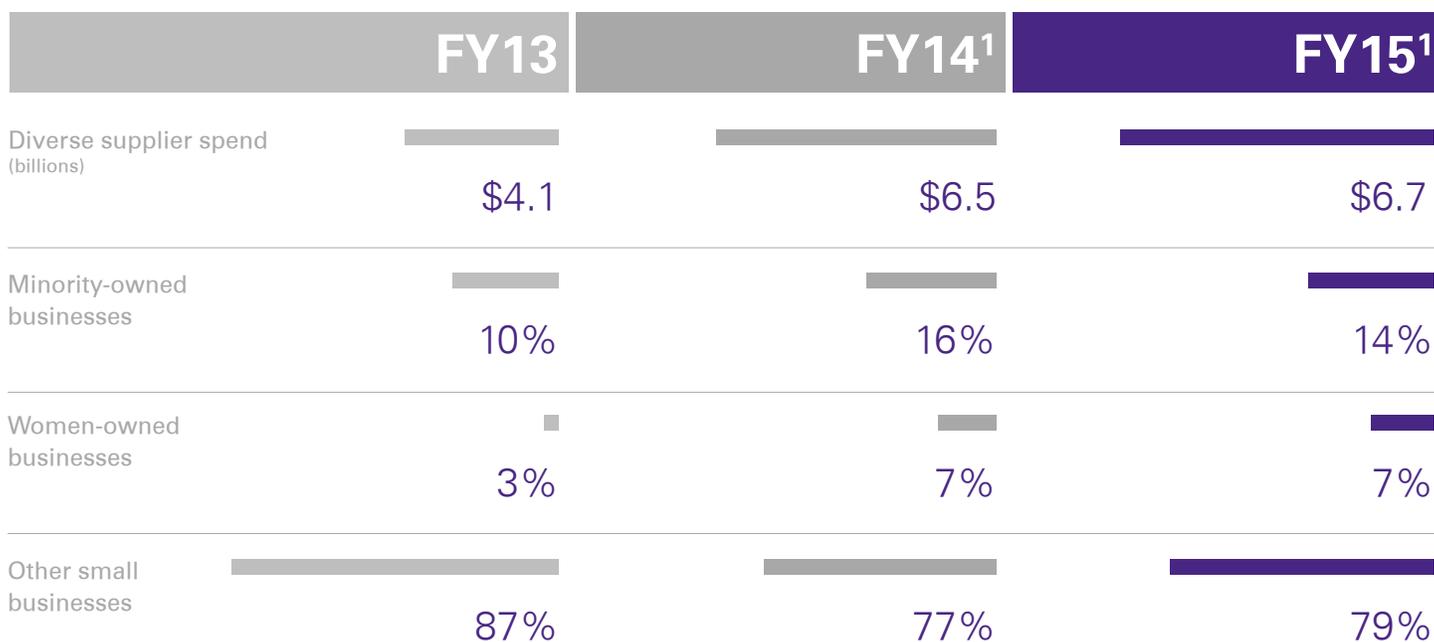
Average annual revenue per business

\$680,000



Supplier Diversity Spend

In FY15, FedEx procured \$6.7 billion in goods and services from diverse suppliers across our enterprise.



(1) FY14 and FY15 data reflect an improved data-collection process resulting from the adoption of a centralized sourcing model.

Supporting supplier diversity

Like our customers, many of our vendors are diverse businesses. For more than two decades, FedEx has supported small, women-owned and minority-owned businesses in our supply chain. Our Sourcing organization manages the enterprisewide Supplier Diversity program, aligning efforts to increase our direct spend with diverse suppliers within our broader sourcing strategy.

We work with regional and national diversity organizations to promote the growth of small and diverse businesses and to increase opportunities for FedEx to work with these enterprises. The Women's Business Enterprise National Council named FedEx as a 2015 Top Corporation Award winner.

FY15 highlights:

- Adapting our supplier profile form to formally recognize the lesbian, gay, bisexual and transgender (LGBT) community

- Hosting a Diverse Supplier Summit at the FedEx Institute of Technology in Memphis, Tennessee. Run by FedEx Services, this event gave more than 60 diverse suppliers a window into FedEx business requirements and networking opportunities.
- Updating the FedEx Services policy to require including at least one small or minority-/woman-owned business, where multiple companies supply goods or services in support of company operations, or in the bidding process for suppliers.

Managing supply chain risks

Being open and honest about the risks associated with our complex global network of suppliers is a key component of our commitment to responsible business conduct. We work proactively to assess risk and have robust policies and procedures to manage the supply chain risks that may impact our business.

Our efforts to increase collaboration and sustainability in our supply chain are led by our Supplier Relationship Management team.

Due to the large quantity of suppliers that we do business with, our efforts to mitigate supply chain risks focus on those suppliers that we deem to be critically dependent to our business. We use supplier sustainability risk-screening criteria in our request for proposals and information to address these suppliers' records in environmental, social, labor and human rights areas.

In FY15, we developed additional sustainability questions on suppliers' environmental management systems, goals for improvement and transparency into their own supply chains — and screened nearly 300 current and potential suppliers through this process. If a supplier's response carries a potential risk, we determine appropriate next steps.

If a supplier is selected through this process, we enter into a contract for the goods or services provided.

To ensure consistency with our initial screening, we created a new clause in our contract development process that outlines expectations that suppliers will uphold the principles in our [Code of Business Conduct and Ethics](#) and [Environmental Policy Statement](#) related to protecting and advancing human rights and avoiding adverse impact to the environment. Suppliers are also requested to report on their use of raw materials, recycled content and third-party sustainability certifications where appropriate.

After the contract is signed, we regularly score our critically dependent suppliers based on factors that assess their performance. In FY15, we developed sustainability metrics as a component of the supplier's scoring. We share results with the supplier to ensure that improvements are made, if necessary.

FedEx is a founding member of the U.S. Sustainable Purchasing Leadership Council (SPLC) and was the lead sponsor of its annual summit in 2015. We actively participate in various SPLC Technical Advisory Groups applying the Council's best practice guidance to our own supply chain sustainability initiatives.

FedEx screened almost 300 existing and potential suppliers in FY15 using an improved risk management approach

Step 1

Utilize supplier RFPs to identify ESG track records and risk

Step 2

Initiate new supplier contract clauses to ensure FedEx ethics, conduct, human rights and environmental principles are upheld

Step 3

Regularly score critically dependent suppliers to assess performance

Step 4

Share results to ensure improvements if necessary

Connecting Global Citizenship to our Business Success

More than ever, customers and investors are looking to do business with companies that demonstrate strong sustainability performance. We believe that conducting business in a safe, ethical and sustainable way translates to long-term profitability.

FedEx is addressing the main areas of intersection and opportunity between our business strategy and global citizenship activities:

- Increasing operational efficiency
- Mitigating sustainability risks and capitalizing on opportunities
- Enhancing customer and community opportunities and loyalty.

What does \$6.2 billion

in revenue have in common with our global citizenship strategy?

Increasingly, customers, shareowners and other stakeholders are requesting information and data on our citizenship programs. This interest has significant revenue implications. For example, more than \$6.2 billion in FY15 revenue came from customers seeking information on corporate citizenship and carbon emissions data.



Materiality and stakeholder engagement

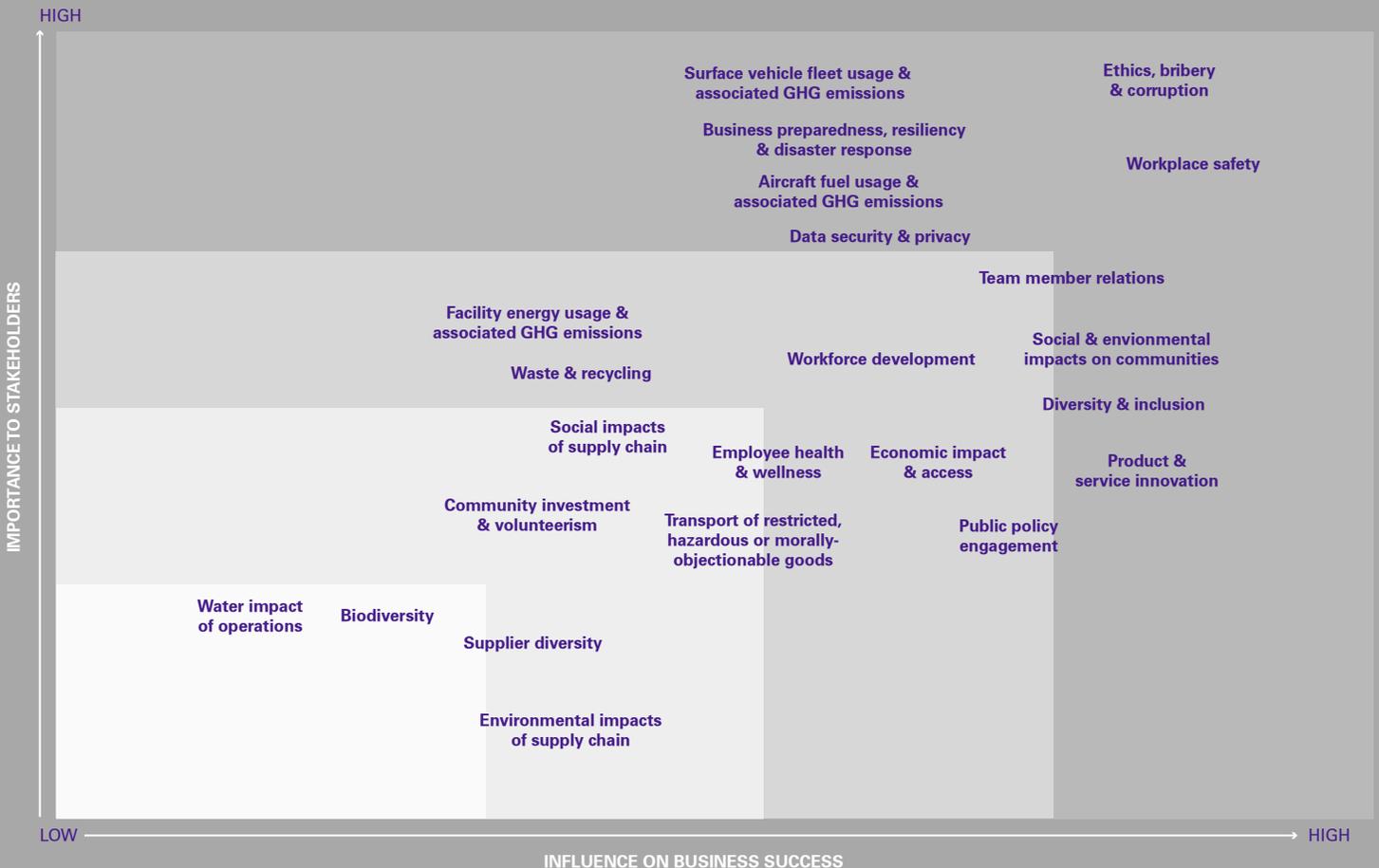
We regularly engage with our extensive network of stakeholders, including customers, team members, shareowners, suppliers, governments, NGOs, nonprofits, multilateral agencies and communities. Understanding the issues and challenges that matter to them helps us to refine our global citizenship strategy.

Our first materiality analysis in FY14 identified the issues and opportunities most important to our business. We sought input from external and internal stakeholders through workshops, interviews and surveys, and the matrix below illustrates the findings. This valuable intelligence is helping to shape our strategy, goals, targets and metrics. Already, we have made significant

progress in several key areas highlighted throughout this report.

We are now undertaking a broader external stakeholder mapping and engagement effort. It will provide deeper insights into relevant global citizenship topics as our company grows and sustainability mega-trends increasingly impact global business.

Materiality Matrix



Increasing operational efficiencies

Connecting 99 percent of global GDP requires a sophisticated infrastructure with many areas of operating expenditure. By improving our daily operational efficiency, we not only manage our costs but also limit the environmental impacts of our operations and help position FedEx for a more sustainable future.

In FY15, we continued to reap the cost benefits of our environmental initiatives. Aircraft and vehicle fuel represent a significant operational cost — as well as our biggest environmental impact — accounting for 8 percent of our operating expenses and 92 percent of our emissions footprint. Our coordinated program of aircraft fleet modernization,

FedEx® Fuel Sense, dimensional weight pricing and alternative fuel strategy is helping FedEx and its customers improve efficiencies, reduce emissions and cut costs.

FY15 Efficiency Gains and Cost Savings

Environmental objective	FedEx initiative	FY15 cost savings	FY15 emissions avoided
Reduce aircraft emission intensity 30% from a 2005 baseline by 2020	Aircraft fleet modernization, FedEx® Fuel Sense operational improvements	\$296 million	1.15 million metric tons of CO ₂ e avoided
Increase FedEx Express vehicle fuel efficiency 30% from a 2005 baseline by 2020	Fuel-efficient driving, vehicle technology improvements and alternative fuel usage	\$65 million	215,000 metric tons of CO ₂ e avoided

In FY15, we surpassed our revised goal for FedEx Express vehicle fuel efficiency a full five years ahead of schedule and announced plans to

further modernize our aircraft fleet by buying 90 additional Boeing 767-300F aircraft.

For more information on these initiatives, see [Environment](#).

More efficient packages for customers

Both FedEx Express and FedEx Ground apply what is known as dimensional weight (dim weight) pricing. Dim weight is calculated by using the length, width and height of a package and sets the transportation price based on package volume — the amount of space a package occupies in relation to its actual weight. By using dim weight to determine pricing, we encourage customers to opt for smaller packaging.

Benefits can include:

- Improved loading efficiency for planes and trucks, which leads to reduced emissions
- Reduced customer shipping-supply costs by using fewer boxes and filler material
- Decreased shipping costs for customers that right-size packaging.



Mitigating risks

Understanding the key environmental and social issues that impact our business is essential to managing associated risks, as well as exploiting potential opportunities. We deploy

long-term planning and responsible management across our operations to mitigate potential negative impacts on our revenue, costs, reputation and business continuity.

The FedEx Board of Directors, supported by management, has ultimate oversight over risk management activities. For information on these responsibilities, please see our [2015 Proxy Statement](#).

Material Citizenship Risks

Material risk	How we manage risks
Ethics, bribery and corruption	<ul style="list-style-type: none"> • Global governance, ethics and compliance policies, programs and training activities • Alert Line for reporting ethical concerns • Separate Corporate Integrity & Compliance department, established in FY15, reinforcing our commitment
Driver and workplace safety	<ul style="list-style-type: none"> • Team member workplace safety training and awareness programs • Driver safety programs, training and awareness campaigns
Data security and privacy	<ul style="list-style-type: none"> • Technology security initiatives • Information technology risk management and disaster-recovery plans • Customer Protection Center • FedEx Digital Platforms Privacy Policy • Information Security Awareness programs
Business preparedness, resiliency and disaster response	<ul style="list-style-type: none"> • Contingency plans for events such as disasters or social unrest
Global environmental and social trends and impacts on communities	<ul style="list-style-type: none"> • Materiality assessment, stakeholder engagement and global citizenship reporting identifies risks and supports forward planning
Aircraft and surface vehicle fleet energy usage and associated GHG emissions	<ul style="list-style-type: none"> • Fuel efficiency and emission-reduction targets • Sustainable alternative fuel strategies and vehicle and aircraft efficiency measures • Aircraft fleet modernization and operational improvements • Advocating for regulatory and policy changes that support emission-reduction standards



Enhancing customer and community opportunities and loyalty

Our reputation is built on the ability to connect the world responsibly and resourcefully. Customers, employees and investors are increasingly influenced by companies with a strong commitment to corporate citizenship and whose values reflect their own. We are proud that FedEx continues to be recognized as one of the world's most respected brands, and see a tremendous economic benefit in maintaining and enhancing our reputation and demonstrating strong performance in corporate citizenship.

Our business activities for customers and communities are complemented by giving and volunteering programs that promote safe, sustainable and



resilient communities where we operate. By investing in education and disaster relief and resilience today, we help to build stronger communities and related business opportunities for FedEx tomorrow.

Awards and recognition

Fortune Magazine's World's Most Admired Companies



100 Most Reputable Companies in the World



CR Magazine's 100 Best Corporate Citizens



NASDAQ OMX CRD Global Sustainability Index



Civic 50: the 50 most community-minded companies in the United States



Best Employer in Japan, Korea, Malaysia, New Zealand and Asia Pacific

Community Investment Strategy

Economy

Our community strategy

FedEx is dedicated to transforming lives and economies around the world and in the communities where we live and operate. Our community investment strategy is built on collaborating with trusted NGOs and nonprofit organizations to make meaningful and lasting impacts that align with our corporate priorities.

FedEx is committed to investing \$200 million in more than 200 communities by 2020. We invest in programs that foster entrepreneurship, create employment pathways for underserved populations, enhance sustainable transportation solutions, make our roads safer and provide resources to communities that need them most. Homegrown volunteers

supplement and enrich these community investments. Last year, almost 16,000 FedEx team members took part in FedEx Cares week alone.



FedEx is committed to investing

\$200 million in **200+** communities by **2020**

Community Program Highlights

Sustainable transportation

40

Cities in four countries provided with more sustainable transport options since FY10, in collaboration with the World Resources Institute — EMBARQ Mobility and Access Program (MAP)

Employment pathways

100,000

Opportunities Initiative launched by a business coalition in August 2015, including FedEx, to create employment openings for 100,000 underserved U.S. youth

Entrepreneurship

2,000

Students in nine Asia Pacific markets reached by the FedEx Express/Junior Achievement International Trade Challenge

Road safety

More than 1 million

Children in nine countries benefiting from safer streets and pedestrian safety education, in alliance with Safe Kids Worldwide

Disaster resiliency and relief and charitable shipping

3.5 million lbs.

Of donated space for charitable shipping in FY15
\$4.7 million provided in charitable donations for disaster-affected communities

Volunteerism

15,822

FedEx team member volunteers during FedEx Cares Week



Helping small businesses make a difference

Since 2013, the [FedEx Small Business Grant Contest](#) has awarded small business owners who think big with cash grants. In FY15, we awarded 10 grants totaling \$75,000 to winners. Our \$25,000 grand prize went to In Blue Handmade, Inc. of North Carolina, which makes hand-cut and sewn leather goods. In FY16, the contest was also held in three international markets — Hong Kong, Singapore and Brazil.

Making a difference to cancer survivors

Breast cancer affects more than 2.9 million American women, many of whom require reconstructive surgery. Dana Donofree is a breast cancer survivor and founder of AnaOno LLC, a lingerie line for women who've had such surgery. AnaOno uses FedEx to ship products across North America and to Europe and Asia, and in FY15 the company won \$10,000 in the FedEx Small Business Grant Contest. Donofree will use the grant to explore new marketing opportunities and expand her business.



That's the feeling I want every woman to have — to feel sexy and desirable, even though life has changed because of cancer.

Dana Donofree
Founder of AnaOno

Growing Global Economies, Connecting People to Markets

E-commerce has dramatically changed the way the world conducts business. As economies become increasingly interconnected, companies large and small are able to access markets that were once unattainable. This, in turn, drives opportunity and economic growth in emerging economies. FedEx is at the center of these global connections, using our extensive and reliable logistics network to help enable entrepreneurs virtually everywhere access international markets.





How FedEx Is Helping Reshape the Global Economy

Raj Subramaniam, Executive Vice President of Global Marketing at FedEx Services, oversees a broad portfolio that includes digital access and e-commerce. He champions the idea that FedEx stands at the intersection of the physical and informational infrastructure required for global commerce — helping businesses flourish, economies prosper and standards of living improve.

How is innovation driving access to the global market, and what does it mean for FedEx?

Technology advances are reshaping the digital and physical aspects of trade. As we have progressed from mail, phone and fax to a 24/7 internet, we are all connected to the global marketplace. It's hard to overstate the impact this is making on businesses, communities and individuals. For example, the entire globe has become a marketplace for businesses of all sizes. Today, all you need is a mobile device, a shipping platform — and a big idea.

People now have access to what they see on their mobile devices and computer screen. And that is driving transportation companies like FedEx to deliver holistic global solutions. We now help businesses in more than 220 countries

and territories build stronger supply chains and connect to global markets.

Much of this change is happening at the intersection of the world's virtual and physical networks. By virtual networks, I mean high-speed internet, Wi-Fi, mobile near-field communication and other digital technologies. By physical networks, I mean transportation systems and logistics platforms. FedEx operates at the crossroads where these networks converge and where the global economy is being reshaped — for the better — at a pace the world has never seen.

How is e-commerce changing the global economy, and what does it mean for sustainability?

E-commerce is growing at an extraordinary rate. According to the U.S. Commerce Department, online sales accounted for more than half of all domestic retail sales growth in 2015. And it's not only happening here. The eMarketer market research firm projects that e-commerce sales will account for 12 percent of all global retail sales by 2019. That growth is revolutionizing retail shopping and the global network delivery industry. FedEx has long been at the forefront of this change.

By 2018, about 130 million people are expected to buy online from a country other than their own, spending an estimated \$307 billion. FedEx supports the businesses — both large and small ones — that are supplying these consumers. One great example is AnaOno Intimates, a company started by a breast cancer survivor in Philadelphia. The owner started out with an idea to create a line of bras and lingerie for other breast cancer survivors who've undergone reconstructive surgery. Shortly after launching her website in May 2014, she began selling wholesale to specialty boutiques. But then orders started flooding in from around the world. She now uses FedEx to ship all over North America, as well as to Asia and Europe.

There's been a lot of talk about sustainability and e-commerce of late. And without question, packaging is a huge e-commerce issue. It's also one we take extremely seriously.

That's one reason why 100 percent of FedEx® packaging is recyclable and approximately 50 percent is made from recycled content. It's also why we're continually on the lookout for ways to pick up and deliver shipments efficiently, why we seek out and use new forms of renewable energy and why we strive to help make our communities and planet more sustainable for future generations.

Where is the global economy headed, and which markets might surprise people in the next 10 years?

The question of where the economy goes from here can be challenging. Are we entering another Golden Era of trade? That will depend in part on governments coming together to agree on trade policies that open up global trade flows. Trade agreements such as the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP) between the U.S. and Europe are absolutely critical.

Either way, the convergence of virtual and physical networks is creating new centers of economic power. Countries such as Mexico, Indonesia, Turkey and Vietnam are emerging as the upstarts of the global economy, joining India and China as engines of growth. And that growth is lifting millions out of poverty. For example, numerous studies estimate that the Asia-Pacific region will make up two-thirds of the global middle class by 2030, up from just under one-third in 2009. That region is also expected to eventually account for more than 40 percent of global middle-class consumption.

Mexico is particularly fascinating. Trade now accounts for nearly 63 percent of its GDP — that's higher than for China, Brazil or the U.S. — and the country has more than 40 free trade agreements with other countries. Cross-border trade between Mexico and the United States amounts to approximately \$1.4 billion per day. Between nearshoring and its young, educated population, the Mexican economy could grow at a rapid pace.

Enabling global e-commerce

Online shopping represents more than

\$1 trillion,

a figure that is forecast to double over the next four years. This rapidly developing e-commerce landscape requires flexible logistics solutions in order for companies of all types to achieve their full potential. To meet these evolving customer needs and expand opportunities for emerging economies, we continually seek ways to ship smarter, faster and more efficiently.

In FY15, FedEx Ground invested \$1.2 billion in facilities and automation services to manage forecasted e-commerce growth. FedEx Ground, including Canadian operations, owns or leases approximately 53 million square feet of facility space, up by nearly 4 million square feet since FY14. FedEx dimensional weight pricing helps to reduce the packaging impact of rapid e-commerce growth, by encouraging customers to choose streamlined packaging options.

We are also making customers' lives easier through our expansive global retail networks. With more than 8,800 staffed and 41,000 self-service retail locations, we facilitate efficient global commerce. Increasingly, our retail locations also hold packages for pickup, for example through FedEx Ship&Get® lockers, limiting the need for door-to-door deliveries. Curbing "last-mile" deliveries offers convenience to our customers while improving operational efficiency.

In the Philippines, FedEx expanded its retail network to more than 300 FedEx Authorized Ship Centers, providing customers with access to more convenient shipping solutions. In Taiwan, FedEx introduced a door-to-door pickup and delivery service for dangerous goods. Customers in Taiwan can now also pick up their packages at more than 5,000 7-ELEVEN stores.



Improving services through acquisitions and strategic collaborations

GENCO, building stronger supply chains

In January 2015, we acquired GENCO, a leading North American third-party logistics provider. With a comprehensive portfolio of supply chain services, GENCO's expertise will expand existing FedEx solutions in the evolving retail and e-commerce markets.

GENCO's infrastructure and supply chain capabilities include reverse logistics, providing triage, test and repair, remarketing and product liquidation solutions. Additionally, GENCO's breadth of expertise in targeted vertical markets — such as technology, healthcare and retail — aligns with our strategic priorities in these areas. With more than 10,000 employees at approximately 132 operations, GENCO offers a complete range of product lifecycle logistics® services to customers in the technology, consumer, industrial, retail and healthcare markets.

Bongo International, expanding cross-border opportunities

In December 2014, we acquired Bongo International, a leader in cross-border enablement technologies and solutions. Bongo's capabilities complement and expand the FedEx portfolio of solutions important to international e-commerce. Bongo's technology and processes provide a comprehensive and integrated end-to-end solution that helps retailers

and e-tailers grow by reaching international e-commerce consumers. Bongo's capabilities include export compliance management, Harmonized System classification, currency conversions, international payment options inclusive of language translation, shopping cart management, duty and tax calculations and credit card fraud protection.

TNT Express, increasing international solutions

In April 2015, we entered into an agreement to acquire TNT Express, one of the world's largest express delivery companies. The acquisition of TNT Express, which is still subject to certain regulatory approvals, will enhance our reach and provide customers with greater access to an expanded portfolio of international solutions, increasing opportunities to take advantage of market trends, including the continued growth of e-commerce.

Strategic collaborations

FedEx also looks to strategic collaborations to increase global reach. In June 2015, FedEx collaborated with Japan Post to launch a new international delivery service that will help to expand our domestic presence in Japan. To meet growing regional shipping needs in the Middle East, Indian subcontinent and Africa region, FedEx appointed Abdul Latif Jameel Group as its new global service provider for international inbound and outbound services.

Supporting U.S. and global small and minority-owned businesses

Small and minority-owned businesses and entrepreneurs are a major source of innovation and economic growth. By connecting these FedEx customers to reach new markets, we help unlock their potential while growing our business. Through our regulatory, logistics and supply chain expertise, and collaborations with the International Trade Administration's Industry & Analysis team and the Department of Commerce's Global Markets/U.S. Commercial Service, we provide the resources necessary to help small and diverse businesses succeed in export markets.



In FY15, we supported 50 events nationwide. Since 2009, a total of 80,900 customers have benefited from this program, including 8,400 participants in FY15.

Helping entrepreneurs go global

Complex regulatory red tape and not knowing where best to invest internationally deter many smaller companies from expanding globally. FedEx has established tools and programs such as the FedEx® Small Business Center and the FedEx Know and GrowSM program that deploy our regulatory, logistics and supply chain expertise to help our customers navigate these obstacles.

Since 2009, the **FedEx Know and Grow** program has hosted export education events, seminars and training opportunities for customers across the United States. Teaming up with ExporTech, Export University, state and federal agencies and small business organizations, we help customers find the right markets for their products and services and understand related regulatory and compliance requirements.



Delivering customized parts for car connoisseurs

MaxPlus, Taiwan

Based in Taichung, Taiwan, MaxPlus customizes automobiles for car lovers by creating unique vinyl wraps and auto accessories. The company's creative designs attract customers from Japan, Australia, New Zealand, India, Canada, the United States and Europe.

FedEx enables MaxPlus to overcome logistical challenges common to small and medium-sized businesses engaged in cross-border commerce. We provide time-sensitive delivery via FedEx International Priority®, streamlined customs processes — FedEx international shipments automatically include customs clearance — and easy-to-use time-saving tools such as FedEx® Quick Form, which generates an air waybill in just a few clicks.

As MaxPlus navigates new markets, we offer value-added solutions to support special processing through customs as needed and expert support through the FedEx online Customs Resource Center.



Promoting Open and Efficient Trade

Global economic growth and development require open and efficient trade. Removing trade barriers helps small and medium-sized enterprises to succeed by simplifying regulations and red tape and emerging economies to attract increased investment and create jobs. It also enables FedEx to connect people to more markets by facilitating the exchange of goods across borders.

We therefore advocate for policies, agreements and treaties that eliminate barriers to trade and simplify cross-border commerce. Recently, this has included supporting the Trade Promotion Authority (TPA), Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP).

Through communications with government officials, employees and customers, FedEx Regulatory Affairs supported the passage of TPA, which was signed into law in June 2015.

During 2015, we also supported the U.S. Open Skies policy, a series of bilateral aviation agreements. For more than 20 years, Open Skies agreements between the U.S. and more than 110 nations have enabled the free flow of passengers and cargo to and from the U.S. These agreements continue to increase travel and trade, enhance global commerce and fuel our economic growth.



Why trade agreements matter

In June 2015, the TPA was signed into law, granting the U.S. executive branch authority to negotiate international trade agreements through expedited legislative channels if specific conditions and transparency parameters are met. TPA is seen by many as a critical precursor to moving forward large, impending trade agreements, such as the TPP and TTIP. These two trade partnerships will have tremendous implications for global trade and our business.



We're excited about the TPP. You're going to have free trade covering 40 percent of the global economy. You're going to have a trade agreement between the U.S. and Japan — something that we have not had before. And you're going to see American manufacturers and farmers getting access to very large markets and new customers.

Ralph Carter,

Managing Director, Trade & International Affairs at FedEx Express

Trade Agreement

Trans-Pacific Partnership (TPP)

Region

Asia-Pacific region, including the U.S., Canada, Chile, Mexico and Peru

Number of Countries Participating

12

Percent of Global GDP Represented

~40%

Trade Agreement

Trans-Atlantic Trade and Investment Partnership (TTIP)

Region

U.S. and the European Union

Number of Countries Participating

29

Percent of Global GDP Represented

~60%

Community Connections

Economy

In FY15, FedEx delivered more than 140 pallets of medical relief supplies to support Ebola mobile treatment centers in Liberia.



Community Connections

Economy

Delivering for Good

We are proud to use our unparalleled logistics expertise and global reach as a force for good. Ensuring that communities stay connected can be difficult when disasters strike or when nonprofit organizations lack the resources they need to fulfill their missions. From delivering life-sustaining supplies after a disaster to providing in-kind shipping for nonprofit agencies, we connect resources to communities in need around the world.

Disaster relief and recovery

When disasters strike, FedEx responds. Team members, including drivers, pilots and operations teams, work around the clock to help deliver supplies, food, medicine and other services to stricken communities. Our networks are often able to quickly reach cut-off communities and local economies while infrastructure recovers. Our operations specialists have the expertise to quickly direct supplies to

locations where they are needed most. In FY15, we supported earthquake survivors in Nepal and Ebola treatment in West Africa, utilizing longstanding relationships with nonprofit relief agencies. During the year, we donated more than \$4.66 million in cash and in-kind support to the American Red Cross, AmericasReliefTeam, Direct Relief, The Salvation Army, Heart to Heart International and InterAction among others, for ongoing relief efforts.

Supporting Leading Humanitarian Organizations

Organization	Supported since	Total donations	FY15 donations
American Red Cross	1995	\$18.2 million	\$2.6 million
The Salvation Army	2001	\$6.1 million	\$58,000
Direct Relief	2003	\$7.1 million	\$910,000
InterAction	2011	\$1.5 million	\$400,000
AmericasReliefTeam	2011	\$323,000	\$118,000

Community Connections

Economy

Giving back by shipping goods

From care packages and Christmas trees to polar bears, we provide in-kind transportation to spread cheer and help causes that align with our values. Shipping goods can be cost prohibitive to community and nonprofit organizations with limited resources. In FY15, we donated space for 3.5 million pounds of charitable shipping across our global network. Some FY15 highlights include:

- Shipping 600 robots to support the FIRST Robotics Competition, an international contest that helps high school students from 19 countries gain mentorship from professional engineers and learn to use sophisticated robotics technology
- Delivering 12,156 pounds of holiday season care packages to U.S. service members in Afghanistan and Kuwait
- Transporting Kali, a male polar bear cub orphaned in Alaska, to his new home at the St. Louis Zoo
- Delivering more than 17,800 Christmas trees to 63 military bases in the U.S. and overseas.

Delivering the gift of sight

FedEx has proudly worked with Orbis International for decades to eradicate avoidable blindness in developing nations. Through the Delivering Sight Worldwide program, our team members pilot the nonprofit's Flying Eye Hospital aircraft, deliver medical supplies and provide aircraft maintenance support.

In FY15, one of the Flying Eye Hospital's destinations was Hanoi, Vietnam. There we helped to deliver a two-week national ophthalmic training program with the Vietnam National Institute of Ophthalmology.



Community Connections

Economy

Supporting Young Entrepreneurs

Young people are the entrepreneurs of the future. Around the world, FedEx works with nonprofit agencies to help young men and women connect their innovative ideas to the global marketplace. We are committed to improving access for young leaders to gain the knowledge and skills they need to succeed in their academic and professional lives.

For more than 30 years, we have worked with Junior Achievement (JA), a global nonprofit that provides young people with the skills they need to succeed in school and throughout their careers. Since 2007, we have implemented the FedEx Access Seminars and Awards, teaching high school students how to build enterprises capable of accessing global markets. Our team members work with students to design companies that can expand across international borders, create jobs and incorporate sustainable business practices.

In FY15, Access Seminars reached nearly 550 students in five countries. In each region, the most innovative student enterprises won Access Awards. Among previous winners was Egyptian-based RecycloBekia, one of the first e-waste recycling companies in the Middle East and North Africa. To date, the student-run company employs 10 full-time employees, six part-time employees and has recycled 150 tons of e-waste.

For the ninth time, FedEx and Junior Achievement organized the International Trade Challenge program in the Asia Pacific region. In FY15, the program expanded to cover 242 schools in nine markets, involving 2,051 students.

FY15 Junior Achievement impact:

464

team members mentored more than

5,784

student entrepreneurs worldwide for a combined total of

5,195

volunteer hours in FY15

\$1 million +

in giving



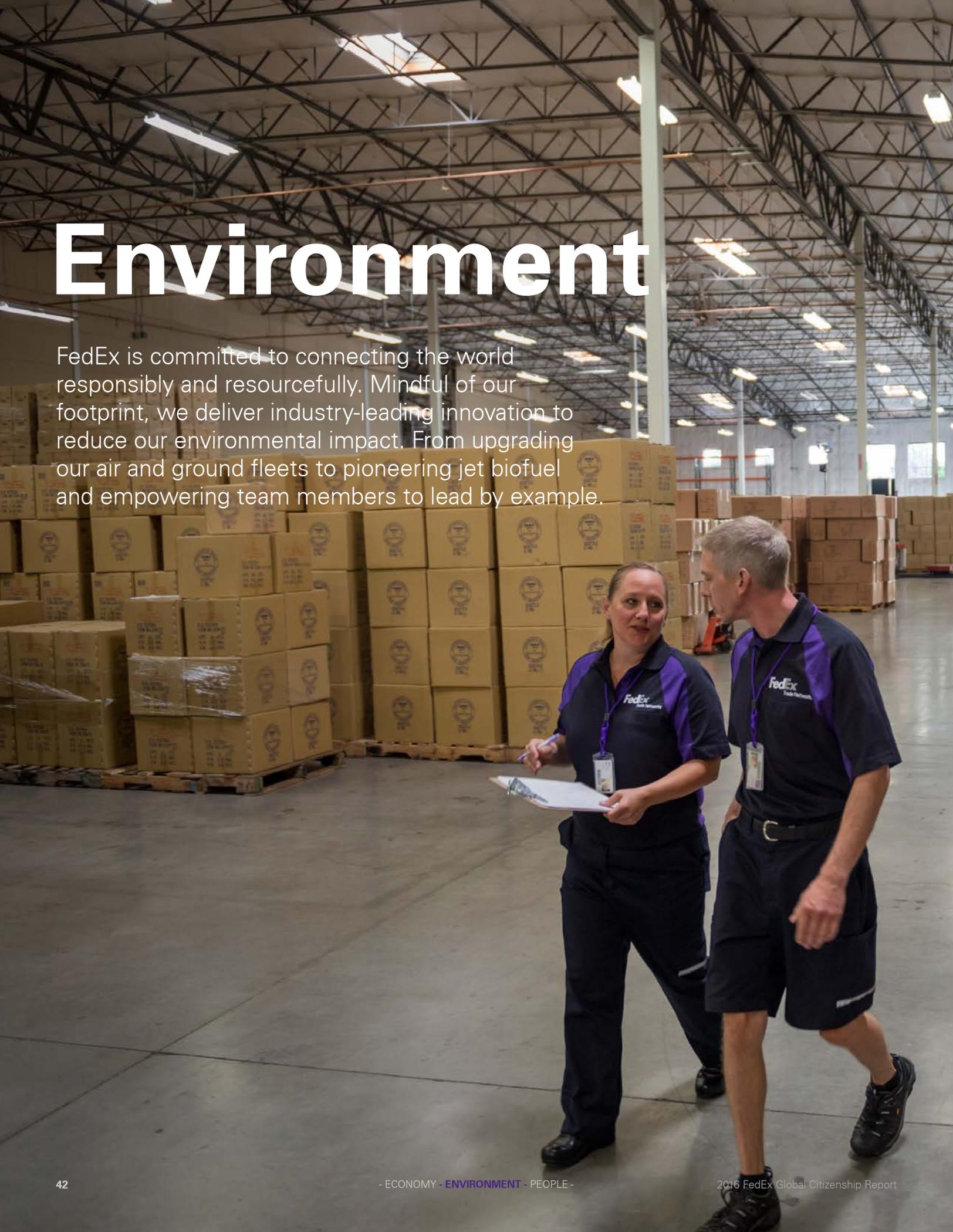
“ The FedEx Access Award was important to shape the success of our company and help us to get regional exposure.

Mostafa Hemdan
CEO RecycloBekia



Environment

FedEx is committed to connecting the world responsibly and resourcefully. Mindful of our footprint, we deliver industry-leading innovation to reduce our environmental impact. From upgrading our air and ground fleets to pioneering jet biofuel and empowering team members to lead by example.





What does a forester in Oregon have in common with aircraft mechanics students in Turkey?

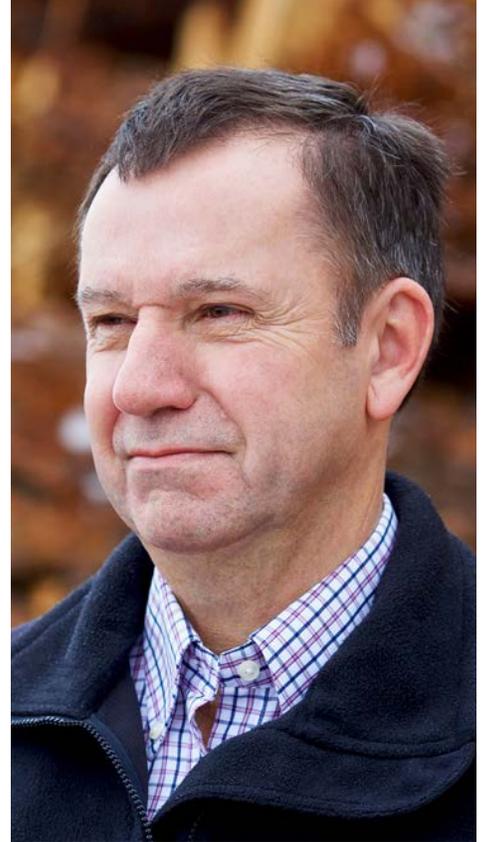


Dan Shoun, a Lake County, Oregon, Commissioner who spent 30-plus years with the USDA Forest Service, sees wood-based biofuel as a win-win model to curb wildfire risk, support communities and provide low-carbon fuel.

“Excess forest debris is a huge contributor to these catastrophic wildfires. It puts all forest activities at risk — timber, recreation, wildlife management, water use. In Lake County alone, we have around 400,000 acres of dead trees. In 2012, a 95,000-acre fire just outside Lakeview devastated our community. People lost their retirement investment when their land burned. Thinning wood is very costly and the material had no value, no market. That’s why it’s a blessing that Red Rock Biofuels is now building a plant here to turn

wood waste into jet fuel. Lake County is supporting them every way we can.

“I’m a member of the presidentially-commissioned National Wildland Fire Leadership Council. One of our priorities is to make federal lands fire resilient. This kind of collaboration between Red Rock and FedEx is absolutely the way forward. It gives federal agencies the best tool they’ve ever had to clear wood waste. And it’s bringing jobs that support families to Lake County.”



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Commissioner Dan Shoun
Lake County, Oregon



Terry Kulesa, co-founder and CEO of Red Rock Biofuels, believes biofuel is the future of aviation. In a mold-breaking collaboration, his company will soon supply jet fuel made from wood waste to FedEx Express.



“Four years ago, there was smoke all over Fort Collins from a forest fire. It was so bad my kids couldn’t go to summer camp. So, I asked my director of engineering, what can we do with the wood waste contributing to these fires that are turning our forests into moonscapes? And we came up with jet fuel.

“We approached FedEx, which has a goal of achieving 30 percent alternative jet fuel by 2030, and they were very receptive. A sawmill company in Lakeview, Oregon, that sustainably manages a 100,000-acre forest will supply the wood waste. Some may also come from nearby federal land. The U.S. Departments of Agriculture and Energy and the U.S. Navy are providing a \$70 million DPA Title III award for our processing facility, which will create around 100 local jobs in all.

“We’re contracted with FedEx to supply 3 million gallons of biofuel a year. This will be blended to provide 6 million gallons of alternative jet fuel annually between 2017 and 2024. I’m amazed at their foresight! FedEx is saying to airlines and the financial sector that this is the future of aviation fuel. We hope to build about 10 more plants in the next few years.”



I’m amazed at their foresight! FedEx is saying to airlines and the financial sector that this is the future of aviation fuel.

Terry Kulesa

Co-founder and CEO of Red Rock Biofuels, Fort Collins, Colorado



Red Rock’s low-carbon biofuel will power planes based at the FedEx Express Oakland hub. The site prides itself on environmental leadership, according to Oakland Hub Director, Robin Van Galder.

“We’re an important regional hub. We have 1,700 employees and sort and distribute approximately 300,000 packages a day, with daily operations consisting of 35 aircraft and 160-170 trucks. It makes sense to test and implement cutting-edge things here that set standards for other FedEx locations and airlines.

“When we launched our rooftop solar array in 2005, with almost 5,800 panels covering 75,000 square feet, it was the largest in California. Between solar and fuel cell installations, 47 percent of our energy comes from alternative sources.

“We also participate in Fuel Sense campaigns to conserve fuel when we load and handle aircraft. For example, ground personnel are tasked with reducing engine time when aircraft are taxiing in and out, thus saving fuel. Getting aircraft gates cleared and personnel in place ensures this happens. We are able to provide team members instant feedback on how their actions have a real impact, and that generates buy-in and pride.

“Many customers touring the site also want to see the solar panels and fuel cells. I’ve been with FedEx 32 years, and I look forward to work every day because we are making a difference.”



We’re an important regional hub. It makes sense to test and implement cutting-edge things here that set standards for other FedEx locations and airlines.

Robin Van Galder
Oakland Hub Director, FedEx Express



As FedEx Express modernizes its fleet and cleaner fuels, some older aircraft are donated. Giving these planes new life in ways that enrich and protect communities is a vocation for David Sutton, Managing Director, Aircraft Acquisitions & Sales.

“Since 1995, we’ve donated 96 retired aircraft to organizations ranging from museums to airport fire departments and aircraft mechanic schools. It’s an environmentally friendly way of doing good, creating a second or third life for these planes as an educational resource. Some are still going at 60-plus years of age.

“The planes are tremendous educational assets that create opportunities for hands-on learning experience. Airports and law enforcement agencies use them for safety and security training, including passenger evacuation and anti-terrorism simulations. In Kansas, we donated a “Learning Jet” for kindergarten through 12th graders.

“These planes generate huge civic pride. Mayors, businesses, even congressmen turn out for their delivery and turn-over ceremonies. In 2014, I co-piloted a 727 donated to the aeronautics program at Anadolu University in Eskisehir, Turkey. Hundreds of people turned out — the reception left me ecstatic!

“This program can really help change lives — especially for the next generation of aircraft mechanics. It’s a great way to fly the company flag, help communities and give back to the aviation industry.”

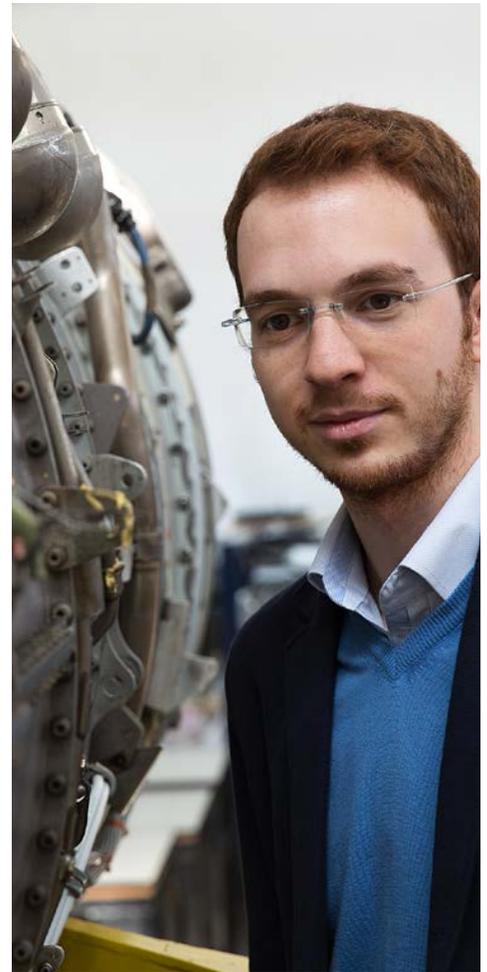


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David Sutton

Managing Director, Aircraft Acquisitions & Sales, FedEx Express

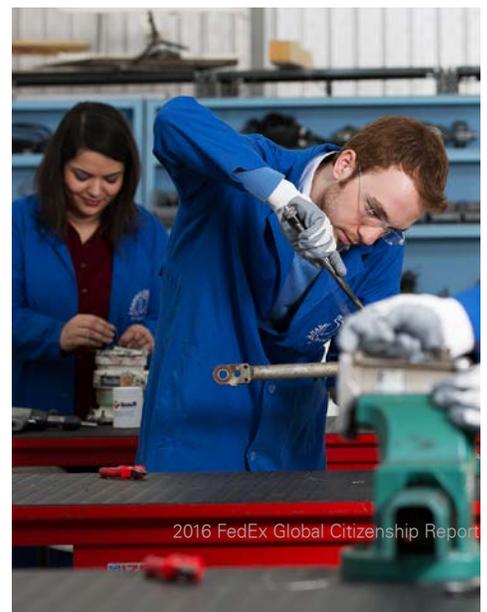
Ahmet Ikiz and Sema Avsar, undergraduates in the Faculty of Aeronautics and Astronautics at Anadolu University, Eskisehir, Turkey learn their craft inside the FedEx donated Boeing 727-200F.



Ahmet: "I've been interested in aviation since I was 14 and studied a lot to enter this school. We use the donated FedEx plane to learn aircraft maintenance. For example, we remove and install smoke detectors, sliding windows, lighting and over-wing doors. These lessons are very useful. In my opinion, there is no difference between our education and learning on an active aircraft."



"I've flown many times — it's an incredible experience. My dream job would be to work for FedEx as an aircraft mechanic in the United States of America!"



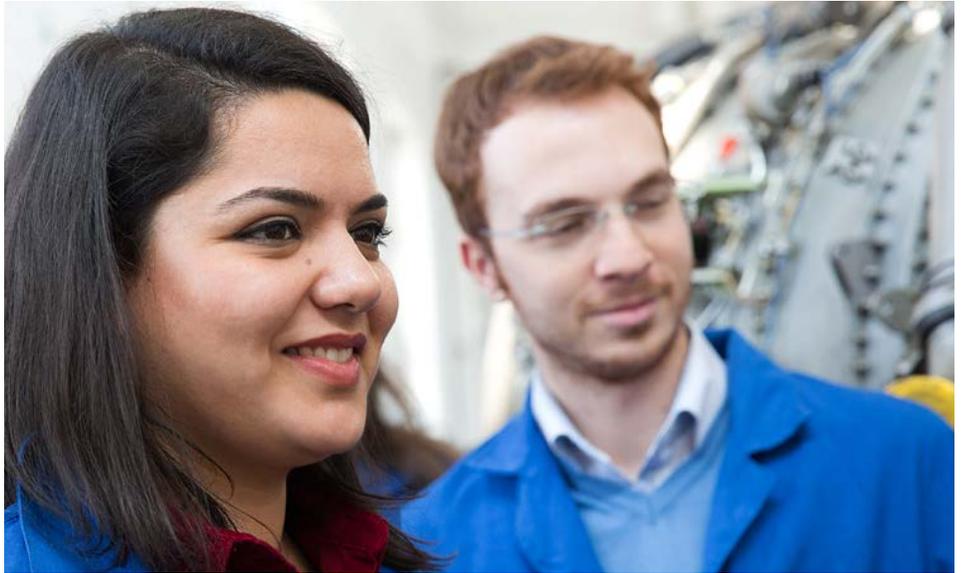
Sema: "Studying at Anadolu University has changed my life. Living away from my family has been difficult, but it helps me to improve myself. I haven't flown yet, but I love studying aeronautics. There are 22 students in my aircraft mechanics class, and we find it very useful to work on a real aircraft. We do lots of maintenance tasks and visual inspections."

"I thank FedEx for the support and opportunity."



I love studying aeronautics. We find it very useful to work on a real aircraft. We do lots of maintenance tasks and visual inspections. I thank FedEx for the support and opportunity.

Sema Avsar
Aircraft Mechanics Student
Anadolu University, Turkey





Connecting the World Responsibly and Resourcefully

We aim to connect the world responsibly and resourcefully by developing innovative, industry-leading solutions to reduce our environmental impact. In particular, we work to decouple our business growth from the greenhouse gas (GHG) emissions generated by our 652 airplanes, more than 144,000 owned and contracted vehicle fleet and close to 6,000 facilities worldwide.

Reducing the impact of the fuel and energy use that powers our business is a primary focus of our environmental programs. We are aggressive in our efforts to conserve energy and find viable alternative, renewable fuel sources. Our ambitious global goals drive our activities. In FY15, we were proud to achieve one of these goals five years early — a 33.5 percent improvement in FedEx Express vehicle fuel efficiency from a 2005 baseline. We are currently working on a new goal for our vehicles.

Our own efforts can only take us so far. We collaborate closely with government agencies and industry groups to support research and regulatory and policy changes that accelerate sustainability in our sector. We're also focused on the sustainability of our vendors, as we join forces with them to find innovative solutions to environmental challenges.

Our EarthSmart® program encourages and recognizes innovation by FedEx team members and customers to improve our environmental performance. Throughout this report, there are many examples of EarthSmart initiatives making an impact around the world.

FedEx Express surpassed its goal to increase vehicle fuel efficiency by 30% by 2020 five years early.

Progress Toward Environmental Goals

GOAL	PROGRESS
Reduce aircraft emissions intensity 30% from a 2005 baseline by 2020	In FY15, our aircraft emissions intensity remained at a 21% reduction from the 2005 baseline. We are continuing our program of fleet upgrades and operational efficiencies — including through the FedEx® Fuel Sense program — in order to reach our goal within the next five years.
Obtain 30% of jet fuel from alternative fuels by 2030	In FY15, we entered into an agreement with Colorado-based Red Rock Biofuels to purchase alternative jet fuel made from waste woody biomass. Starting in 2017, FedEx will blend the first 6 million gallons of this jet fuel on-site — half Jet A and half biofuel — meeting current aviation regulations and ultimately producing at least 48 million gallons over the term.
Increase FedEx Express vehicle fuel efficiency 30% from a 2005 baseline by 2020	In FY15, we increased efficiency by 4%, cumulatively increasing efficiency by more than 33.5% from a 2005 baseline through FY15 and surpassing our goal five years early. We believe we can make significant further savings, and we are currently working on a new vehicle sustainability goal.
Seek LEED (Leadership in Energy and Environmental Design) certification on all new U.S. FedEx Express buildings	In the U.S., 10 of our FedEx Express sites are LEED certified, and certification is underway at sites in Salt Lake City, Utah, and Memphis, Tennessee. Additionally, the FedEx India headquarters in Mumbai and the new FedEx Office headquarters in Plano, Texas, received LEED certification in FY15.
Expand on-site generation and continue to procure renewable energy for facilities	Five new solar energy systems came online in FY15, increasing our on-site energy generation capacity by more than 5.5 MW. In FY15, FedEx had 15 on-site solar installations, which collectively avoided 4,613 metric tons of CO ₂ e emissions during that year.

Fuel, Energy and Climate Change: Moving Forward

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

In FY15, we grew our business, increasing our daily average package volumes by 2.7 percent and the average FedEx Freight less-than-truckload (LTL) volume by 5.4 percent. This growth in goods delivery across all of our operating companies contributed to a 3 percent emissions increase from FY14.

At the same time, we continued to make companywide progress in our efficiency programs. In FY15, we avoided more than 1.7 million metric tons of CO₂e emissions across our global air and ground transportation operations. While we are proud of our work in this area, we are targeting more challenging reductions in the future.



Through our carbon-neutral envelope shipping program, more than

580
million envelopes

have been sent as of FY15, resulting in investments in projects to offset associated carbon emissions.

Our Collaborators

Reducing the environmental impacts of our industry is a complex and pressing challenge. We work with government and industry organizations on regulatory and policy changes that help the transportation industry reduce emissions and improve performance, including:

U.S. Environmental Protection Agency,
SmartWay® Program

European Express Association

U.S. Federal Aviation Administration

U.S. Department of Energy, National
Highway Traffic Safety Administration
and National Clean Fleets Partnership

International Air Transport Association
and Airlines for America

American Trucking Associations

International Civil Aviation Organization



FY14 saw the introduction of new U.S. fuel efficiency standards for commercial vehicles, envisioned and long supported by FedEx.

We are also advocating with U.S. regulators to allow larger 33-foot trailers in a twin-configuration to reduce the number of trucks on the road.

We estimate that extending twin 28-foot trailers to 33 feet would increase freight capacity by 18 percent while reducing truck trips by 6.6 million a year and truck traffic by 1.3 billion miles per year. This in turn would prevent an estimated 900 accidents a year while reducing annual carbon emissions by 4.4 billion pounds.



FY15 performance

The tables summarize our global FY15 performance on energy consumption, GHG emissions and other air pollutants. More detailed information is available in the [GRI Index](#) to this report.

Direct and Indirect Energy Consumption (terajoules)

	FY13	FY14	FY15
DIRECT ENERGY CONSUMPTION (Scope 1)			
Aircraft fuel	159,553	154,661	157,652
Vehicle fuel ¹	38,397	38,458	39,717
Facility use	4,384	5,287	5,076
TOTAL DIRECT ENERGY CONSUMPTION	202,334	198,406	202,445
INDIRECT ENERGY CONSUMPTION (Scope 2)			
Facility electricity use	6,298	6,267	6,356
TOTAL DIRECT AND INDIRECT ENERGY CONSUMPTION	208,632	204,673	208,801
OTHER INDIRECT ENERGY CONSUMPTION (Scope 3)			
Contracted transportation	24,579	26,848	29,650
TOTAL ENERGY CONSUMPTION	233,211	231,521	238,451

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

Direct and Indirect GHG Emissions (CO₂e metric tons)

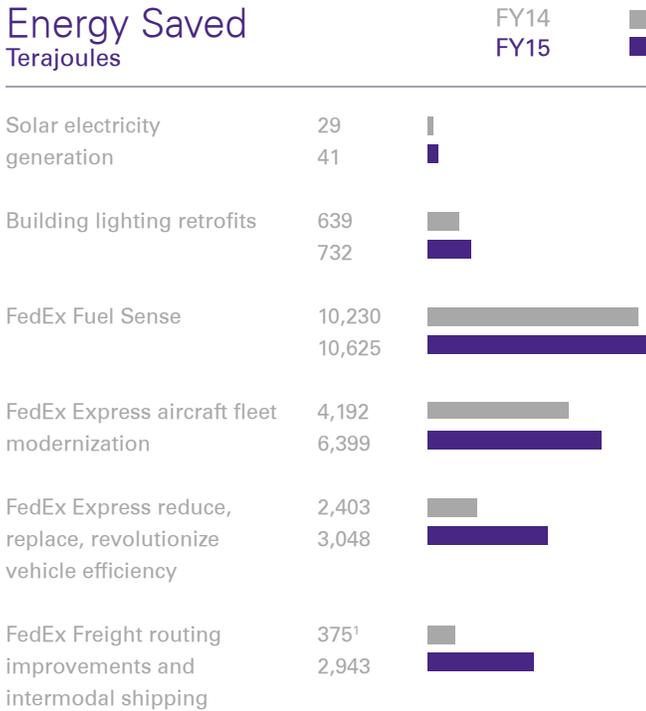
	FY13	FY14	FY15
DIRECT ENERGY EMISSIONS (Scope 1)			
Aircraft fuel	10,833,815	10,498,594	10,701,617
Vehicle fuel ¹	2,719,043	2,681,625	2,783,852
Facility use	221,193	270,726	265,719
TOTAL DIRECT EMISSIONS (Scope 1)	13,774,051	13,450,945	13,751,188
INDIRECT ENERGY EMISSIONS (Scope 2)			
Facility electricity use	970,715	960,079	970,981
TOTAL DIRECT AND INDIRECT EMISSIONS (Scope 1 & 2)	14,744,766	14,411,024	14,722,169
OTHER INDIRECT EMISSIONS (Scope 3)			
Contracted transportation	1,738,802	1,843,803	2,023,433
Team member commercial air travel	47,635	45,758	50,897
TOTAL REPORTED SCOPE 3 EMISSIONS	1,786,437	1,889,561	2,074,330
TOTAL GREENHOUSE GAS EMISSIONS (Scope 1, 2 & 3)	16,531,203	16,300,585	16,796,499
(1) Includes a small amount of fuel used for emergency generators at some facilities.			

Other Significant Air Pollutants (metric tons)

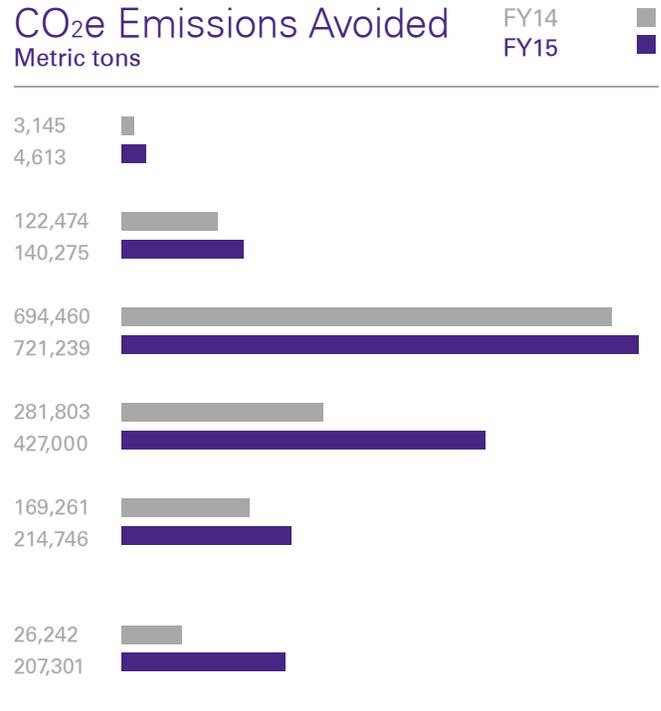
	FY14	FY15
Nitrogen oxides (NO _x)	N/R	317,314
Sulfur oxides (SO _x)	20,306	20,700
Particulate matter (PM ₁₀)	3,407	4,120

Combined Impact of Our Energy Saving Initiatives

Energy Saved Terajoules



CO₂e Emissions Avoided Metric tons



TOTAL FY14 17,868

TOTAL FY15 23,788

TOTAL FY14 1,297,385

TOTAL FY15 1,715,174

(1)FY14 data include net fuel savings associated with additional freight transported by rail compared to the previous fiscal year. FY15 data include all net fuel savings associated with transporting freight by rail in that fiscal year at FedEx Freight.



Aircraft Efficiency Gains

Our approach to reducing aircraft fuel use and related GHG emissions intensity is straightforward and effective. We replace older airplanes with more fuel-efficient models and, through our global FedEx® Fuel Sense program, implement efficiencies in flight operations. These two initiatives saved almost 120 million gallons of jet fuel and avoided almost 1.15 million metric tons of CO₂e emissions in FY15. At the same time, we continue to explore viable alternative fuels that will power our jets of the future.

Although our overall jet fuel use and related emissions rose slightly this year, due to the growth in air shipments, our CO₂e emissions for each available ton mile of cargo transported remained stable at approximately 1.19 lbs.

Goal

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

Progress

In 2015, our aircraft emissions intensity remained at a 21% reduction from the 2005 baseline. We remain diligent in our program of fleet upgrades, and operational efficiencies through the FedEx Fuel Sense program, in order to reach our goal within the next five years.



FedEx® Fuel Sense progress

Our rapid progress is a testament to the resourceful FedEx Fuel Sense team and the many front-line employees who came up with ideas that made fuel-efficient sense. Sustained success requires broad participation, new sources of ideas and a companywide culture of fuel-saving behaviors.

Our FedEx Fuel Sense program has saved more than

\$1 billion



in jet fuel since 2007

More than

4 million

metric tons of CO₂e emissions avoided since 2007

Savings from our global FedEx® Fuel Sense program reached an all-time one-year high in FY15, totaling almost **75 million gallons** of jet fuel and avoiding more than **721,000 metric tons** of CO₂e emissions.



Efficient landings save fuel and money

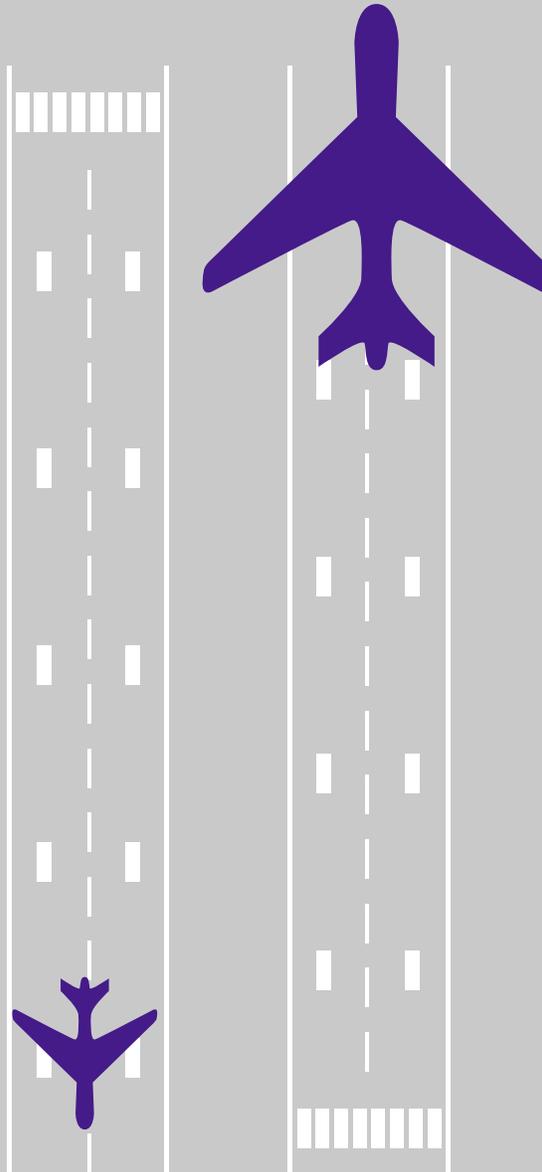
FedEx has long collaborated with the FAA and AirTraffic Control to promote efficiency, including through Optimum Profile Descents (OPDs) that allow flights to land using the least possible amount of jet fuel. In FY15, we:

Expanded OPDs to the Indianapolis airport, saving 100,000 gallons of jet fuel in the first month.

Enhanced OPDs in Memphis through a “Descent Winds Uplink” program that automatically sends wind profile information to an aircraft 300 miles from its destination. This allows the aircraft’s flight management computer to determine when to start descending continuously without having to slow down or add power.

This measure increased OPD flights into Memphis by **30%, to 80%** of all FedEx flights, saving an extra half million dollars in just four months.

Total fuel savings in **FY15 were 4.5 million gallons**, resulting in a reduction of **42,536 metric tons of CO₂e emissions**.



Fleet modernization progress



45 million

427,000

gallons of jet fuel saved in FY15 through fleet upgrades

metric tons CO₂e emissions avoided in FY15 through fleet upgrades

By upgrading our air fleet to more efficient models, we add flexibility to our operations, improve our margins and reduce emissions.

For example, in FY15, we added 17 new Boeing 767-300 Freighters (B767F), which carry roughly the same amount of cargo as the MD10s they replace, but are about 30 percent more fuel efficient. In total, our upgraded aircraft saved us 45

million gallons of jet fuel in FY15 — 15 million more than in FY14 — and avoided 427,000 metric tons of CO₂e emissions.

We're committed to continuing this program of fleet upgrades and will take delivery of 90 additional B767Fs between FY16 and FY23. These planes will play a significant role in achieving our 2020 aircraft emissions-intensity goal.

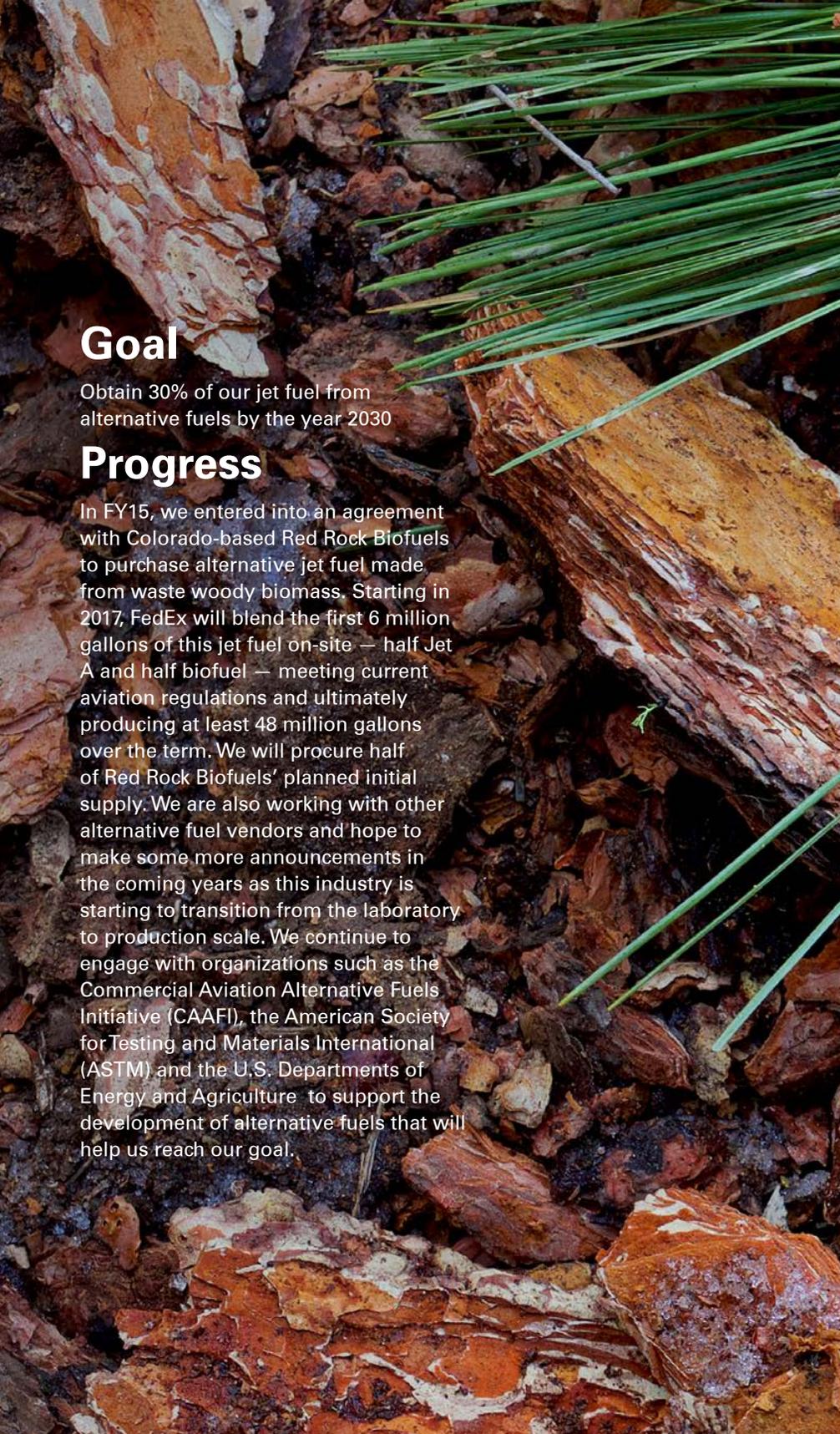
As we upgrade our fleet, retired aircraft are donated to college aviation programs, airport fire agencies, museums and nonprofits such as Remote Area Medical, which flies free medical care to inaccessible communities around the world. [Learn more.](#)



FedEx

N959FD

FedEx
Express



Goal

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

Progress

In FY15, we entered into an agreement with Colorado-based Red Rock Biofuels to purchase alternative jet fuel made from waste woody biomass. Starting in 2017, FedEx will blend the first 6 million gallons of this jet fuel on-site — half Jet A and half biofuel — meeting current aviation regulations and ultimately producing at least 48 million gallons over the term. We will procure half of Red Rock Biofuels' planned initial supply. We are also working with other alternative fuel vendors and hope to make some more announcements in the coming years as this industry is starting to transition from the laboratory to production scale. We continue to engage with organizations such as the Commercial Aviation Alternative Fuels Initiative (CAAFI), the American Society for Testing and Materials International (ASTM) and the U.S. Departments of Energy and Agriculture to support the development of alternative fuels that will help us reach our goal.

Future fuels progress

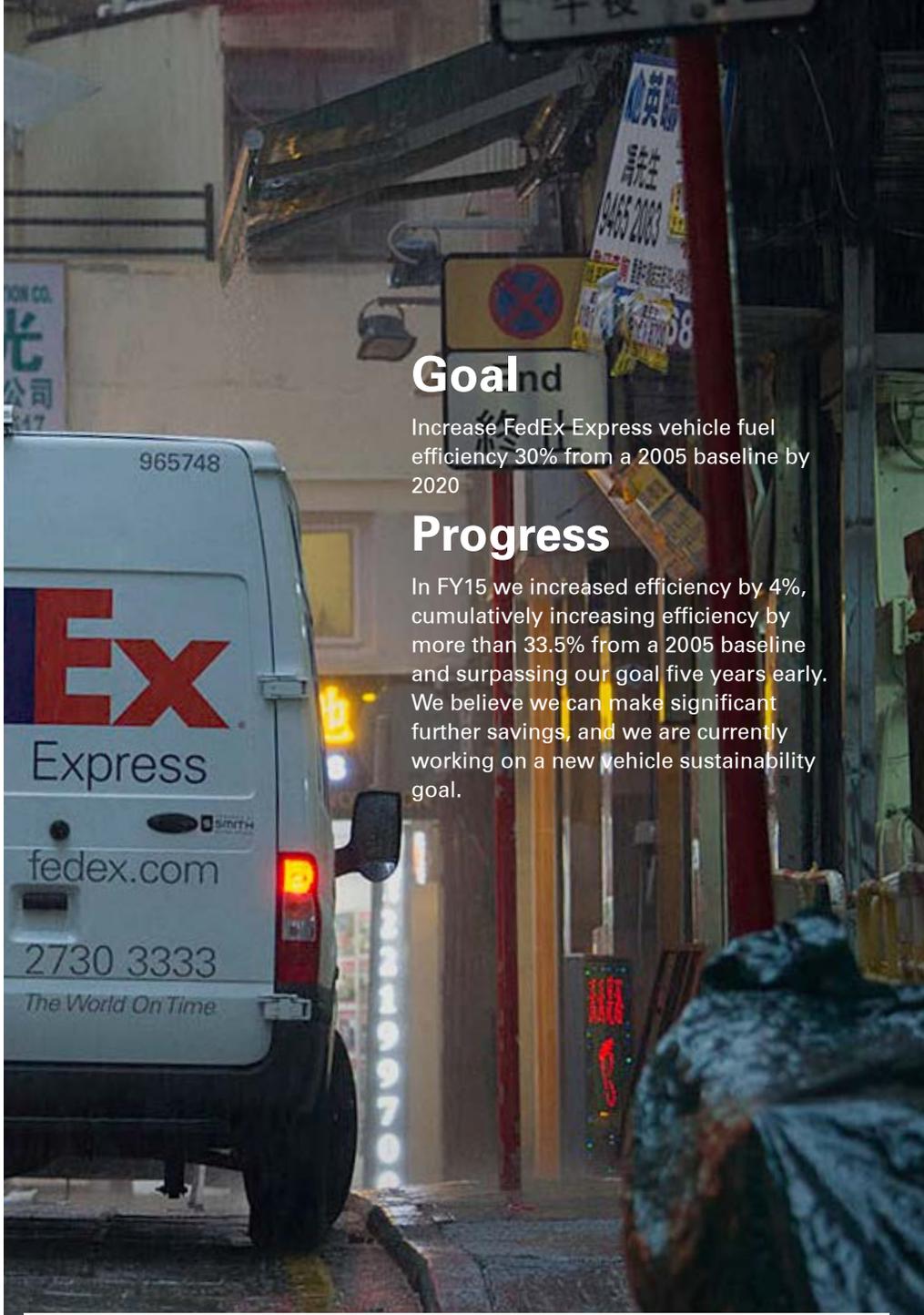
To connect the world responsibly and resourcefully, we are also working to transform the way our industry sources jet fuel. Sustainable alternatives, such as some biofuels, can offer many benefits. In addition to expanding energy sources and reducing emissions, they can support price and supply stability and can generate economic development in rural communities. We do not assume that all biofuels are beneficial and consider environmental impacts before including them in our fuel mix.

We collaborate with our industry, government agencies, academia and alternative fuel suppliers in search of viable alternatives that can be produced at scale and at a competitive price. In 2017, we will take our first delivery of biomass-based jet fuel from Red Rock Biofuels in Colorado.

Vehicle Efficiency Gains

With more than 144,000 owned and contracted vehicles, our ground transportation operations offer enormous potential for efficiency gains. Every year, we expand our efforts to upgrade to more efficient models, install efficiency-enhancing features into existing vehicles and implement energy-conserving measures such as rerouting and utilizing intermodal rail.

Through the FedEx Express Reduce, Replace, Revolutionize strategy, we exceeded our goal to improve our vehicle fuel efficiency 30 percent from 2005 levels by 2020. Combined with greater use of intermodal rail shipping at FedEx Freight, we saved more than 40 million gallons of fuel and avoided more than 422,000 metric tons of CO₂e emissions in FY15. We're also developing solutions for the future by testing and investing in new technologies.



Goal

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

Progress

In FY15 we increased efficiency by 4%, cumulatively increasing efficiency by more than 33.5% from a 2005 baseline and surpassing our goal five years early. We believe we can make significant further savings, and we are currently working on a new vehicle sustainability goal.

Progress against goals for increased fuel efficiency

30% by 2020



33.5% in 2015



Reduce, Replace, Revolutionize:

How FedEx Express leads on vehicle fuel economy

In FY15 — five years early — FedEx Express surpassed its goal to boost fuel efficiency across its 50,000-strong vehicle fleet. Given the fleet's size, this was an important win not just for FedEx but the entire industry.

Mitch Jackson, Vice President, Environmental Affairs & Sustainability, sat down with Russ Musgrove, Managing Director of FedEx Express Global Vehicles, to shed light on how FedEx reached that goal and discuss its vision moving forward.

Mitch Jackson (MJ): How is FedEx Express showing innovation and leadership on vehicle-related fuel use and greenhouse gas (GHG) emissions?

Russ Musgrove (RM): We have a defined, high-level strategy — Reduce, Replace, Revolutionize. Our first priority is to reduce overall mileage by optimizing

routes so that our entire vehicle fleet travels the minimum miles needed to deliver our services. But reducing overall mileage is just the first step. Replacing vehicles is next, so we've also introduced more efficient models with 4 cylinder, sub 3 liter diesel engines — which are much more fuel efficient — and maximized fuel economy by reprogramming vehicles to run at optimal levels for their weight and load. Excitingly, we're also focused on new technology — the Revolutionize phase. We're looking at electric vehicles, fuel cells and hybrids, among others.

MJ: In FY15, FedEx Express has already surpassed its goal of improving vehicle fuel efficiency by 30 percent between 2005 and 2020, five years early. Were you surprised at the speed of progress?

RM: I was terrified of that goal when we set it in 2008. Most of the technology needed didn't exist at the time. But with all hands on deck, we achieved it. First we balanced the fleet, matching the right truck to the right route. We also embraced new policies in efficiency and became an industry leader in adopting new technologies. Since starting the

Reduce, Replace, Revolutionize program, we've saved more than 137 million gallons of fuel and avoided almost 1.5 million metric tons of CO₂e emissions.

MJ: Looking ahead 10 years, what kind of vehicle fleet do you foresee for FedEx Express?

RM: It becomes more difficult now, because the technology to achieve the next goal doesn't exist today. We're back where we were in 2008. In major metropolitan cities, we're moving toward electric vehicles and starting to make connections with utility companies. We have a couple of thousand routes that could be run with electric vehicles, but right now there's no manufacturer with the capacity to help us scale up to that anytime soon. And it's going to take manufacturers to do this. Fleets can't produce the vehicles on their own. We're also focusing on hydrogen fuel cells, which can help expand the zero emission range for electric vehicles.

MJ: Thanks Russ. Your team has taken what I call the License to Optimize and shown how to use technical expertise and creative energy to find new ways to change what's possible. I commend you and your team for doing that.



137 million
gallons of
fuel saved

1.5 million
metric tons of CO₂e
emissions avoided



What looks like a golf cart but can pull a 40,000-pound load with zero tailpipe emissions?

In April 2015, we began testing 15 zero-emission hydrogen fuel-cell powered cargo tractors at our FedEx Express hub at the Memphis airport. Drivers dispense hydrogen directly from a 15,000 gallon fueling station on the airport ramp. The two-year test should result in estimated savings of more than 175,000 gallons of diesel fuel and 1,700 metric tons of CO₂e emissions.



Operating optimally

Wherever we go on the world's roads, we look to operate optimally, in ways that reduce fuel use, emissions and congestion.

We match vehicles to journey based on load volume and route length, and plot the shortest routes. We also apply our logistics expertise to reduce

"empty" miles, when trucks travel with less than optimal loading, and to serve customers more efficiently for less time-sensitive shipments.

We achieve this with fuel-conserving technologies such as automatic transmission and trailer skirts that minimize drag and diagnostic

equipment. Our drivers also use techniques such as idle reduction and speed control to conserve fuel.

FedEx Freight

installed trailer skirts, replaced automatic transmissions and refreshed its vehicle fleet — resulting in a

1.8% increase

in vehicle fuel efficiency in FY15

FedEx Express

saved

20.8 million gallons

of fuel and avoided more than 214,000 metric tons of CO₂e by continuing its Reduce, Replace, Revolutionize philosophy

FedEx Ground

completed the on-road testing of aerodynamics technology specifically designed for drop-frame trailers

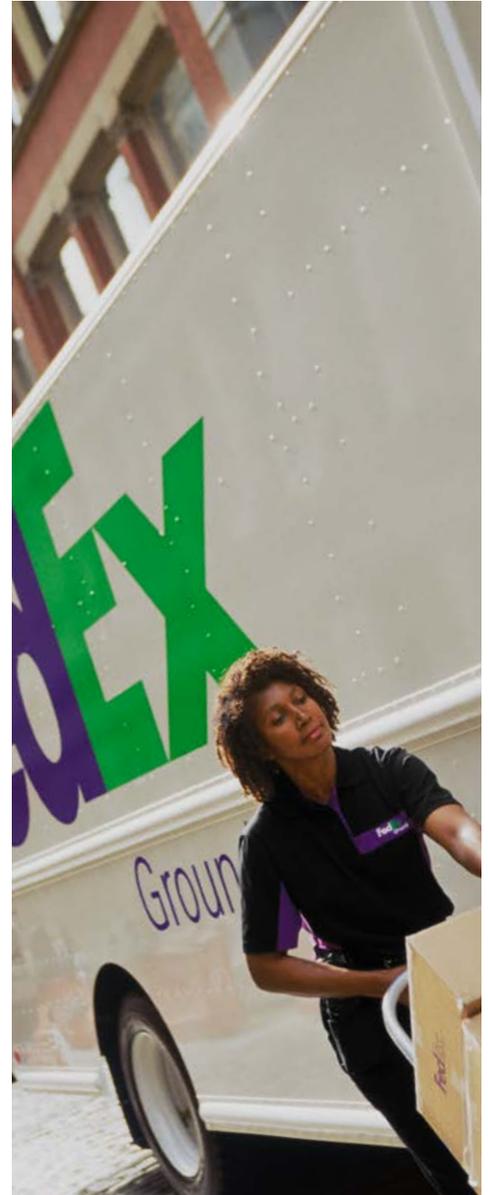


Reducing truck miles

While trucking is one way of connecting our customers, we use intermodal rail where appropriate, since rail is more fuel-efficient than roads.

We're also expanding the number of locations where customers can pick up packages, which cuts down on "last-mile" deliveries by FedEx Express and FedEx Ground.

In FY15, our rail usage increased by 10.4 percent at FedEx Freight, carrying more than 2 million pounds of freight, resulting in net savings of more than 20 million gallons of diesel and avoiding more than 207,000 metric tons of CO_{2e} emissions.



Upgrading to a cleaner, greener fleet

When replacing any road vehicle, we upgrade to cleaner, more efficient models wherever possible.

Under our fleet upgrade program, we now have almost 2,800 Isuzu Reach vans in service, which are 35–50 percent more efficient than the models they replaced. In FY15, we added more than 400 Mercedes Benz Sprinter vans to our fleet,

bringing our total to more than 9,500 in service. The Sprinter vans are 70–100 percent more fuel efficient than the walk-in vehicles they replaced.

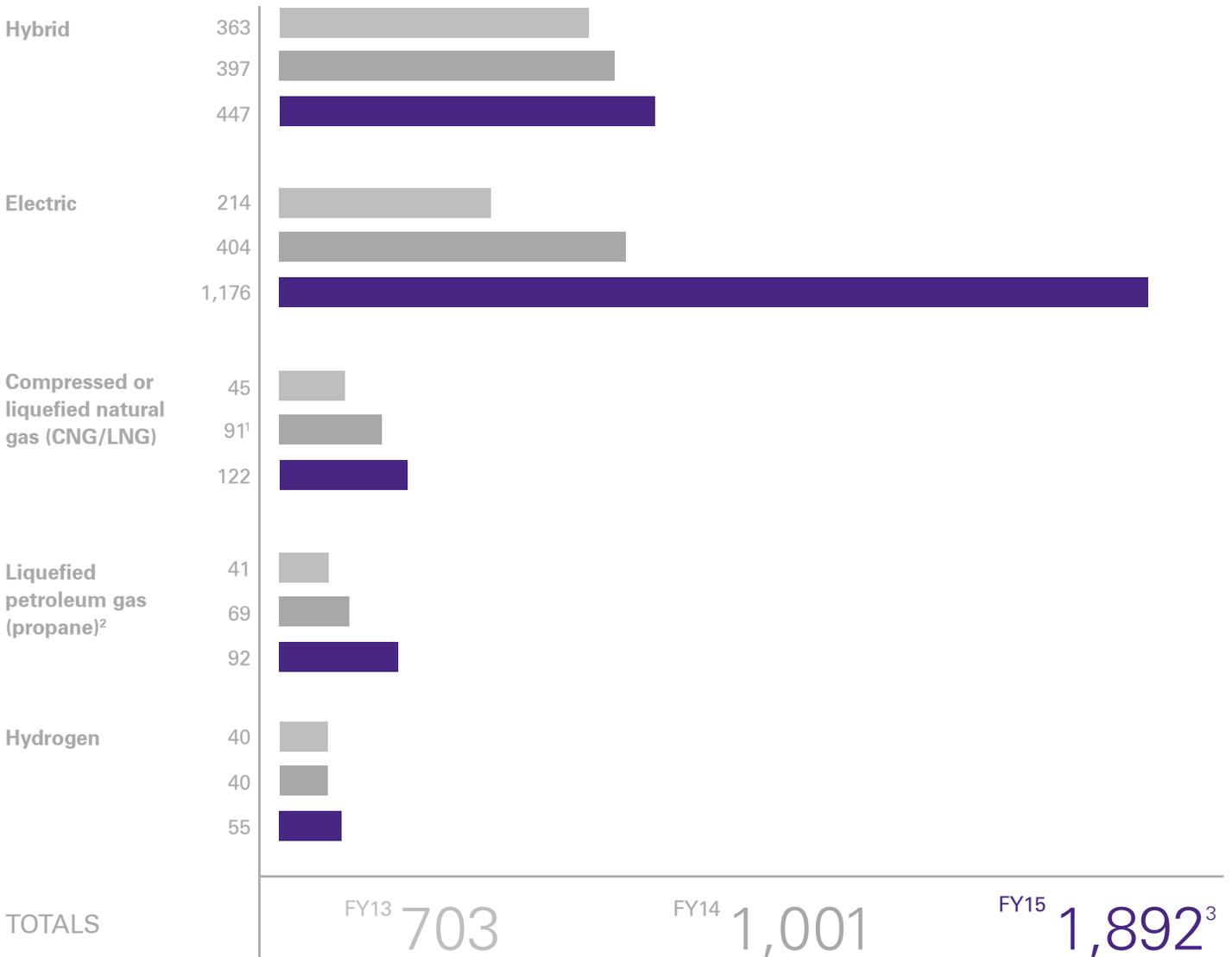
We also expanded our fleet of alternative-fuel vehicles to almost 1,900 in FY15. We believe the wider adoption of alternative-fuel and advanced technology vehicles will play a critical

part in reducing global GHG emissions. That's why we have invested in testing emerging technologies such as cargo tow tractors powered by **hydrogen fuel-cells** and have added 50 more hybrid vehicles to the fleet in FY15. It is important to note that in order to be able to purchase these types of alternative-fuel vehicles, they need to be commercially available.



Global Alternative Fuel Vehicle Fleet

VEHICLE TYPE



(1) Restated from FY14 Global Citizenship Report.
 (2) Total does not include propane-powered forklifts.
 (3) Includes off-road electric vehicles in service but not reported in prior years.



Goal

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

Progress

- In the U.S., 10 FedEx Express sites are LEED certified, totaling 1.95 million square feet. Certification is underway at sites in Salt Lake City, Utah, and Memphis, Tennessee.
- The FedEx India headquarters facility in Mumbai received LEED GOLD certification in 2015. The building is home to more than 800 FedEx team members working in Customer Service, Sales, Finance and Operations.

Progress at Our Facilities

FedEx has almost 6,000 facilities worldwide, including air and ground hubs, local stations, freight service centers and retail sites. Our operating companies conserve energy across their facilities through efficiency initiatives and engaging team members to adopt energy-saving habits.

FedEx Freight has a GREEN Site program that motivates site managers and team members to conserve energy, reduce waste and make other environmental improvements. By the end of FY15, 227 sites were designated GREEN Sites — up from 192 the previous year.

FedEx Ground is pursuing an internal Sustainability 2020 vision that covers energy efficiency, renewable energy sourcing, waste reduction and more. In FY15, we launched an EarthSmart Champion program to boost participation in sustainability activities, which will pilot in 27 locations across six regions in the U.S. and Canada. Four FedEx Ground sites are LEED certified.

The new headquarters of FedEx Office in Plano, Texas, also achieved a LEED core certification. The site includes electric vehicle charging stations, composting facilities and floor-to-ceiling windows providing natural light.

Energy conservation

To conserve energy in older buildings, we focus on retrofitting inefficient lighting and HVAC systems. In FY15, 244 facilities received lighting upgrades, making a total of 1,031 facilities since the program began in 2007. The new lighting systems saved more than 203 million kWh of electricity over the year, and avoided more than 140,000 metric tons of CO₂e emissions.

Clean and renewable energy

By using on-site renewable energy technologies like solar power and fuel cells, we reduce our GHG emissions and operating expenses, while demonstrating leadership in our industry. Notably, the Solar Energy Industries Association ranked FedEx 12th for capacity and 18th for number of sites in this year's "Solar Means Business" report.

We had success generating electricity with solid oxide fuel cells in Rialto and Oakland, California, and we are implementing a fuel cell energy generation system at our FedEx Express hub in Newark, New Jersey.

To help accelerate renewable energy procurement, we joined the Rocky Mountain Institute Business Renewables Center in FY15.

Goal

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

Progress

Five new solar energy systems came online in FY15, bringing the companywide total to 15 and increasing our on-site energy generation capacity by more than 5.5 MW. Collectively, these 15 sites avoided 4,613 metric tons of CO₂e emissions during the year.



How many solar panels does it take to avoid 5 million pounds of greenhouse gases a year?

Our largest solar installation began operating at the FedEx Ground hub in Hagerstown, Maryland, in April 2015. With more than 8,000 solar panels, it will produce enough power to avoid more than 2,268 metric tons (5 million pounds) of CO₂e from fossil fuel electricity generation. The panels are expected to replace 40–50 percent of the facility's total energy use — equivalent to the electricity used by more than 200 homes in a year.

Solar Energy Generation

Number of solar facilities



Solar electricity generated on-site (KWh)



Emissions saved by solar sites (metric tons CO₂e)



FY13

FY14

FY15

Using Materials: Taking a Smarter, Greener Route

The least sustainable package is one that is delivered damaged and has to be returned and/or replaced. So our approach is to be resourceful in finding ways we can conserve materials while still delivering packages in perfect condition. Our main use of materials is cardboard packaging for our customers' parcels and freight. We aim to right-size

packaging by reducing unnecessary empty space. We also work with suppliers to include recycled content in packaging and to reuse materials such as wooden pallets and air pillows as many times as possible.

Other materials we use in significant volumes include paper stock, office

supplies and vehicle parts for our fleet. We look for ways to avoid using virgin materials, for example by sourcing remanufactured office products like furniture and printer cartridges and using retreaded tires. In FY15, 41 percent of our operational materials, other than paper and packaging, included recycled content.

Materials Consumption (metric tons)

	FY13	FY14	FY15	FY15 % of Recycled Content of Materials Used
Paper	26,999	25,143	24,577	13%
Packaging	43,628	49,952	54,342	49%
Other operational materials	N/R	16,427	28,929	41%
TOTAL MATERIALS CONSUMPTION	70,627	91,522	107,848	39%

We collaborate with our suppliers to increase their focus on sustainability, and our efforts are led by our Supplier Relationship Management team, which has a full-time team member dedicated to improving supply chain sustainability. For more information about our supplier

purchasing policies, please see the [Economy section](#).

Our sustainability work with suppliers can be the catalyst for innovations that have a wider benefit. For example, our search for [less toxic aircraft deicing fluid](#)

that also maintains the performance required for our aircraft operations led to the development of a product now used not only by FedEx, but also by other airlines at multiple airports.

Paper use

FedEx Office understands the world's forests play a critical role in supporting biodiversity, maintaining water quality, moderating the planet's climate and sustaining diverse economic, social and indigenous cultural traditions. Customer documents at FedEx Office make up most of our paper use. Our outlets stock clearly labeled sustainably sourced paper options, which we encourage customers to choose. The FedEx Office procurement policy for forest-based products requires vendors to apply responsible forest management practices and standards for recycled content. We conduct assessments and audits of supplier operations against these standards.

FY15 by
the numbers

Sustainable
paper at
FedEx Office

83% FOREST STEWARDSHIP
COUNCIL CERTIFIED

13% OTHER THIRD-
PARTY CERTIFIED

4% NONCERTIFIED

A close-up photograph of a person's hands using a blue and yellow hand tool to seal a cardboard box. The person's face is partially visible in the background, looking down at the task. The background is a soft, out-of-focus light blue.

Packaging

Cardboard accounts for about 80 percent of FedEx packaging worldwide. Most of this cardboard, which includes about 55 percent recycled content, is FedEx branded packaging provided to customers for shipping. We also use bubble wrap, plastic air pillows, chipboard, Tyvek envelopes and tape to safely transport documents, packages and freight. We look for creative ways to avoid using virgin materials without compromising cargo safety — for example, by shredding used cardboard boxes to use as packing material instead of polystyrene or plastic air pillows.

To ensure we provide our customers with accurate information, we now require quarterly updates from packaging

suppliers that include details on recycled and third-party certified content.

Our work in improving the transparency of our packaging reporting won an Outstanding Case Study Award at the Sustainable Purchasing Leadership Council Summit in 2015.

We also encourage customers to use the most efficient packaging option. Our **dimensional weight pricing** takes into account package size, as well as weight. It discourages over-sized packaging, saving raw materials and reducing environmental impact.

Avoiding landfill

FedEx recycles almost 70 percent of the reported solid waste from its North American operations. Our main waste streams include scrap metal, wooden pallets, plastic, cardboard and paper, as well as aluminum cans, plastic and glass bottles used by team members.

Some reuse programs require making creative connections — a prime example being our [uniform recycling program](#) in Brazil.

In other cases, changing our relationship with suppliers and haulers makes the difference. For example, FedEx Office recently negotiated contract changes that will require machine vendors to take back equipment at end of life to reuse or recycle.

FedEx Office also operates an EarthSmart designated paper recycling program internally and for customers at retail locations in North America that collected 6.5 million pounds of paper in FY15. Team member engagement plays a major role in the success of our recycling programs.

FedEx Freight implemented a document-shred initiative in FY15 that significantly boosted paper recycling rates from nearly 600,000 pounds to more than 1.1 million pounds of paper.



Waste and Recycling¹ (metric tons)

	FY13	FY14	FY15
Total reported waste	163,291	204,235	218,614
Total reported waste sent to recyclers	108,297	140,920	152,995
% sent to recyclers	66%	69%	70%

(1) Refers to data collected in North America.

FY15 Waste and Recycling Streams¹ (metric tons)

Waste type	Total waste	Sent to recyclers	% sent to recyclers
Solid waste	207,417	143,637	69%
Regulated non-hazardous waste	9,290	7,652	82%
Hazardous waste	821	619	75%
Universal waste ²	70	70	100%
Electronic waste	1,017	1,017	100%

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

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

Water

FedEx is not a major water consumer. Bathrooms, kitchens and outdoor sprinklers account for most of the water used by our facilities. Nevertheless, we install water-conservation technologies

in water-stressed regions. The majority of FedEx airplanes and some trucks are cleaned with a "dry wash" process that uses soapy liquid containing little water. Most of this maintenance is carried

out by third-party vendors using their own water supply and is therefore not recorded by FedEx.

Community Connections

Environment

Sustaining People and Places

Sustainability at FedEx goes beyond our own operations and supply chain. It's also behind our connections with communities around the world. We engage our team members and nonprofit collaborators locally and globally to build more sustainable, resilient communities.

Community Connections

Environment

Connecting sustainable transportation across three continents

FedEx is a proud supporter of EMBARQ, an initiative of the World Resources Institute that provides practical, sustainable and scalable transportation solutions to cities in the developing world. In addition to financial assistance, FedEx provides EMBARQ with technical and logistical support. Through the Mobility and Accessibility Program (MAP), **we help EMBARQ** deliver sustainable transportation best practices, including improved public transit systems and driver training, to congested and polluted cities including Mexico City, São Paulo, Bangalore and Beijing.

In FY15, we expanded our collaboration from Mexico, India and Brazil to China. A new MAP capacity-building initiative will help Chinese transportation authorities to lower carbon emissions and develop more sustainable transportation systems across the country.



EMBARQ impacts since 2010:

Annual number of people benefited:

2,022,042

CO₂e emissions avoided:

**40,000
metric tons**



Community Connections

Environment

Acting EarthSmart

Through EarthSmart Outreach, we encourage team members across the United States to lend their time and talents to local environmental volunteer projects. Our volunteers work with community nonprofits on projects that restore natural habitats, including removing invasive plant species, planting trees and restoring degraded landscapes.

The National Fish and Wildlife Foundation (NFWF), which works to protect and restore plants, fish, wildlife and habitats, is a key EarthSmart Outreach collaborator. Since 2010, FedEx has provided more than \$2.5 million to support 94 NFWF projects nationwide, leveraging an additional \$2 million in funding from other federal and nonfederal organizations and more than \$15 million in grantee match for a total conservation impact of more than \$19.5 million.

Since 2012, FedEx has also supported the Arbor Day Foundation's Community Tree Recovery program. In FY15, we provided \$350,000 to communities affected by natural disasters across 10 U.S. states to help restore forests and also used team member volunteers and our logistics network to support the distribution and planting program. For example, in Colorado, we provided funding for trees, donated shipping from the nursery to the distribution center and utilized volunteer support to distribute trees to homeowners.



EarthSmart Outreach impacts since FY09:

94
projects

2,260
volunteers

111,409
trees planted

2,435
acres of habitat
restored

Community Connections

Environment

Reusing FedEx resources to support communities

Our team members go through a lot of uniforms over the years. In Brazil, FedEx Express team members asked the question, "What if we could turn worn-out uniforms into something that would benefit communities in need?" And they came up with an answer.

They collected 2,676 used clothing items from 17 FedEx locations in Brazil, totaling more than 1,800 pounds of fabric. Local companies specializing in reverse logistics for work uniforms, Retalhar and Amigas Arteiras, then transformed the uniform fabric into 825 low-cost blankets. These in turn were donated to Rede Rua (The Street Network) and Amigos do Bem (Friends of Good) — community organizations that support the homeless and impoverished communities in São Paulo and the northeast interior.

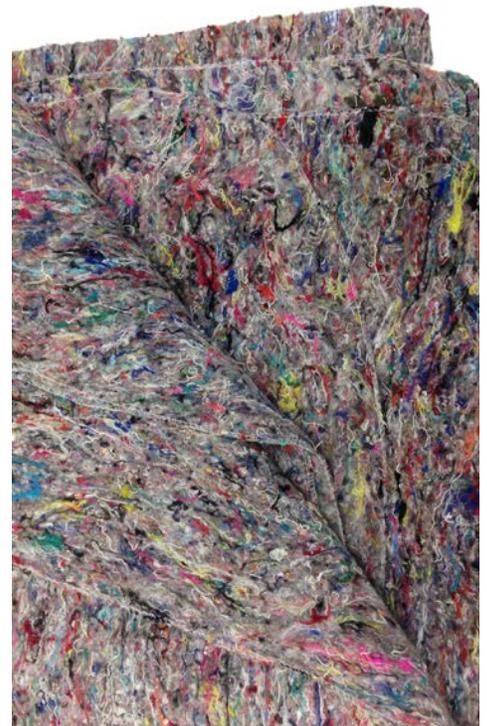
Our team members personally delivered blankets to a homeless shelter in the Santo Amaro region in São Paulo.

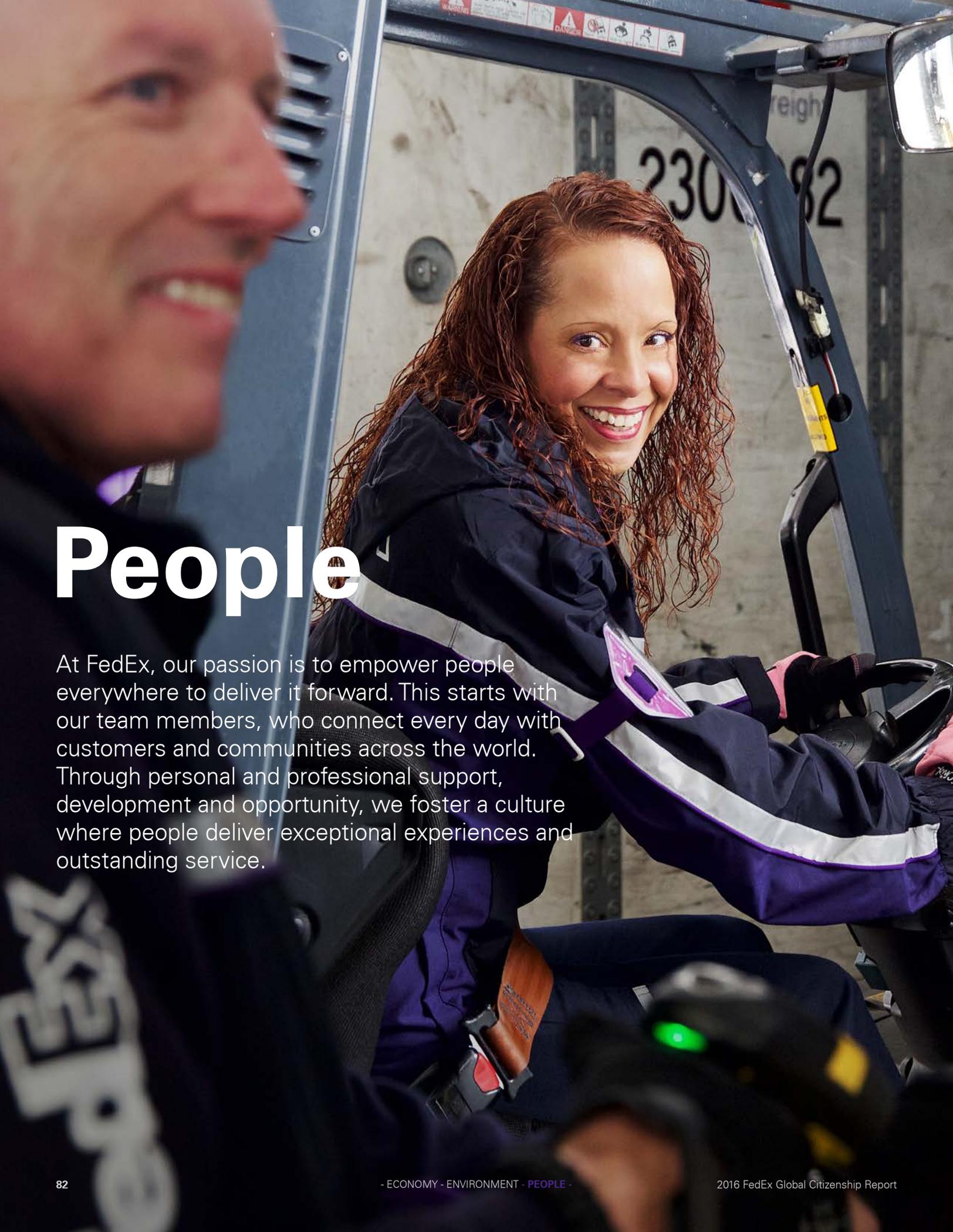
The recycling initiative also brought the added benefit of keeping the uniforms from landfill or incineration, preventing the release of an estimated 1.24 metric tons of greenhouse gases.

// It was an incredible experience, When you deliver a blanket to someone in need and get an enthusiastic 'thank you' accompanied by a big smile, it changes the way you see life.

Guilherme Cardoso

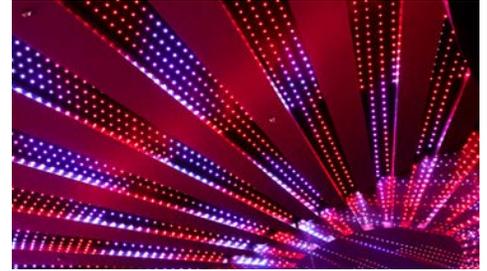
Associate Marketing Specialist, FedEx Express Brazil





People

At FedEx, our passion is to empower people everywhere to deliver it forward. This starts with our team members, who connect every day with customers and communities across the world. Through personal and professional support, development and opportunity, we foster a culture where people deliver exceptional experiences and outstanding service.



What does a Las Vegas truck driver have in common with a school kid in Shanghai?



The bright lights of Las Vegas, Nevada, don't distract FedEx Freight City Driver Rebecca Parker. With an eight-year safe driving record at FedEx Freight, she is focused on the road — and a job she loves.



I saw a trucking school ad, took an intensive course and had my license within two weeks. I applied to FedEx and couldn't have asked for a better job.

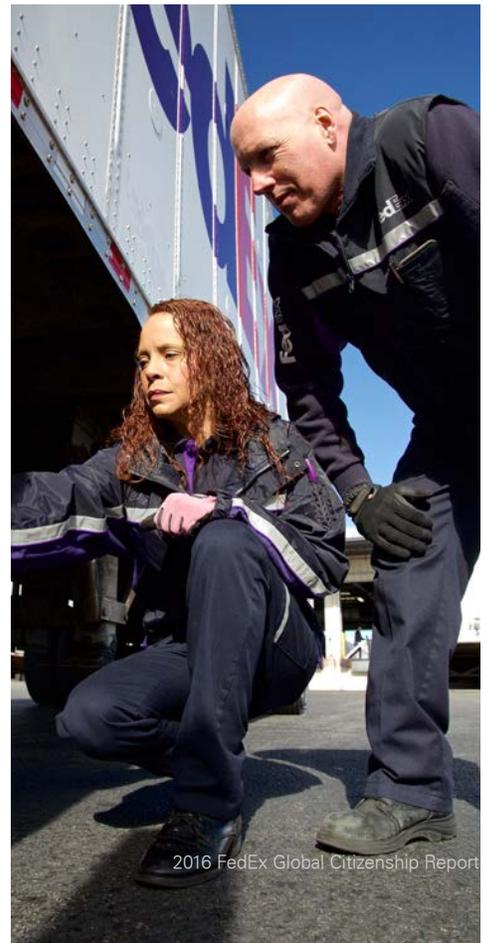
Rebecca Parker
FedEx Freight City Driver



"Ten years ago, I saw a trucking school ad, took an intensive course and had my license within two weeks. I applied to FedEx and couldn't have asked for a better job. It's perfect for a single mom. I have full benefits, can support my kids and I'm home at night and on holidays. I'm always telling other moms that FedEx has a free truck driving training program!"

"I also use my FedEx Freight trailer to help local nonprofits deliver everything from back-to-school supplies to food for the homeless when our location participates in these drives. I love that the company gives us the tools to make a real impact in our communities."

"The one thing I believe in wholeheartedly is safety. As a certified Road Test Observer and Road Test Coach, I train new team members to observe FedEx driver safety guidelines and learn safe habits. I love that FedEx puts safety first above all for its drivers, its communities and through the programs that it supports."



Shane O'Connor, Program Advisor for Road and Pedestrian Safety at FedEx, helps lead our global philanthropic giving programs. Keeping team members and communities safe is personal as well as professional.



When I was eight ... a stranger pulled me back onto the curb — just as a vehicle drove past and would have hit me. It's wonderful to pay that forward... at FedEx through our safety programs for kids.

Shane O'Connor

Program Advisor for Road and Pedestrian Safety at FedEx



2016 FedEx Global Citizenship Report

"When I was eight, there was an incident I'll never forget. A stranger pulled me back onto the curb — just as a vehicle drove past that would have hit me. It's wonderful to be able to pay that forward some 50 years later at FedEx through our safety programs for kids.

"Safety is paramount to our operations. We have more than 100,000 vehicles on the world's roads. In addition to rigorous internal controls, we encourage participation in safety competitions like the National Truck Driving Championships. Our winners literally have celebrity status.

"Externally, we make a big difference through nonprofit collaborations. Working with EMBARQ in Mexico City, they adapted our driver safety manual — like the one used by Rebecca Parker — to train local Bus Rapid Transit (BRT) drivers. The implementation of BRT resulted in a dramatic 30 percent decrease in accidents on these routes.

"Through Safe Kids Worldwide, another long-standing nonprofit relationship, we have reached 13 million children in 10 countries. One of my proudest achievements was supporting Safe Kids China in achieving the country's first school zone regulations. To impact kids' safety for a whole society is just incredible."



Monica Cui, Director of Safe Kids China, has spent a decade-plus campaigning tirelessly for safer streets — with help from FedEx.

“Sadly, for children ages 14 and under, the leading cause of death in China is road related. As an NGO, we cannot enact national changes. We have to get data, do surveys, educate the public and introduce ideas to decision makers. FedEx helped us conduct a survey that provided evidence of child safety risks in school zones. With this, we worked with the national government to enact legislation that set speed limits and safety signage around schools for the first time.

“We also work with FedEx in communities. Through our Walkability Assessments, we train local parents, students and FedEx volunteers to walk around schools and assess safety infrastructure. This then empowers school officials to better advocate for improved local laws and safety infrastructure.

“Educating parents and children is also important. This year, we created a [safety video](#) — shared widely across China — adapted from a “moment of silence” [video](#) sponsored by FedEx. We also gave disposable cameras to school children to document unsafe behaviors, creating educational displays that raise awareness in schools and public areas.”



“FedEx helped us conduct a survey that provided evidence of child safety risks in school zones. With this, we worked with the national government to enact legislation that set speed limits and safety signage around schools.

Monica Cui
Director, Safe Kids China

Li Song Lin, 12, feels safe and confident walking to his Shanghai school, thanks to road safety tips taught to his class and 364,000 other Chinese students by Safe Kids China and FedEx volunteers.



FedEx volunteers have us practice safety to do it right. They teach us with game tools, even use a real van... We like to call them big brothers and big sisters.

Li Song Lin

Student and beneficiary of Safe Kids China programs



"Safe Kids has been part of my schooling since grade three when our Safe Kids teacher and FedEx volunteers taught us how to use STOP, LOOK AND CROSS. In grade four, they taught us about more difficult crossings. For example, we always look for "the zebra" or traffic light, but when these are not available, we make sure we can see the entire road before crossing. I use these tips each day.

"My favorite memory from the program was when the coach of China's national badminton team, Li Yongbo, and famous badminton players, came to our school. It was like dreaming. Our heroes were teaching us about safe walking!

"FedEx volunteers have us practice safety to do it right. They teach us with game tools, even use a real van to show us about vehicle lights. They are very kind, we like to call them big brothers and big sisters."



Connecting and Sustaining People

Connecting the world responsibly and resourcefully begins and ends with people. At FedEx, we have the privilege of connecting with millions of people every day. In our interactions with customers and communities, we work to deliver exceptional service and unforgettable experiences. Within FedEx, we foster a safe, diverse, supportive and inclusive environment for all. This means providing team members worldwide with opportunities to excel, competitive benefits and a culture that supports long-term development and well-being.

The Purple Promise

In joining FedEx, every team member commits to our Purple Promise — to make every FedEx experience outstanding. The Purple Promise is not just words; it's a far-reaching commitment that spans every aspect of our business.

Every year, we hold the Purple Promise Awards for team members who go above and beyond for the people they serve. In FY15, we presented 91 Purple Promise Awards and 18 Purple Promise Chairman's Awards for stand-out team members. Each of these individuals brings exceptional service to customers and has an inspiring story to tell.



Code of business conduct and ethics

Delivering on the Purple Promise requires constant professionalism from team members. Our global Code of Business Conduct and Ethics sets a high standard for behavioral conduct in areas that include workplace health, safety and environment, human rights, harassment and discrimination, conflicts of interest and gifts and entertainment. Every team member is familiarized with the Code during onboarding and encouraged to report all suspected violations using our 24-hour FedEx Alert Line service or by contacting management, Legal or Human Resources. **The Code** is publicly available on our website.



Retaining our best and brightest

Many of our team members are with us for the long haul. Some stay for their entire careers.

We work hard to earn their loyalty and in FY15 succeeded in retaining 80% of our full-time U.S. team members.

In this time period, a total of 107,440 team members left the company, or 33 percent of our global FY15 team member headcount. During the peak holiday season, we hire additional, temporary personnel, which impacts our turnover rates. Additionally, in FY15, we hired approximately 50,000 seasonal workers, globally. This, along with other factors, causes our retention rate to fluctuate during the year.





Our Commitment to Safety

**David J. Bronczek, President and CEO
FedEx Express**

Our commitment to safety at FedEx Express goes hand in hand with our commitment to Quality Driven Management. 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.

FedEx Express operates the world's premier intercontinental air express network and the largest dedicated all-cargo air fleet. From our rigorous operational safety audits to our comprehensive Aviation Safety Action Program, we have long been an industry leader in safe and secure flight operations. We added Enhanced Flight Vision Systems (EFVS) to hundreds of our aircraft, which greatly improve pilots' ability to land in low visibility conditions and at night. Fire suppression systems developed and engineered by FedEx are installed on our Boeing 777F and MD-11 aircraft to reduce the risk of onboard fire while in flight.

// Our Safety Above All culture is delivering results.

We are taking safety to the next level in 2016. In close collaboration with the Federal Aviation Administration (FAA), and other global regulatory agencies, we are improving and expanding our Safety Management System — or SMS — the formal process to manage risk in our airline operation. The aim of SMS is to prevent accidents, errors and failures before they occur. This requires careful recording and monitoring of potentially adverse conditions. SMS establishes organizational accountability for safety starting at the top. My role as CEO is to ensure that reported concerns are fully documented and assigned to a team leader for follow-up.

Our total quality approach to safety extends to our global vehicle fleet. With more than 54,000 courier vans, container transport and ground service vehicles on the move around the world, FedEx Express logs more than 1.1 billion miles annually in service to our customers.

FedEx Express fleet safety starts with applied technology in the form of speed control limiters on our transport vehicles, along with advanced collision mitigation systems which warn drivers and even apply the brakes if necessary to slow the vehicle. Enhanced stability and traction control systems and lane departure

warning technology help keep FedEx Express vehicles on the right path, as do our in-cab data and voice communication capabilities. On the human side, our nearly 40,000 U.S. package delivery couriers are oriented regularly in safe, slow-speed maneuvering when approaching and departing a customer's location.

Finally, we continue to strengthen controls over the movement of hazardous materials in our global network. Our Safety Governance Board conducts regular outreach and customer education regarding proper handling of dangerous goods. FedEx customers are the beneficiaries of tools, technology and materials to help reduce human error and mitigate risk in areas such as transportation of lithium batteries.

Quality Driven Management is the way we deliver superior performance and an outstanding customer experience. We use the same language, tools and metrics at FedEx Express to manage safety throughout our worldwide operation every day. Our Safety Above All culture is delivering results.

Keeping People Safe

Each day, hundreds of thousands of FedEx team members are on the move, making connections that support people and commerce in every corner of the globe. From our offices and hubs to roads and airways, it is our top priority to ensure the safety of the people and communities we serve.

We incorporate safety principles into all aspects of our international network of people, facilities and technology. Our Safety Above All philosophy, backed by strict policies, robust team member education and cutting edge equipment and technology, is designed to prevent accidents. We do whatever it takes to protect our team members and the public.

One accident is too many, and we remain committed to employing new measures, educational programs and procedures in order to get them down to zero.



Safety Above All FY15 initiatives

Each FedEx operating company implements initiatives that meet the unique safety needs of its business as well as adhering to companywide standards.



In addition to the initiatives outlined in the [Our Commitment to Safety](#) statement FedEx Express has also implemented the following initiatives:

- Installing life-saving Automated External Defibrillators (AED) through the entire trunk aircraft fleet, which includes more than 300 aircraft.
- Hosted "Accident Prevention Week" across all 50 stations in Brazil. The event raised awareness about safety best practices through team meetings and educational poster distribution.
- Redesigned team member safety courses to accommodate the differences in learning styles between baby boomers and younger generations joining the workforce. For example, new-hire couriers were trained using iPads, enabling mobility during the training and catering to their technologically savvy learning style.



- Introduced 39 Road Driver Advisors across the U.S. These specialists support service center managers and drivers by facilitating safety education, coordination and analysis.
- Received awards in 18 U.S. states for outstanding safety performance.



- Installed additional video event data recorders to capture accident information at 33 hubs, resulting in a 65 percent annual decrease in yard accidents across these sites.

Collaborators in safety

We work with a number of external collaborators to ensure our continued commitment and compliance with industry safety standards.

Commercial Vehicle Safety Alliance

American Trucking Associations (ATA)

American Society of Safety Engineers (ASSE)

Federal Motor Carrier Safety Administration

Safety performance

Measuring and reporting on our global safety record enables us to identify challenges and improve our performance. We use two key reporting metrics, Lost Time Injury Rate (LTIR) and Preventable Recordable Vehicle Accident Rate (per 1 million miles driven). LTIR covers nonfatal injuries or work-related illnesses that cause a team member to lose work time. The Preventable Recordable Vehicle Accident Rate measures accidents that resulted in preventable fatalities or injuries.

In FY15, our LTIR improved by 4 percent. Our Preventable Recordable Vehicle Accident Rate improved by almost 6 percent (see table below).

Through our companywide Safety Above All 2 initiative, we continue to focus on the critical educational and management aspects of reducing lost-time injuries. Safety Above All 2 places particular emphasis on educating new hires, developing facility safety action plans and delivering safety education for team members at all levels.

Global Safety Data

	FY13	FY14	FY15
Lost Time Injury Rates, Per 200,000 Hours Worked ¹	3.85	3.98	3.83
Preventable Recordable Vehicle Accident Rates, Per 1 Million Miles Driven	0.302	0.311	0.293

(1) Global LTIR data is based on definitions from the United States Occupational Safety and Health Administration (OSHA). FY13 and FY14 LTIR revised from last year's reported rates due to updated injury data for APAC region.

Preventing workplace violence

Workplace violence is never tolerated, and preventing incidents is a top safety priority and a continuous effort at FedEx, supported by prevention programs and rapid response procedures across our company.

Every FedEx team member receives annual training designed to prevent violent incidents at our hubs and other facilities. We encourage team members to report both potential for violence and actual incidents using our 24-

hour FedEx Alert Line service, or by contacting management, Legal or Human Resources. All such reports are promptly investigated by our Workplace Violence Response Team.



Expanding Team Member Horizons

People want to learn and grow. By giving them the chance to do so, we support our company's growth and success, and encourage talented team members to stay with us for the long haul. By providing opportunities to excel and listening to feedback, as well as investing in health, we strive to empower our team members at every level.

Providing opportunity

We know that team member development and hiring from within make for a better business. In FY15, team members companywide benefited from an average of 16.57 hours of formal training per person, with access to a variety of other programs for further learning. Our investments included the following opportunities:

Accessible training: We expanded our premier online team member training platform, the FedEx Learning Center, which allows team members to easily search through an extensive course catalog, self-enroll in educational courses, track progress and review their learning history. The Learning Center offers a total of more than 16,000 courses in topics ranging from Quality Driven Management Tools to Presentation Skills. In FY15, we made these courses available to more than 302,000 team members, up from 275,000 in FY14.

Tuition assistance: Each year, we provide tuition assistance for higher education to support the professional growth of our full-time and part-time team members. Programs vary by operating company with stipends ranging from \$1,500 to \$5,000 per person per year depending on the position they hold with the company. In FY15, we helped 3,226 team members elevate their learning through this benefit.

Promotion opportunities: To maximize hiring from within, we often post positions internally first and deploy our Executive Development Teams to prepare team members for career progression. Our goal is to conduct performance reviews for all U.S. full-time salaried employees.

Leadership programs: Recognizing and developing promising leaders is essential to the future of our business. We offer three management training resources — EXCEED, EXCEL DRIVE and LINK — geared toward officers, directors and managers, that help leaders across the company learn key competencies.

Connecting with team members

Listening to our team members is essential to understanding their needs and creating a safe workplace. Through annual surveys, we encourage honest feedback on compensation, benefits and professional relationships in each operating company. In FY15, we surveyed a total of 228,609 U.S. team members, resulting in an engagement rate of approximately 89 percent. Team members around the world also connect with each other and with FedEx leaders through the Purple Hub, an internal online platform and communication network.

FedEx
Custom Critical

Team members use skills to deliver it forward

Global Leadership Corps

Outstanding leadership transcends geographical boundaries. In FY15, we proudly continued our Global Leadership Corp (GLC) program, which provides small groups of team members with the opportunity to work abroad alongside local NGOs and social enterprises for one month.

Team members share their professional expertise with a business or nonprofit in an emerging market, solving unique challenges, developing leadership skills and bringing FedEx values to life. In FY15, we placed 23 team members with five organizations in two cities in India.



Jaipur, India: A six-person GLC team worked with the Jaipur Rugs Foundation (JRF), which empowers weavers in local villages through employment and educational opportunities. To date, JRF has helped more than 40,000 weavers, mostly women living in remote villages, to generate income. While at JRF's headquarters, our team helped the nonprofit foundation to improve its global e-commerce enterprise, including warehouse fulfillment and logistic solutions to support U.S. sales growth.



Chennai, India: The Institute for Transport and Development Policy in Chennai works with India's crowded and congested cities on transportation solutions that cut greenhouse gas emissions, reduce poverty and improve the quality of urban life. The GLC team of three helped the Institute develop its road safety program, No Lives Wasted, and improve methods for gathering accident-related statistics.



What I was able to learn in one month will forever change my opinions and will prove invaluable to not only myself, but my team members and FedEx as a whole.

Jacob Traas

Manager, GIS Program Management
FedEx Ground

Enhancing Quality of Life

As a people-centered business, the success of our company is directly linked to the well-being and resilience of our team members. Knowing this, we provide wide-ranging benefits across all operating companies to support our team members' long-term health, work-life balance and financial security.



Health and well-being

Investing in the health and well-being of our employees helps them to perform their best at work. We continue to offer health programs and competitive health benefits for eligible full-time and part-time employees. We cover most healthcare costs for our U.S. employees, including medical, dental and vision coverage.

This year, we opened two new health centers in our hometown of Memphis and continued targeted health initiatives through our Healthways Well-Being Program. These include Well-Being Coaching, Innergy Healthier Weight Program and the QuitNet Tobacco Cessation Program, which provide team members with one-on-one coaching and practical tools to make smart choices about their health.

Work-life balance

Delivering on our Purple Promise requires our team members' best performance day in and day out. That is why we place high importance on emotional and mental well-being and do all that we can to ensure a healthy work-life balance through our FedEx Work-Life Balance Program. Team members can access online resources or connect live with a specialist that helps them manage difficult topics such as adoption assistance, childcare and parenting.



Future planning

We offer pension and 401(k) retirement plans to eligible team members in the United States. Together, 87 percent of our U.S.-based employees participate in these plans. In FY15, we continued to encourage participation through targeted campaigns and education programs.



Connecting through Diversity

Female pilots and truck drivers. Managers who are veterans. Minority leaders. At FedEx, we place tremendous importance on growing the diversity of our workforce. As a global company, we see exceptional business and community value in the diversity of perspectives and experiences that our team members bring to work every day.

It takes commitment and organization to attract and retain a diverse workforce that reflects our increasingly global and varied customer base. To ensure we maintain progress, the FedEx Enterprise Diversity and Inclusion Alliance team meets quarterly to oversee companywide initiatives. Each operating company also has a Diversity and Inclusion Team to implement diversity-focused recruitment and retention policies, multicultural programs and workplace inclusion initiatives. Collaborations are critical to these efforts and include minority and women-focused employment organizations, universities, veterans' organizations and community groups.



We are ever mindful that diversity in business is about recognizing and nurturing talent in all ethnicities and backgrounds. It means creating the best opportunities for talented people to succeed and giving back to our communities so that others will have a chance to fulfill their dreams.

Shannon Brown

Senior VP and Chief HR/Diversity Officer, FedEx Express

Awareness training

Achieving our standard for a diverse and inclusive workplace requires all our team members to be on board. Given the many countries and cultures we operate in, communications are key. Employees can access educational diversity material online, and many new hires and management personnel at FedEx receive diversity and inclusion awareness training.



Our diversity and inclusion mission statement

Our diverse workforce, supplier base and culture enable FedEx to better serve our customers and compete more effectively in the global marketplace. We value the diverse life experiences and perspectives of all team members.

Our commitment to diversity is further enriched by an inclusive culture that leverages those unique experiences and perspectives to drive team member engagement, innovation and business growth.

FY15 U.S.

Workforce Diversity

52% Caucasian

28% Black/African American

14% Hispanic/Latin

3% Asian

2% Other

1% American Indian/Alaskan Native

Awards and recognition

Our diverse workforce is a point of pride and has won widespread recognition. This year, we received the following awards and acknowledgements for our commitment to diversity:

Hispanic Business Magazine's "Best Companies for Diversity Practices"

Diverse MBA Magazine's "Top 50 Companies for Diverse Managers"

Black Enterprise Magazine's "40 Best Companies for Diversity"

National Council of LaRaza's "Corporate Champions Award"

Dress for Success International "Something to Share Award"

Washburne Award for Innovation in Diversity 2014 (France)

Honoring and supporting veterans

The Veterans Representative Initiative, led by FedEx Ground, connects veterans — at FedEx and in the greater community — with the people and resources they need in order to thrive.

The initiative aims to:

- Provide one-on-one support and communication with a local FedEx Veterans Representative
- Assist veterans in their private sector job searches, ideally within a FedEx operating company
- Work with local organizations to address issues that disproportionately affect veterans, such as homelessness
- Recognize and celebrate military service through companywide events and communications.



FedEx has given me the opportunity to lead and find ways of making sure our veterans feel comfortable and understood. The Veterans Representative Initiative allows me — and my fellow veterans — to do the right thing by serving my country.

Danny Murdock
Senior Manager, SCAL District

Women in the workplace

FedEx is committed to the development of all leaders, both male and female. As a company in a historically male-dominated industry, we strive to advance women's career development wherever we can. This support includes promoting qualified women into managerial and leadership roles, providing ample networking and mentoring opportunities and offering programs that support women's professional advancement. This year, we continued to enhance leadership opportunities for women across operating companies. In total, there were 4,929 women in managerial roles across FedEx in FY15 — 22 percent of all managers globally and an 8 percent increase from FY14.

FedEx Ground continued to roll out its three-step program to create a sustainable pipeline of female leadership. This included a Women's Leadership Symposium, led by FedEx Ground University and Human Resources, a three-day Women in Leadership Institute and our signature program Education and Development through Group Experiences (EDGE). EDGE groups meet monthly and aim to build meaningful connections and leadership development through dialogue, coaching and in-person events.



Two generations, one FedEx

Becky Atkeison, Director of Enterprise HR Initiatives and Services at FedEx Services, is a FedEx team member of 10 years. Michelle Quina, HR Analyst, is a recent graduate of Rhodes College, and joined FedEx in 2014. Despite the years of experience between Becky and Michelle, their views on working at FedEx are strikingly similar. Here's what they said when we sat down with them at our Memphis headquarters:

Based on your experience, how would you describe the way FedEx is thinking about the future of talent?

Becky Atkeison (BA):

We're really excited about the future of talent at FedEx. One of the great hallmarks of this company is developing team members for long-term careers here. There's a tremendous opportunity to keep up that momentum and embrace new talent for their unique ways of problem-solving.

Michelle Quina (MQ):

As one of the youngest people on our team, I definitely think about certain things differently, but we're a company that embraces and supports that different point of view. As soon as I joined, people took notice of my strengths and worked collaboratively to make sure I was learning while still having the chance to voice my perspective.

You're both at different points in your career. What is it like working alongside people from different generations?

BA: I think working with people of different ages provides a great, fresh perspective on all of our projects. For example, we've really grown from having Michelle on our team. Coming from school, she just has a different way of looking at things, and we benefit tremendously from that. I, on the other hand, wasn't a millennial coming into FedEx, but my previous experience allows me to bring more than ten years of experience to the table.

MQ: When I started, I was one of two people in their 20's on our team. For most of my team members, I'm the same age as their kids! It was definitely an adjustment at first, but managers across the department take part in mentoring younger staff, which really builds morale across our team. It's also inspiring to work in a department of women who are older than me, and see how they have developed their careers at FedEx so successfully.

Tell us about how FedEx has supported your professional development.

MQ: Everyone has been so great since I started. The team has really taken the time to make sure I understand everything and learn how to play up my strengths. I've learned so much from all of them.

BA: And Michelle's taken so much initiative! Whenever there's something new to be learned, Michelle has stepped up to the plate.

What advice would you give to someone just starting their career at FedEx?

MQ: Take initiative and don't be afraid to ask questions. The most rewarding thing I've done has been taking chances outside of my comfort zone. There are so many intelligent people here who have done so much and want to see you succeed.

BA: Take advantage of every opportunity. There are so many tools available to help you shine personally and make a difference for the company. If you want to take initiative and make a difference, FedEx is a great place to do that.



FY15 Global Team Member Makeup

Organization	Total	Female	Male
Employees	323,035	88,776	234,259
Management employees	22,270	4,929	17,341
Non-management employees	300,765	83,847	216,918
Other service providers ¹	17,576	N/A	N/A
Full-time employees (U.S. workforce only)	149,000	39,510	109,490
Part-time employees (U.S. workforce only)	106,435	31,713	74,722

(1) Includes businesses contracting with FedEx but not the actual number of personnel employed by those businesses.

Women at FedEx (global data)

	FY13	FY14	FY15
Women in management roles	4,638	4,567	4,929
Total number of female employees	78,731	80,384	88,776

Community Connections

People

Connecting Team Members and Communities

Our team members connect FedEx to communities across the globe. Across our close to 6,000 facilities, many team members volunteer time and expertise for causes they are passionate about. These commitments deepen our connection to communities. This volunteering culture and commitment is important to our company, and we constantly explore creative opportunities to use our business expertise and team member talent to better support our communities.



FedEx
Cares

Community Connections

People

Creating Employment Pathways

As part of our Purple Promise, we are committed to using our global reach to provide essential resources to underserved communities.

Unemployment blights lives, especially those of young people, 24 percent of whom are jobless in the U.S. Through alliances that provide skills training, job-placement assistance and educational programs, we help bring new opportunity to individuals and local economies.

While half of all people from high-income families have a bachelor's degree by age 25, just one in 10 individuals from low-income families do. We believe that addressing entrenched socioeconomic and racial inequalities in education is important for the future success of our communities and businesses.

Here are just a few of the many programs and activities we supported in FY15 to close the achievement gap:

Teach For America: sponsor the Rising Leaders Fellowship program, which empowers students at top colleges to lead educational reform

Hispanic Scholarship Fund (HSF): support college preparation workshops and help fund four-year scholarships

United Negro College Fund (UNCF): connect diverse students with leadership skills and scholarships

American Indian College Fund: support scholarships to aid students attending accredited tribal colleges or universities

Asian Pacific Islander Scholarship Fund: helped establish a four-year scholarship to address high college drop-out rates

100,000 Opportunities Initiative

Around the world, 5.5 million 16–24-year-olds are out of school, not working and facing systemic barriers to jobs and education. FedEx is working with the 100,000 Opportunities Initiative to help tackle this challenge by launching the careers of young Americans. This coalition of companies and community organizations has the collective goal of engaging more than 100,000 youth in apprenticeships, internships and part-time and full-time jobs.

FedEx helped to launch the program as an employer participant and sponsor of the "Opportunity Fair & Forum" in Chicago in August 2015. The day-long event brought community-based organizations and local employers together to provide resources and job opportunities to some 3,000 local youth in attendance.

Community Connections

People

What connects
15,822
team members to
community impacts
in more than
500 cities?

In FY15, FedEx continued our nearly 40-year tradition of working with the United Way to support neighbors in need around the world. For the past 10 years, team members have volunteered for local projects during FedEx Cares Week, our yearly kick-off to the United Way campaign. During FY15, 15,822 team members volunteered 69,065 hours in more than 500 cities.

Community Connections

People

Connecting to our global community through FedEx Cares Week

In Memphis, team members supported 748 homeless individuals at Project Homeless Connect, providing guidance on medical care, legal issues, housing and more.

Team members in Spain organized a nationwide food collection for various food banks and collected 3,740 pounds of nonperishable goods in 14 cities for distribution to people in need.

In Italy, more than 200 team members across more than 15 locations organized activities including food collection, preparing food packs for people in need and cleaning public park areas.

In Brazil, Colombia, Guatemala and Panama, 381 team members donated more than 2,600 volunteer hours to help build transitional houses for families living in slum-like conditions.

More than 124 team members across the UAE, Bahrain and Kuwait contributed more than 680 hours of volunteer work visiting senior citizens and engaging special needs children.

More than 1,100 team members across 25 cities in India contributed more than 3,200 hours producing talent shows at local orphanages, visiting children in hospitals and participating in blood donation drives.

In Japan, more than 200 team members worked with Second Harvest Japan, an NGO that operates a food bank, to distribute food to people in need.

In Malaysia, 96 team members contributed 768 volunteer hours supporting the Food Aid Foundation by delivering meals to 320 families in need.

Community Connections

People

Keeping Roads and People Safe

Traffic-related accidents account for more than one million deaths globally per year and are the leading cause of death for young people. With more than 100,000 team members making deliveries every day, the safety of pedestrians, bicyclists and drivers is paramount. Internally, FedEx invests in driver training and awareness programs to ensure that team members place safety first. Externally, we work closely with organizations dedicated to improving road and pedestrian safety.

Throughout UN Global Road Safety Week in May 2015, FedEx sponsored road safety awareness events in

52
U.S. cities
and 18 countries

Global Alliance of NGOs for Road Safety

In FY15, we launched our first collaboration with the Global Alliance of NGOs for Road Safety, a forum of more than 140 NGOs from more than 90 countries sharing best practices and collectively advocating for road safety. FedEx sponsored their biannual summit in Morocco and led a workshop for 30 Alliance NGOs on collaborations with corporations. This Alliance aims to enhance worldwide collaboration around road safety policies by offering training programs for members, encouraging members to lead projects and campaigns and working with local communities and government to adopt best practices.



Community Connections

People

Safe Kids Worldwide

In FY15, FedEx and Safe Kids Worldwide celebrated 15 years of working together to improve child pedestrian safety around the world. Since the beginning of this relationship, FedEx and Safe Kids have reached more than 13 million children in 10 countries, providing lifesaving safety training, education programs and safety upgrades to school zones. More than 16,000 team members have volunteered with Safe Kids during this time.

FY15 Safe Kids highlights

- Launched our first Africa-based FedEx and Safe Kids program, Childsafe, in Cape Town, South Africa. The program will be implemented in five schools across Cape Town, educating 5,000 students and making continued safety improvements
- Held the first Global Safe Roads Safe Kids Summit in Washington, D.C., attended by U.S. Secretary of Transportation Anthony Foxx
- Organized the Safe Kids International Walk to School Day event in Bangkok, Thailand, with the participation of more than 300 primary and secondary school students, teachers and road safety advocates
- Held the “Safe Kids Lives” event in collaboration with Safe Kids Thailand and road safety agencies in Thailand and promoted safety messages on social media through the use of authentic hashtag, #safie
- Received the Innovation Award from the U.S. Children’s National Medical Center, acknowledging our programs with Safe Kids Worldwide; Dr. Kurt Newman, President and CEO of Children’s National Medical Center recognized FedEx for our service to the community.



FY15 Safe Kids Outcomes

Schools reached	2,893
Students reached	1,298,511
Volunteers	2,080
Safe Kids Walk This Way event participants	1,487,064
Number of countries	9

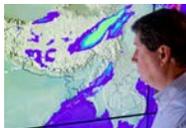


Deliver It Forward

To serve our business, FedEx has developed unparalleled logistics expertise. This makes us uniquely well suited to respond to humanitarian emergencies anywhere in the world. From drivers and pilots to operations teams, we can – and do – mobilize our global workforce to support communities and economies when disaster strikes.



What does a doctor in Nepal have in common with a logistics expert in Memphis?



Dr. Bibek Banksota, an orthopedic surgeon in Kathmandu, Nepal, describes how medical supplies flown in by FedEx helped him and his colleagues serve more than 45,000 earthquake survivors, many with life-threatening injuries.

"I was on a mountain road when the earth began to shake. It looked as if bombs were going off in front of me. I was able to reach Kathmandu, and we worked at the hospital from early in the morning to late at night. We experienced aftershocks, up to 6.5, during surgeries and had to leave the building multiple times. We continued doing amputations in tents in the parking lot.

"I remember operating on a little girl who lost her mother in the earthquake on their way home from a wedding. We treated severe wounds on her legs, and she is doing well now.

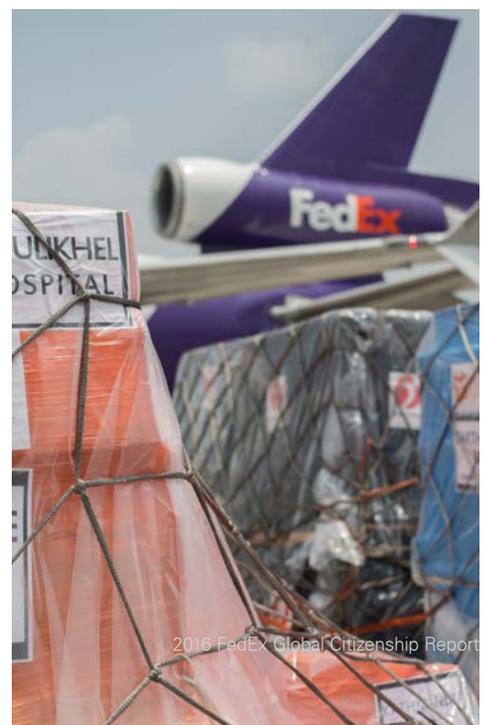
"A lot of people overseas wanted to help but only a few were able to deliver. The impact made by Direct Relief and FedEx was phenomenal. They brought critical supplies right to our doorstep — IV fluids for surgeries, medications for children, wheelchairs for amputees. With these supplies, we served tens of thousands of people in Kathmandu and in remote medical and surgical camps, all of whom were in dire straits."



A lot of people overseas wanted to help but only a few were able to deliver. The impact made by Direct Relief and FedEx was phenomenal. They brought critical supplies right to our doorstep.

Dr. Bibek Banksota

Director of the Hospital and Rehabilitation Centre for Disabled Children



Since Thomas Tighe became President and CEO of Direct Relief in 2000, the nonprofit humanitarian organization has delivered more than \$3.8 billion in medical aid to people in need around the world.

“Emergencies are many things... including a logistical nightmare. The challenge of rapid mobilization is a huge barrier to getting survivors the help they need. Working with FedEx has changed the entire dynamic for us, and Nepal is a perfect example.

“After the earthquake, FedEx took extraordinary steps to clear flights to get our medical supplies into Kathmandu. The runways were damaged, and nobody seemed to be getting in. I was there when the aid arrived, and someone from the World Health Organization came

over and asked how we pulled it off. I told them FedEx.

“Together we delivered more than six million doses of medicine as well as hospital tents, wheelchairs and birthing centers. It ended up being one of the most substantial deliveries of medical relief in Direct Relief’s 67-year history. This is our job as a humanitarian nonprofit. But FedEx chooses to do this — at no cost to Direct Relief or our end beneficiaries — and does it faster and better than any other.”



// Together we delivered more than six million doses of medicine as well as hospital tents, wheelchairs and birthing centers. It ended up being one of the most substantial deliveries in Direct Relief’s 67-year history.

Thomas Tighe
President and CEO, Direct Relief



When a disaster strikes, Jenny Robertson, FedEx Director of Citizenship and Reputation Management, is immediately on the phone guiding teams inside and outside FedEx to direct critical supplies where they are needed most.

“Disaster relief has always been a focus for FedEx. It’s part of our DNA. We understand how to move things better than anyone and are able to get in and out of communities in need when others can’t.

“We rely heavily on collaborations with expert organizations around the world. Having relationships already in place means that when emergencies strike, we know who to call, where supplies are located and how to work together.

“When we delivered aid to Nepal, we were on calls twice a day with air operations, load masters, senior executives, nonprofits and other global team members to update our plans. The situation changed hour by hour. Our disaster relief team quickly created a plan with Direct Relief, Water Missions International and Heart to Heart International that involved moving medicines, food, shelter and water-purification equipment from three different U.S. locations into Memphis. There, we restaged the supplies to load



onto our chartered aircraft bound for Dubai and ultimately Kathmandu. It involved detailed coordination among all of the teams, which was made possible by our common goal of helping as many people as possible, as quickly as possible.

“As we finalized the mission, I thanked everyone for their around-the-clock collaboration. A member of our operations team responded simply, ‘Lives are at stake. This is what we do.’ That said it all!”



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When emergencies strike, we know who to call, where supplies are located and how to work together.

Jenny Robertson
Global Director of Citizenship and Reputation Management, FedEx Services

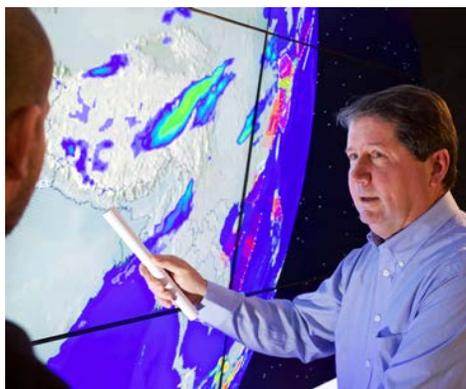
As a Global Freight Movement Manager at FedEx Express, Glenn Carpenter is a logistics wizard who handles the flow of large shipments through our international gateway cities.



It's like sending an astronaut to the moon. Unforeseen issues come up and you have to address each along the way to get your astronaut there and back.

Glenn Carpenter

Manager, Global Freight Movement,
FedEx Express



"I tell people it's like sending an astronaut to the moon. Unforeseen issues come up and you have to address each along the way to get your astronaut there and back.

"For the Nepal relief effort, we had to determine how much aid we were moving, where it was coming from and how it would get to Kathmandu. We don't usually fly there, so FedEx Charters had to find a plane that was sized correctly and could be rerouted towards the relief effort. We scheduled trucks to pick up supplies across the country and bring them to Memphis. We packed those on our plane and flew from Memphis to Dubai to Delhi to Kathmandu. All within 24 hours.

"Because there was cracking on the Kathmandu runway, we had to reduce our payload to get clearance to land, so we decided to make multiple trips from Dubai to Nepal. We also had to ensure we took enough fuel with us to get back from Kathmandu safely.

"It was like a giant chess game happening in real time with all hands on deck. Thankfully, we have excellent team members who are all experts at what they do."



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