

Deliver It Forward



2017
Global Citizenship Report
csr.fedex.com



Delivering is our business.

Delivering positive impact is our responsibility.

Empowering people to deliver it forward is our passion.

Delivering for a **better world**

Every day, in countless ways, FedEx empowers team members, customers, change-makers and community advocates to take action. From job opportunities to safer, more sustainable communities, these everyday heroes deliver it forward.

Meet them in this report and on our [website](#).



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About This Report

Our annual global citizenship report covers FedEx enterprise-wide 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 2016 fiscal year, which ended May 31, 2016, unless otherwise noted.

Because TNT Express was acquired late in fiscal year 2016, that entity is not included in any of the reported data.

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](#).

Chairman's Letter

Our Company Economy Environment People GRI

WHAT CONNECTS US MAKES US STRONGER

Few companies have the privilege of participating in the world at large like we do at FedEx. From holiday e-commerce packages to global supply chain solutions to disaster relief, we're fortunate to be part of millions of lives and thousands of communities.



Without question, we realize the interests of our communities, our workplaces, and the planet are intertwined. Our future depends on recognizing and balancing those needs in everything we do across our business."

From our vantage point, we see firsthand how the world works. Without question, we realize the interests of our communities, our workplaces, and the planet are intertwined. Our future depends on recognizing and balancing those needs in everything we do across our business. This is equally important to our customers, investors, and team members. In fact, \$6.7 billion in FY16 revenue came from customers who wanted to know more about the emissions generated from shipping their goods.

Commerce adds jobs to communities

Our business-to-business, business-to-consumer, and e-commerce solutions benefit more customers than ever, helping them to prosper and their communities to flourish. Today, just about anyone with a mobile phone can reach new markets

almost instantly. At FedEx, our services physically connect customers to the digital economy, creating more jobs and improving lives.

Here's an example from the brother-and-sister team that founded ArtLifting three years ago. Through e-commerce propelled by FedEx, the small Boston business sells paintings and prints from more than 100 homeless and disabled artists to buyers throughout the U.S. and around the world. These artists receive more than half the sales from their works, not to mention a big boost in pride and confidence. It's a brilliant business strategy that also better the lives of underserved people.

Stories like this demonstrate the power of trade to create new markets and greater opportunities. In fact, 7 in 10 U.S. small businesses see global trade as improving the U.S. economy, according to the FedEx Trade Index, a 2016 survey conducted by Morning Consult. Trade is our business, and we're proud that FedEx jobs are trade jobs. Of course, we're not unique — about 40 million jobs in the U.S. are directly related to trade.

Sustainability reduces our environmental footprint

As trade connects the world and enhances prosperity, we understand that how we connect the world matters. By incorporating sustainability efforts throughout our global network, we're reducing the environmental footprint of commerce. Since 2008, we've saved more than 158 million gallons of vehicle fuel by replacing vehicles with more efficient models and making greater use of electric vehicles, fuel cells, natural gas, hybrids and clean truck technologies.



Frederick W. Smith
Chairman and CEO

In FY15, five years ahead of target, we met our goal of increasing FedEx Express vehicle fuel efficiency by 30 percent from a 2005 baseline. We've now set a new goal. By 2025, we want to increase vehicle fuel efficiency by 50 percent from a 2005 baseline, or 17 percent from a 2015 baseline. In FY16, we saved more than 153 million gallons of jet fuel by continuing to modernize our aviation fleet and improve operations. As a result, we avoided the equivalent of almost 1.5 million metric tons of carbon dioxide emissions.

Safety makes our communities better places to live

At the same time we set and meet our sustainability goals, we are focused on

Chairman's Letter

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safety — our No. 1 priority. Ensuring the safety of the people in our global network — along with our customers and communities — is a complex job. But it's one we take extremely seriously. Like sustainability, we integrate safety into everything we do, and we share our safety expertise with communities around the world.

In cities from Mexico City to Mumbai, we're working with EMBARQ, part of the World Resources Institute's Ross Center for Sustainable Cities, to develop safe and sustainable transport and planning solutions. EMBARQ adapted the FedEx Safety First manual to train 1,150 public transportation drivers in three Mexico cities. As a result of the training, more than 1.2 million passengers a day benefit from safer bus systems.

The FedEx team shares expertise to change lives

Our community investment strategy is simple: We do what we do best for those in need. That includes sharing our knowledge and resources in collaboration

// Today, just about anyone with a mobile phone can reach new markets almost instantly. At FedEx, our services physically connect customers to the digital economy, creating more jobs and improving lives."

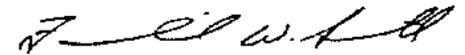
with trusted non-governmental and non-profit organizations to tackle some of society's biggest problems in communities where we live and work. In FY16, the first year of our commitment to invest \$200 million in more than 200 global communities by 2020, we invested more than \$46 million in charitable contributions, benefiting 97 communities around the world. Team members came out in force, contributing more than \$9 million during our United Way campaign,

and volunteering more than 93,000 hours in more than 500 cities worldwide.

I thank the FedEx team, more than 400,000 people strong, for working every day to make the world a better place. From couriers to customer service reps, from package handlers to pilots, each team member plays a role in delivering on our commitments — to our customers, our communities, and our planet. We firmly believe that what connects us makes us stronger.

Frederick W. Smith

Chairman and CEO



AWARDS

- *Fortune* Magazine's World's Most Admired Companies
- FedEx ranked as one of 10 Best Workplaces for African-Americans by *Fortune*
- *Fortune's* 100 Best Companies to Work For
- Reputation Institute 100 Most Reputable Companies in the World
- *CR Magazine's* 100 Best Corporate Citizens
- NASDAQ OMX CRD Global Sustainability Index
- U.S. Chamber of Commerce Foundation Citizens Award — Best Disaster Response and Community Resilience Program
- Points of Light: Civic 50: The 50 most community-minded companies in the United States
- Aon Hewitt Best Employer in Japan, Korea, Malaysia, New Zealand and Asia Pacific
- FedEx named one of America's Top Corporations for Women's Business Enterprises by the Women's Business Enterprise National Council

Goals and Progress

Our Company Economy Environment People GRI

FedEx sets ambitious goals for our social and environmental programs. In FY16, we continued to make progress toward these goals, highlighted below.

GOALS

PROGRESS

Invest \$200 million in 200 communities around the world by 2020	\$46.21m	
	97 communities	
Reduce aircraft emissions intensity 30% from a 2005 baseline by 2020	22% reduction from a 2005 baseline	
Obtain 30% of jet fuel from alternative fuels by 2030	The first delivery of commercially viable and available alternative fuels is anticipated in 2019	
Increase FedEx Express vehicle fuel efficiency 50% from a 2005 baseline by 2025	35% improvement from a 2005 baseline	
Seek LEED (Leadership in Energy and Environmental Design) certification on all new U.S. FedEx Express buildings	2 new in FY16	12 LEED certified facilities in total
Expand on-site energy generation and continue to procure renewable energy for facilities	3 new in FY16	18 on-site solar installations in total

Our Company

DELIVERING BUSINESS RESPONSIBLY



Our Company

Our Company Economy Environment People GRI

OUR BUSINESS

FedEx Corporation delivers business solutions for a connected world. Our diverse portfolio of transportation, e-commerce and business solutions serves millions of customers in more than 220 countries and territories, turning global challenges into opportunities.

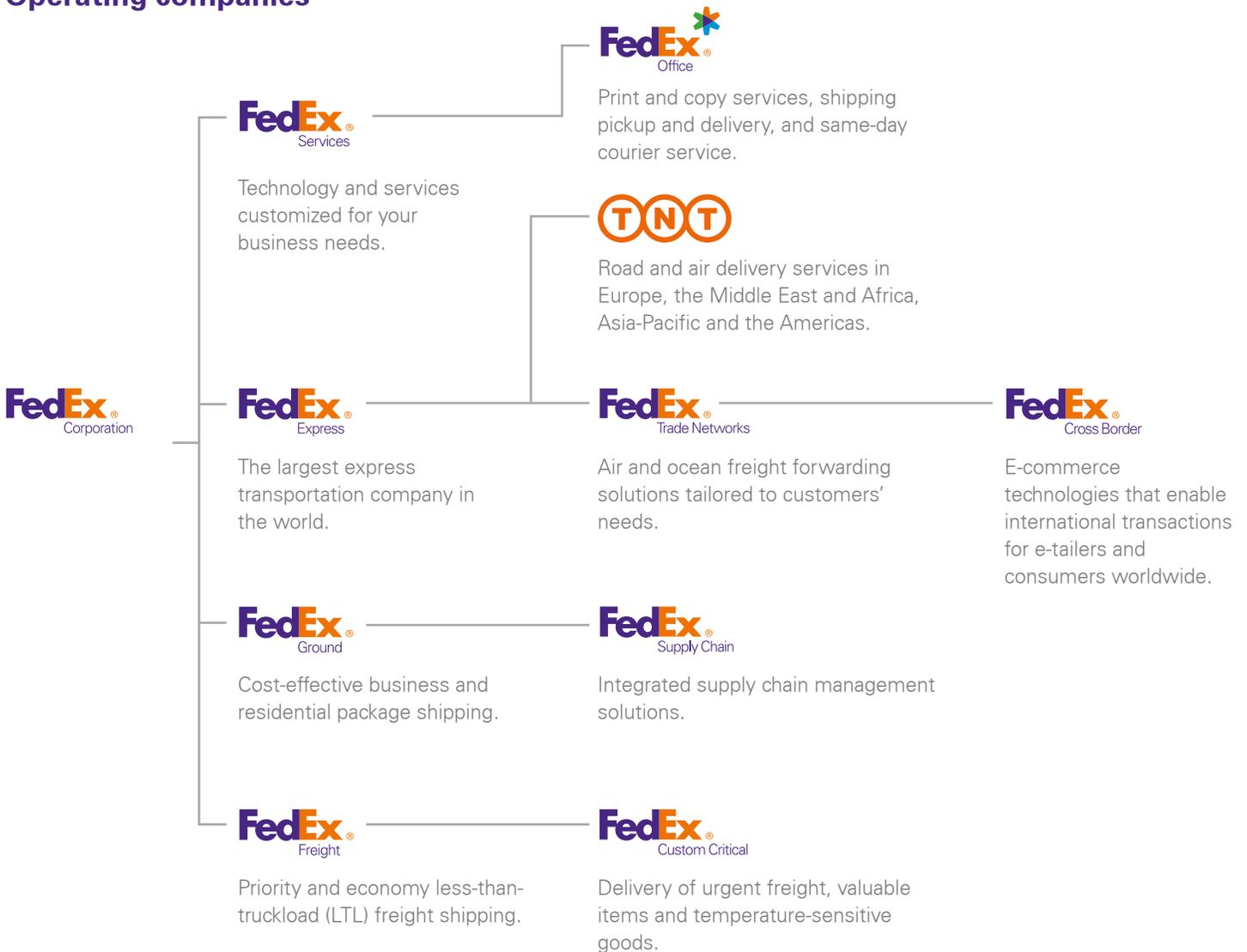
Every day, more than 400,000 team members uphold our commitments to

safety, sustainability, the highest ethical standards and the needs of our customers and communities.

Headquartered in Memphis, Tennessee, FedEx Corporation (FedEx) provides its broad portfolio of services through operating companies that compete collectively, operate independently and are managed collaboratively, under the global FedEx brand.

In FY16, we exceeded \$50 billion in revenues for the first time. This financial milestone represented a \$2.9 billion increase and a 6 percent growth rate over FY15. FY16 also saw a 9 percent growth in average daily package volumes. The strategic acquisition of TNT Express in late FY16 broadened our portfolio of solutions even further, meeting customer needs and strengthening our global competitive advantage.

Operating companies



Our Company

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Main Hub Locations

North America:

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

Latin America and the Caribbean:

Miami, Florida

Europe:

Liege, Belgium; Paris, France; Cologne, Germany

Middle East, Indian subcontinent and Africa:

Dubai, United Arab Emirates

Asia Pacific:

Guangzhou, China; Osaka, Japan; Singapore

Our Company

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CSR MATERIALITY AND RISK ASSESSMENT

FedEx conducts regular corporate social responsibility materiality assessments, which inform our citizenship approach, goals, targets and metrics, covering environmental, social and governance topics. We also seek wide-ranging input from external and internal stakeholders through workshops, interviews and surveys on our approach and programs.

We updated our latest CSR materiality analysis in FY16, as we sought feedback

from stakeholders through a survey and roundtable engagement session with industry groups, customers, investors, sustainability experts, nonprofits and government agencies. This will assist us in modifying our materiality matrix in the future.

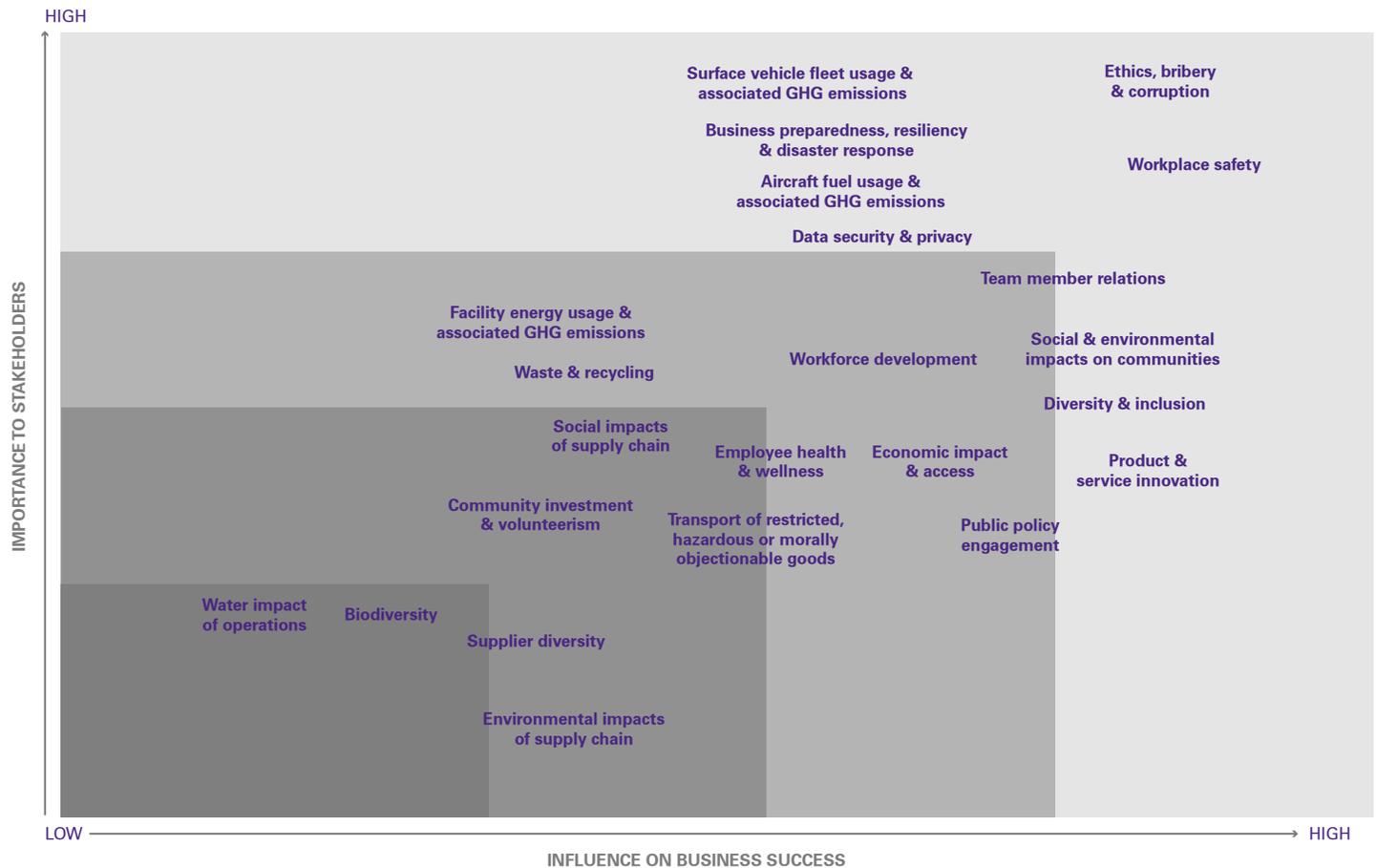
For more details about our CSR materiality process please refer to page 7 of the [FedEx 2014 Global Citizenship Report](#).

revenue, costs, reputation and business continuity.

The FedEx Board of Directors, supported by management, oversees all risk management activities. For information on these responsibilities, please see our [2016 Proxy Statement](#).

Mitigating citizenship risks

Our understanding of the key issues that impact our business enables us to manage associated risks, and capitalize on potential opportunities. We plan for the long-term across our operations to mitigate potential negative impacts on our



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Highest Ranked Material Citizenship Issues by Stakeholders and Business

Material issue	How we manage issue risks
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
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 Corporate Integrity & Compliance department, reinforcing our commitment
Data security and privacy	<ul style="list-style-type: none"> Technology security initiatives Information technology risk management and disaster recovery plans Online Customer Protection Center, bringing fraud awareness to our customers Internal privacy policies and procedures designed to protect the personal data of our customers and employees 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 allow us to plan ahead and minimize vulnerabilities across our networks
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 Advocacy for regulatory and policy changes that support emission-reduction standards

CORPORATE GOVERNANCE

Our long-standing commitment to ethical behavior, safety and customer satisfaction is supported by strong oversight, policies and procedures. The FedEx Board of Directors, led by Chairman and Chief Executive Officer, Frederick W. Smith, and composed of 12 members, manages our global operations. Eleven members are

independent, three are women and two are minorities. Independent directors chair four standing committees:

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

For more information on the Board's roles and responsibilities, please see our [Investor Relations website](#).

Global citizenship governance

FedEx sets enterprise-level strategy to deliver our global citizenship goals and commitments. Each operating company reports on a core set of global citizenship metrics. Though many FedEx citizenship

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programs and policies are designed for, and implemented at, the operating company level, our shared purpose unites and guides these efforts.

The FedEx Enterprise Sustainability Council (FESC) has companywide responsibility for sustainability strategy and implementation, as well as our corporate social responsibility materiality administration. Our chief sustainability officer, the Vice President of Environmental Affairs and Sustainability, chairs the FESC, and also oversees the company-wide implementation of our Environmental Management System (EMS) and reviews performance annually. [Our Environmental Policy](#) guides FedEx operating companies in managing environmental performance.

Human Resources (HR) departments within each of our operating companies manage all HR issues, including team member engagement, health and wellness, and development. The Corporate HR department coordinates efforts across operating companies and manages executive development, team member benefits and diversity strategy. Each FedEx operating company sets workplace safety goals. The Diversity and Inclusion (D&I) Council is composed of members across operating companies who coordinate company-wide D&I initiatives.

Ethics and integrity

Our publicly available [Code of Business Conduct and Ethics](#) sets a high standard for team member conduct worldwide. All new hires are trained on its provisions, which cover topics including workplace health, safety and environment, human rights, money laundering prevention, harassment and discrimination, conflicts of interest and gifts and entertainment. We encourage reporting of all suspected violations using our 24-hour FedEx Alert Line service or through management, legal or human resources.

FedEx complies with all anti-corruption laws, and prohibits bribes of any type. All team members in relevant roles are required to complete anti-corruption training, including management in international operations and team members dealing with Government Officials on behalf of FedEx. For more details, read our [Global Anti-Corruption Policy](#).

FedEx shares the zero-tolerance policies adopted by the U.S. and other governments to combat slavery or the trafficking of persons for any purpose. We prohibit trafficking-related activities and expect the same of our suppliers and contractors. For more information, please see the [FedEx Policy Combating Trafficking in Persons](#).

FedEx advocates for public policies in the United States and overseas that support the economic future of our company, shareowners and team members through membership in industry trade associations. To learn more, please view our [policies on public policy engagement](#).

Data security and privacy

Protecting the privacy of our customers, vendors and team members is critical to our ability to maintain their trust. We take precautions to safeguard all sensitive information and ensure a safe and secure online environment, including for customer transactions. [Our Customer Protection Center](#) highlights our [Privacy Policy](#) alongside resources to help customers identify, report and mitigate risks. For more information, please see our [2016 Form 10-K](#).

Business preparedness

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

To support our internal process, FedEx participates in State Emergency Operations Centers programs, as well as the FEMA-Northern Command Public-Private-Partnership program, which brings private sector companies like FedEx together with national, state and local emergency management organizations to work collaboratively before, during and after disasters. Our active participation in these initiatives helps FedEx gain the earliest possible reentry to impacted areas, so we can continue to serve our customers while keeping our team members safe.

Economy

DELIVERING OPPORTUNITIES



The Community Investor: Neil Gibson

"We constantly challenge ourselves to tackle big problems, in our own backyard and on a global scale. Whether it's helping small businesses expand market reach or investing in communities to help solve youth unemployment. Everything we do to support local economies goes back to our purpose — connecting people and possibilities."

Vice President of Corporate Communications, FedEx Services

Economy

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GLOBAL BUSINESS PERFORMANCE

Our business strategy is shaped by these four key trends driving global commerce:

- Growth of e-commerce
- Globalization of trade
- Faster, more efficient supply chains
- Influx of high-tech businesses and high-value-added goods

We make investments that align our business with these trends, including transformative acquisitions. We enhance our financial performance by extending our global portfolio and reach. Our FY16 acquisition of TNT Express — the largest acquisition in our history — significantly expands our footprint in Europe. The earlier acquisitions of GENCO (now FedEx Supply Chain) and Bongo International (now FedEx Cross Border) in FY15 strengthened our global offerings by improving our reverse logistics networks and simplifying international transactions, respectively.

In FY16, FedEx revenues exceeded \$50 billion for the first time. This represents a more than 6 percent increase over FY15.

FY16 Financial Highlights

For full details please see our [2016 Form 10-K](#).

	FY14 ¹	FY15 ²	FY16 ³
Consolidated revenues (billions)	\$45.6	\$47.5	\$50.4
Operating income (millions)	\$3,815	\$1,867	\$3,077
Operating margin	8.4%	3.9%	6.1%
Net income (millions)	\$2,324	\$1,050	\$1,820
Diluted earnings per share	\$7.48	\$3.65	\$6.51
Capital expenditures (billions)	\$3.5	\$4.3	\$4.8

¹ 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.

² 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.

³ Results for FY16 include mark-to-market losses of \$1.5 billion (\$946 million, net of tax, or \$3.39 per diluted share), provisions related to independent contractor litigation matters at FedEx Ground for \$256 million, net of recognized immaterial insurance recovery (\$158 million, net of tax, or \$0.57 per diluted share) and expenses related to the settlement of a U.S. Customs and Border Protection notice of action in the amount of \$69 million, net of recognized immaterial insurance recovery (\$43 million, net of tax, or \$0.15 per diluted share). Total transaction, financing and integration planning expenses related to our TNT Express acquisition, as well as TNT Express's immaterial financial results from the time of acquisition, were \$132 million (\$125 million, net of tax, or \$0.45 per diluted share) during FY16. In addition, FY16 results include a \$76 million (\$0.27 per diluted share) favorable tax impact from an internal corporate restructuring to facilitate the integration of FedEx Express and TNT Express.

\$6.7
billion

In FY16, \$6.7 billion in revenue came from customers seeking information on corporate citizenship and carbon emissions data.

Economy

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Delivering stakeholder value

Growing our business responsibly, resourcefully and in a forward-thinking manner not only benefits the long-term success of our company, but the millions

of stakeholders with whom we work and engage. Through the positive impacts of our financial performance FedEx creates income and opportunities for

customers, team members, communities, shareowners and suppliers, across more than 220 countries and territories, including the benefits quantified below.

Stakeholder Value Add

	FY14	FY15	FY16
Dividends paid to shareowners (millions)	\$187	\$227	\$277
Stock price (May 31 close)	\$144.16	\$173.22	\$164.97
Salaries and team member benefits (billions)	\$16.17	\$17.11	\$18.58
Diverse supplier spend (billions)	\$6.5	\$6.7	\$9.2
Community investment (millions)	\$45.48	\$53.06	\$57.29

Operating efficiency

FedEx employs a range of initiatives to improve operational efficiency, reduce emissions and lower costs. Initiatives include our aircraft fleet modernization program, FedEx® Fuel Sense, dimensional weight pricing, and our Reduce, Replace, Revolutionize vehicles and alternative fuel strategies.

Aircraft and vehicle fuel represent a significant operational cost — as well as our most material environmental impact — accounting for 5 percent of operating expenses and 93 percent of our emissions footprint.

In FY15, we surpassed our goal of increasing FedEx Express vehicle fuel efficiency by 30 percent from a 2005 baseline by 2020, five years ahead of target. In FY16, we set a new 2025 goal to increase fuel efficiency by 50 percent from a 2005 baseline, or 17 percent from a 2015 baseline.

FY16 Efficiency Gains and Cost Savings

Environmental objective	FedEx initiative	FY16 cost savings estimates ¹	FY16 emissions avoided
Reduce aircraft emission intensity 30% from a 2005 baseline by 2020	Aircraft fleet modernization, FedEx® Fuel Sense operational improvements	\$233 million	1.47 million metric tons of CO ₂ e avoided
Increase FedEx Express vehicle fuel efficiency 50% from a 2005 baseline by 2025	Fuel-efficient driving, vehicle technology improvements and alternative fuel usage	\$48 million	217,549 metric tons of CO ₂ e avoided

¹ Savings estimated compared to business-as-usual scenarios, and using average FY16 fuel costs.

Economy

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GLOBAL ECONOMIC IMPACT

Online commerce has revolutionized the way the world conducts business and changed the global retail landscape. With a click, customers and companies large and small have access to global markets once unattainable, creating opportunities and growing economies.

FedEx is at the heart of global economic connections. We use our extensive, reliable and efficient logistics network to enable our customers almost everywhere access to international markets. We provide services and support that make it easier for small businesses to compete, reach new markets and navigate regulatory red tape. And we advocate for removing barriers to trade and streamlining global trade regulations in ways that expand market access for our customers, improve the efficiency of goods movement and generate economic growth.



Raj Subramaniam

The Global Citizen

[Read about](#) how mobile technology and fast trade connects the world.

Delivering global e-commerce growth

E-commerce currently accounts for almost \$2 trillion in sales worldwide, and is expected to top \$2.4 trillion by 2018. FedEx sits at the center of this e-commerce transformation. Our flexible global logistics model and transportation network seamlessly connects 220 countries and territories, enabling us to affordably deliver purchased items to nearly any person or business quickly, efficiently and responsibly. To keep pace with e-commerce growth and intensifying customer demand, in FY16 we invested heavily in expanding our network capacity and portfolio of solutions.

In May 2016, we acquired TNT Express, a Dutch delivery company specializing in international express and freight transportation and small-package ground delivery. Our largest acquisition to date significantly expands our global portfolio and strategic reach, particularly in Europe. The integration of TNT Express will further increase the productivity and efficiency of our global operations, and expand our opportunities to profit from global market trends, including e-commerce.

FedEx Supply Chain, formerly GENCO, a leading North American third-party logistics provider and pioneer of retail reverse logistics since the early 1990s, is enhancing our e-commerce portfolio by transforming the way we manage customer returns. Through an integrated suite of supply chain solutions, we enable consumer brands and retailers of all sizes to focus on growing business and exceeding customer expectations.

FedEx Cross Border, formerly Bongo International, expanded its services to China and Japan. The company is a leader in cross-border facilitation technologies and solutions that offer a seamless, integrated check-out process and delivery system. FedEx Cross Border has also

established a digital supply chain strategy for small- and medium-sized business-to-business and business-to-consumer e-commerce companies, allowing them to be competitive and cost-efficient in the global marketplace.

FedEx Ground invested \$1.6 billion to better manage forecasted e-commerce growth, illustrated by a 9 percent increase in ground package volume in FY16. Investments included new automated hubs in Florida and California, and automated stations in 19 additional markets. This brings the total number of automated hubs to 35 and automated stations to 68, furthering the ability to sort packages more quickly, efficiently and cost effectively.



The acquisition of TNT Express will enable FedEx to take a giant step forward in Europe...TNT Express is the largest, most complex acquisition we've ever done. It is a \$4.8 billion transaction and brings over 50,000 new team members to our ranks. It's truly a landmark deal that will help FedEx grow and improve our global competitive situation."

Frederick W. Smith

Chairman and CEO

Economy

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Small business support

Small businesses and entrepreneurs are a global catalyst for growth and innovation. FedEx not only connects these businesses to the global marketplace, but provides the regulatory, logistics and supply chain know-how they need to succeed.

The [FedEx® Small Business Center](#) is a one-stop support shop for small businesses and entrepreneurs. The online portal features actionable insights from small business peers, resources to expand e-commerce portfolios, tools for navigating international regulatory red tape and assistance in finding the right FedEx services.

In collaboration with International Trade Administration's Industry & Analysis team and the Department of Commerce's Global Markets/U.S. Commercial Service, we enable access to the resources that help small and diverse businesses and entrepreneurs to flourish in complicated export markets. [FedEx Know and GrowSM](#) offers U.S. small-business customers intelligence on how to grow their international business through export education events. In collaboration with ExportTech, Export University, and other state and federal agencies and small-business organizations, we help customers explore export markets and understand related regulatory and compliance requirements.

In FY16, we hosted 51 events reaching more than 5,600 participants. Since 2009, 86,500 customers have benefited from this program.

Promoting open trade

Open and efficient trade enables economic growth and prosperity worldwide. The global trade market currently exceeds \$15 trillion, and advances in technology and transportation systems make it ever easier to integrate global economies. This in turn supports



Liz Powers

The Social Entrepreneur

[Read about how FedEx helps purpose-driven business ArtLifting empower homeless artists.](#)

business competitiveness, helps communities attract investment and creates more jobs.

FedEx actively supports and advocates for policies, agreements, treaties and infrastructure developments that reduce barriers to trade and facilitate international commerce. FedEx Regulatory Affairs leads these efforts through communications with government officials, team members and customers.

In FY16, our advocacy efforts with the U.S. Congress and Administration focused on support for trade initiatives such as the Trans-Pacific Partnership (TPP) and Transatlantic Trade & Investment Partnership (TTIP). We will continue to advocate for an ambitious trade agenda in FY17.

[The FedEx Small Business Grant Contest](#)

awards 10 grants a year to U.S. entrepreneurs who think big, including a \$25,000 grand prize. This year's winners included Ginjan Bros., a Harlem-based company that produces a West African ginger drink using natural and organic ingredients, and LuminAID®, makers of an inflatable, solar-powered light used to assist disaster relief efforts.

In FY16, we expanded the contest to Brazil, France, Germany, Hong Kong, Singapore and the UK, and will bring the contest to China, India and Italy in FY17.

Economy

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OUR GLOBAL SUPPLY CHAIN

Our business success depends on a complex, global supply chain to provide the resources and services needed to run our business smoothly and meet growing customer needs. Our major suppliers include equipment manufacturers, fuel companies and transportation service providers. We work closely with vendors to proactively mitigate risks to our business from extended supply chains.

Risk mitigation

FedEx is alert to the operational and reputational risks inherent in working with a large, diverse and far-flung set of suppliers. Across our business, we work proactively to identify and manage critical supply chain risks through robust, enterprise-wide policies and procedures. We mitigate the most significant risks by focusing on those suppliers critically dependent to our business success. Our Sourcing Organization's Supplier Relationship Management team also leads collaborative efforts to improve the sustainability practices of critically dependent suppliers.

FedEx expects suppliers will aspire to uphold the principles in our [Code of Business Conduct and Ethics](#) and other [corporate social responsibility policy statements](#). As a founding member of the U.S. [Sustainable Purchasing Leadership Council](#), we participate in Technical Advisory Groups and apply best practice guidance to our own supply chain sustainability initiatives.

In requests for new business, FedEx includes supplier sustainability risk-screening criteria to evaluate new and potential general suppliers. Sustainability screening criteria address performance in environmental, social, labor and human rights areas, including child and forced labor.

We look to continually build on our performance in this area, increasing by 30 percent year-over-year the number of supplier screening events that effectively evaluate potential global suppliers for their sustainability performance.

In addition to new supplier screening events, our sourcing team regularly scores existing critically dependent suppliers on issues that evaluate their overall performance, including sustainability metrics. We share results with the supplier and work with them in areas where improvements need to be made, if necessary.

30%
increase

In FY16, we increased the number of supplier screening events that included sustainability assessment criteria by more than 30 percent compared with FY15.

Economy

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Our diverse supplier base

For more than two decades, FedEx has proactively sourced products and services from small, minority- and women-owned businesses across our supply chain. In FY16, we procured \$9.2 billion in goods and services from diverse suppliers, a 37 percent increase from FY15. The growth reflects an overall increase in supplier spend across the enterprise, and internal policies focused on diverse supplier spend.

The FedEx Services Sourcing Organization manages our enterprise-wide Supplier Diversity program, aligning efforts to increase procurement spend with diverse suppliers globally.

In the United States, we collaborate with national and regional diversity organizations to promote the growth of small and diverse businesses and to increase opportunities for FedEx to work with these enterprises. In the last fiscal year, we collaborated with the Women’s Business Enterprise National Council, the National Minority Supplier Development Council, the U.S. Hispanic Chamber of Commerce, the National Veteran-Owned Business Association, the National Gay & Lesbian Chamber of Commerce and the Small Business Administration, among others.

In FY16, we hosted the first FedEx Shared Services Supplier Conference in Memphis, engaging more than 100 key suppliers. The event focused on providing suppliers with a deeper understanding of FedEx and enabling them to better connect their value proposition to ours. FedEx leadership shared valuable insights with suppliers on a wide array of topics that included managing supplier diversity and sustainability.

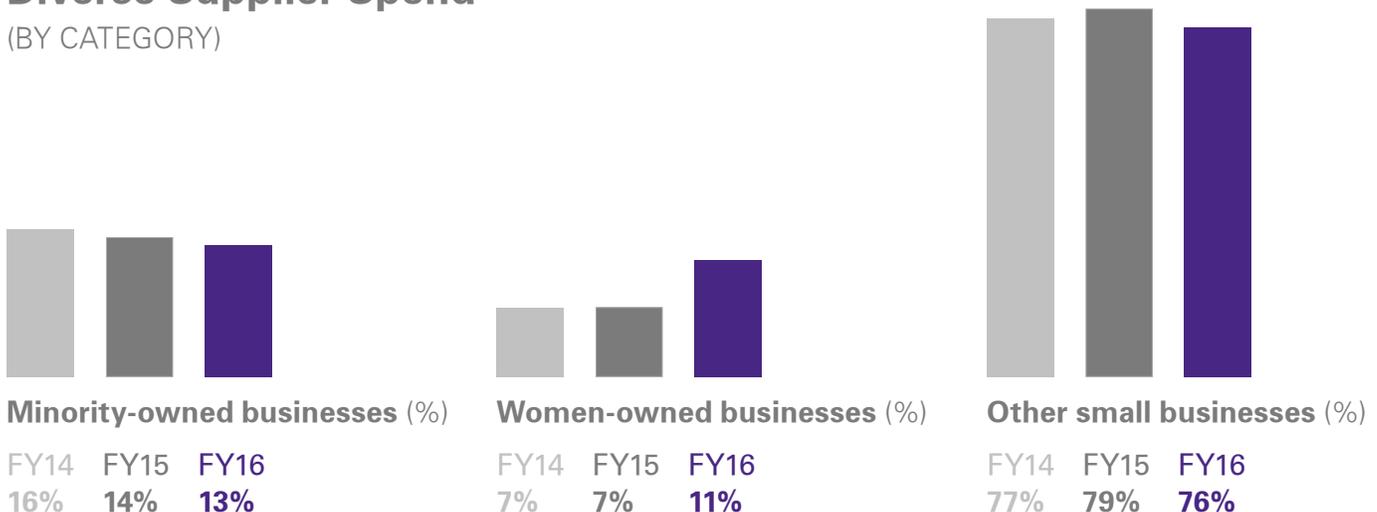
Diverse Supplier Spend

(BILLIONS)



Diverse Supplier Spend

(BY CATEGORY)



Economy

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Independent service providers

FedEx Ground, FedEx Express, FedEx Freight and FedEx Custom Critical rely on and utilize independent businesses for certain pickup-and-delivery and line-haul transportation services. These contracts support small businesses and local economies, employing thousands of individuals across the United States and worldwide.

In FY16, FedEx Ground alone engaged more than 6,450 businesses throughout the U.S. and Canada that employ nearly 58,000 people and generate \$4.4 billion in annual revenue for those businesses.

FedEx Ground

Providing opportunities for small-business ownership since 1985

6,456

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

\$4.4
billion

Annual revenue earned by these independent businesses

32%

Percentage of minority- and women-owned businesses

\$680,000

Average annual revenue per business

57,926

Workers employed by these independent businesses

Economy

[Our Company](#) [Economy](#) [Environment](#) [People](#) [GRI](#)

COMMUNITY INVESTMENT

FedEx invests in programs that make life better for people around the world and in the communities where we live and do business. Our community engagement strategy mirrors corporate priorities and is built on collaboration with trusted NGOs and nonprofit organizations to deliver long-lasting, measurable and meaningful impacts. We provide support through a combination of financial contributions, in-kind charitable shipping and volunteerism.

FedEx Cares: Our global investment strategy

Last year FedEx committed to investing \$200 million in 200 communities around the world by 2020. We deliver this support across five strategic areas. Our team member volunteers add to our efforts and impact across these areas through selfless donation of their time.

In FY16, the first year of our commitment, we invested more than \$46 million in charitable contributions, benefiting 97 communities globally. In addition, our team members contributed \$9.42 million during our annual United Way campaign, and our marketing organization and FedEx Express contributed in-kind donations of \$1.66 million. For more information on our new strategy and progress toward our 2020 goal, please go to the [FedEx Cares website](#).



[Read more](#) about how FedEx delivers it forward through strategic, life-changing community investments.

Goal

Invest \$200 million in 200 communities around the world by 2020

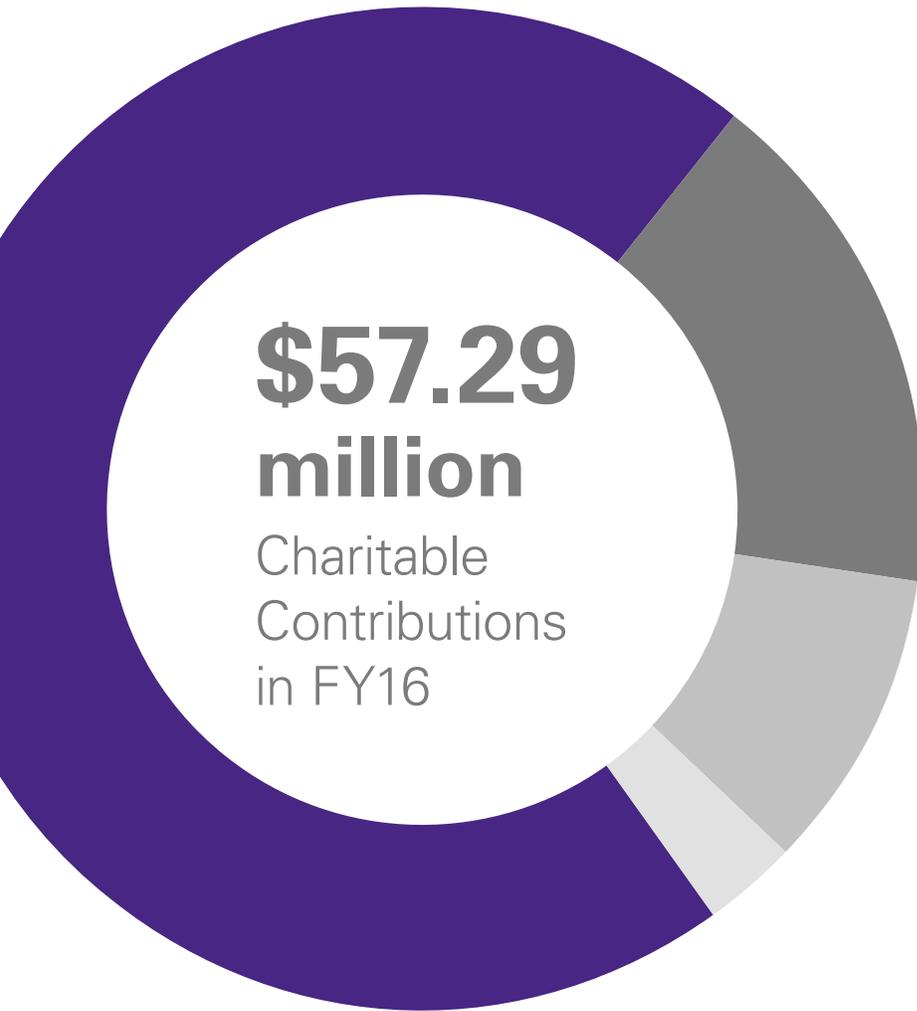
Progress

\$46.21m

97 communities

Economy

Our Company Economy Environment People GRI



\$40.53m

Cash grants

\$5.68m

Corporate charitable shipping

\$9.42m

Team member United Way cash contributions

\$1.66m

Corporate marketing and Express in-kind

FY16 FedEx Cares Volunteering

93,175

Volunteer hours

20,875

Volunteers

500+

Communities participating

Economy

Our Company Economy Environment People GRI

Delivering for good

Our global reach and unmatched logistics expertise allows us to deliver essential, often lifesaving, resources when they are needed most. We respond when disasters strike, teaming up with collaborators in relief and recovery efforts for communities in need.

In FY16, we donated more than \$5.67 million in cash and in-kind assistance to support humanitarian organizations. FedEx assisted in relief efforts for 15 disasters, including support for the migrant crisis in Europe, and delivery of relief following earthquakes in Japan and Ecuador and wildfires in Canada.

In addition, we provide in-kind shipping to help community and nonprofit organizations that align with our values, including 11,000 shipments from USO to service members located around the world and more than 6,000 robots to and from the FIRST World Championship in St. Louis, MO.

In FY16, FedEx donated a total of 3.7 million pounds of charitable shipping to 50 nonprofit organizations, delivering 83,611 shipments.



Rebecca Milner

The First Responder

Read [more](#) about how FedEx helped International Medical Corps make the impossible possible.

Impacts of Collaborations with Humanitarian Organizations

	Supported since	FY16 donations (cash and in-kind) ¹	Total donations (cash and in-kind)
American Red Cross	1995	\$1.2 million	\$19.4 million
Heart to Heart International	1995	\$673,000	\$2.1 million
The Salvation Army	2001	\$133,000	\$6.2 million
Direct Relief	2003	\$2.1 million	\$9.2 million

¹ Support in FY16 includes an additional \$1.6 million donated to other humanitarian organizations and causes.

Economy

Our Company Economy Environment People GRI

Sustainable transportation

Often embattled by health, safety, population, environmental and economic issues, urban areas in developing economies are in critical need of sustainable transportation options. In response, FedEx helps by providing financial assistance, and technical and

logistical support, to develop practical and scalable transportation solutions in emerging economies.

We support innovative solutions by the World Resources Institute's (WRI) EMBARQ initiative, Mobility and Access

Program (MAP). In Brazilian, Chinese, Mexican, and Indian cities, MAP is improving public transit systems and driver safety, all while increasing mobility and access to essential resources and services, such as jobs and schools, in an environmentally responsible way.

EMBARQ PROGRAM IMPACTS:

Mexico – A MAP diagnostic tool was adopted by the federal government to evaluate public transport projects seeking funding across components like environmental, safety and technical feasibility. More than 40 transit projects are currently registered, representing 30 cities and more than 15 million people.

India – The Bangalore transit system incorporated more than 650 new, alternative fuel buses into their fleet at the recommendation of WRI, helping to positively impact the health of the more than 8.75 million people living in that city.

Brazil – Six cities adopted a MAP assessment tool that identifies ways to improve service in areas like security, comfort and operational performance. This tool now is being adapted to new locations, including Mexico City and Beijing.

China – FedEx hosted a delegation from the Beijing Municipal Commission of Transport (BMCT) to share information about zero emission vehicles and intelligent operations management. The delegation is part of an effort aimed to reduce transport-related emissions across China.



1.16 million

In FY16, more than 1.16 million people benefited from FedEx support of EMBARQ programs focused on sustainable transportation. More than 3.4 million people have benefited since 2010.

Economy

Our Company Economy Environment People GRI

Employment pathways

In the U.S., many young people in underserved populations lack access to the skills and resources they need to enter the workforce. FedEx leverages its reach to build pathways to success for these young adults across the country. We invest in helping underserved youth and their families navigate the college application process, closing the skills gap

by training people for in-demand jobs, especially jobs in tech and logistics, and helping individuals access employment through credential programs.

Our commitment includes supporting leading nonprofits and programs such as the 100,000 Opportunities Initiative, for which we participated in four job fairs

and forums in FY16, reaching more than 12,000 young people. During the year, we also created an enterprise-wide FedEx Employment Pathways team to engage each operating company in Employment Pathways programs.

Employment Pathways Programs Investments

	FY16 Cash Investments
100,000 Opportunities Coalition	\$165,000
Hiring Our Heroes	\$100,000
LeadersUp	\$125,000
Dress for Success	\$325,000
National Urban League	\$350,000
INROADS	\$75,000
Minority Scholarship Organizations	\$500,000
Total	\$1,640,000

\$1.64
million

FedEx invested more than \$1.6 million in FY16 in programs that help provide pathways to employment.

Economy

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Road safety

Safety is one of our core values — within and beyond our operations. FedEx combines both financial support and our road safety expertise in working with safety groups and coalitions to make roads safer and protect pedestrians. Influential and impactful organizations we work with include Safe Kids Worldwide, the U.N. Global Road Safety Collaboration (in support of Decade of Action for Road Safety), the International Road Assessment Programme (iRAP) and the Global Alliance of NGOs for Road Safety. In FY16, we invested \$2.67 million in road safety initiatives.

In FY16, FedEx and Safe Kids Worldwide sent copies of the Clifford the Big Red Dog book *Clifford Takes a Walk*, commissioned by FedEx and Safe Kids and published by Scholastic, to all Members of Congress and to the mayors of the top 50 U.S. cities (by population).¹ A letter was included in the distribution, cosigned by the CEOs of FedEx Express and Safe Kids Worldwide, advocating awareness of child pedestrian safety measures.

On International Walk to School Day, October 7, 2015, FedEx volunteers helped

Safe Kids distribute more than 60,000 copies of the book at schools across the U.S. The Clifford book was also showcased at the United Nations during the launch of the High Level Panel on Road Safety. The launch was led by the UN Special Envoy for Road Safety, and UN Secretary General Ban Ki-moon participated.

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Safe Kids Impacts

	FY16	Total
Children reached	906,422	14.9 million
Countries reached	10	10
Cities reached	421	748
Volunteers	845	16,845
Schools reached	2,334	29,702

906,000+
children

We invested \$2.67 million in road safety initiatives in collaboration with Safe Kids in FY16, reaching more than 906,000 children in 10 countries.

Economy

Our Company Economy Environment People GRI

Global entrepreneurship

Small and diverse businesses support job growth and global innovation. FedEx has collaborated with Junior Achievement for more than 30 years to empower future generations of global entrepreneurs.

Through programs such as the Access Portal, Access Awards/JA Company of the Year Program, Enterprise without Borders and International Trade Challenge, Junior Achievement provides promising young

people with the professional and life skills to succeed in business. In FY16, FedEx invested more than \$1 million in these programs, reaching approximately 5,000 students globally.

In FY16, we launched a new strategic collaboration with Vital Voices GROW Fellowship, a one-year accelerator supporting 65 women-owned businesses

in Latin America and the Caribbean, the Middle East and Africa. The program provides business skills training, technical assistance, leadership development and access to networks — ultimately leading to business and economic growth.

Junior Achievement Program Impacts

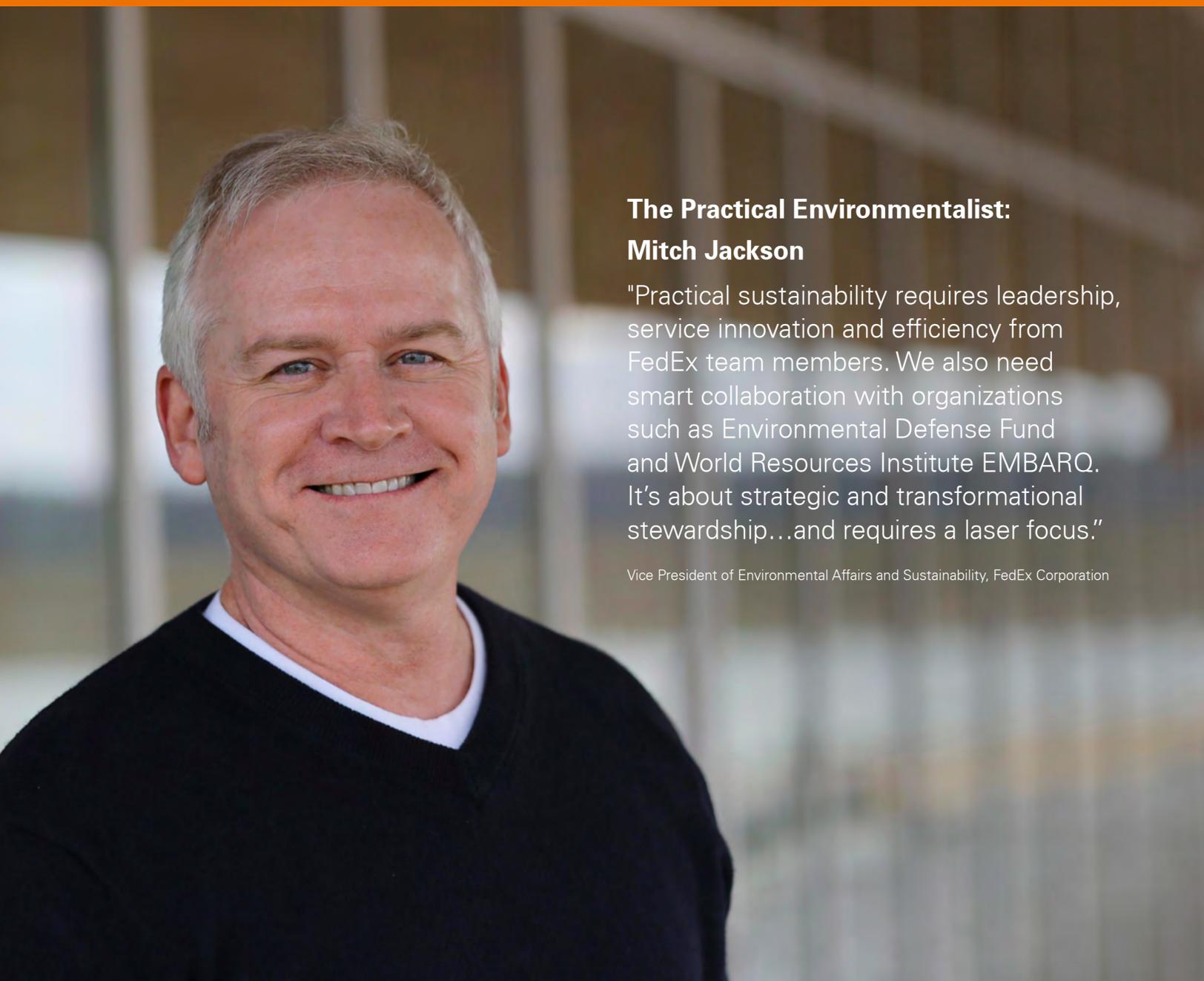
	FY16
Total investment	\$1 million+
Students mentored	5,315
FedEx volunteers	471
FedEx volunteer hours	5,801

5,300+
students

We invested more than \$1 million in Junior Achievement programs in FY16, mentoring more than 5,300 students globally.

Environment

DELIVERING FOR A SUSTAINABLE WORLD



**The Practical Environmentalist:
Mitch Jackson**

"Practical sustainability requires leadership, service innovation and efficiency from FedEx team members. We also need smart collaboration with organizations such as Environmental Defense Fund and World Resources Institute EMBARO. It's about strategic and transformational stewardship...and requires a laser focus."

Vice President of Environmental Affairs and Sustainability, FedEx Corporation

Environment

Our Company Economy Environment People GRI

ENVIRONMENTAL IMPACT

The fuel that powers our transportation operations is also the main driver of our global environmental footprint. To reduce these impacts, we pursue comprehensive aircraft and vehicle fuel efficiency programs combined with on-site renewables where viable. Ambitious, ongoing global goals drive our activities and progress.

Engaging team members and customers helps us deliver on our environmental goals. Our EarthSmart® framework, established in 2009, helps us to integrate innovative sustainable practices into the way we work and the services we offer our customers. Through EarthSmart, FedEx recognizes products, services, physical assets and initiatives that set new standards for stewardship, and strives to empower our team members and customers to make responsible choices every day. FedEx team members are encouraged to lead grassroots sustainability efforts in their workplaces to bring EarthSmart to life in personal ways.

We cooperate with government agencies and industry groups to support research and policy changes that accelerate sustainability in our sector, and work with our suppliers to pioneer solutions to environmental challenges.

In FY16,

FedEx Express set a 2025 goal to increase vehicle fuel efficiency 50 percent from a 2005 baseline, or an additional 17 percent from a 2015 baseline, after meeting our 2020 goal five years early.

Goals

Progress

Reduce aircraft emissions intensity 30% from a 2005 baseline by 2020	22% reduction from a 2005 baseline	
Obtain 30% of jet fuel from alternative fuels by 2030	The first delivery of commercially viable and available alternative fuels is anticipated in 2019	
Increase FedEx Express vehicle fuel efficiency 50% from a 2005 baseline by 2025	35% improvement from a 2005 baseline	
Seek LEED (Leadership in Energy and Environmental Design) certification on all new U.S. FedEx Express buildings	2 new in FY16	12 LEED certified facilities in total
Expand on-site energy generation and continue to procure renewable energy for facilities	3 new in FY16	18 on-site solar installations in total

Environment

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Environmental management

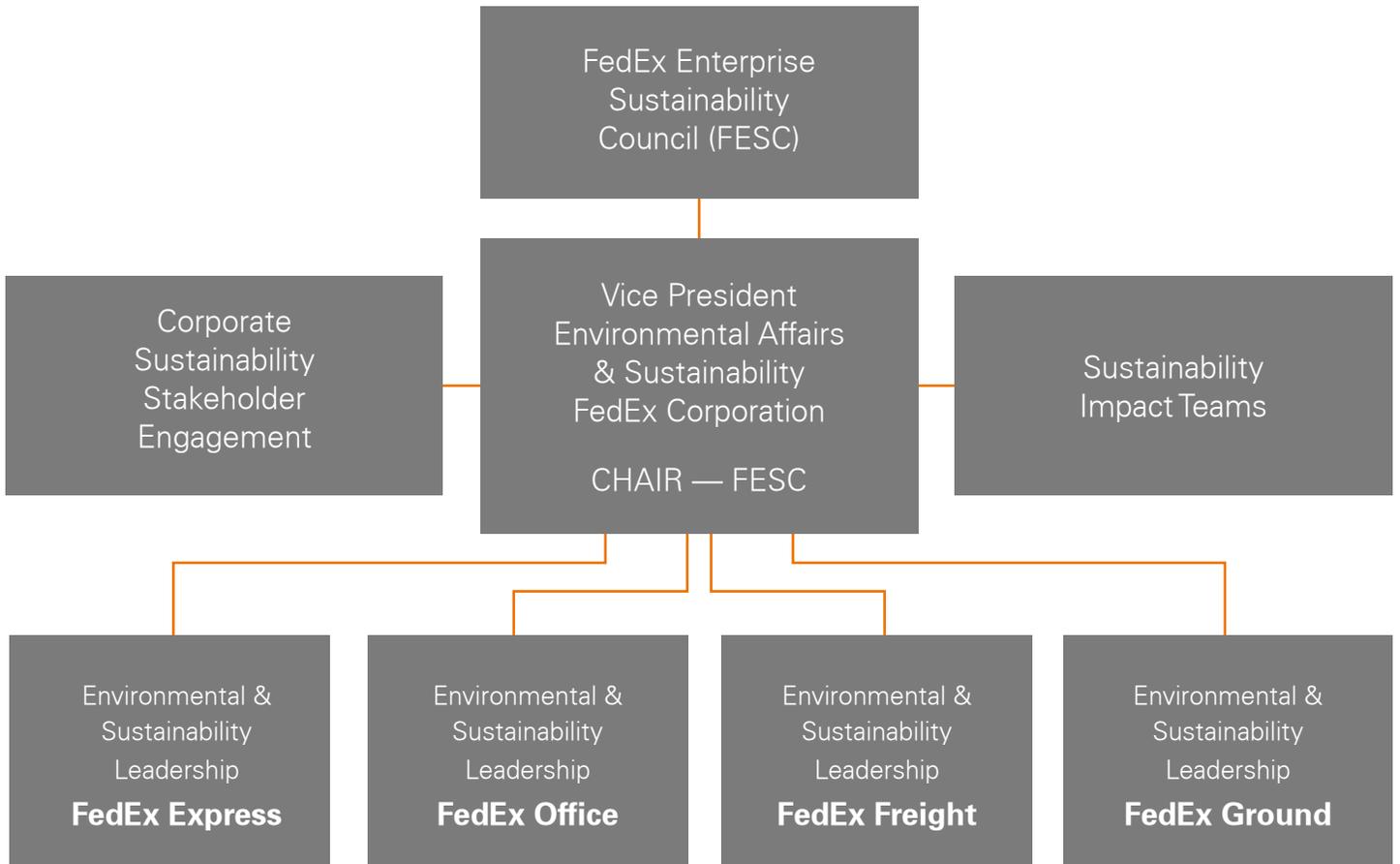
Our [Environmental Policy](#) guides FedEx operating companies in managing environmental performance.

Our Environmental Management System (EMS) is based on key elements of the international standard ISO 14001. Each FedEx operating company identifies and works to reduce relevant environmental impacts, under the direction of a senior

sustainability leader accountable for performance. Additionally, enterprise-wide Sustainability Impact Teams (SITs) covering global Vehicles, Facilities, Air Operations, Customer Solutions, IT, EarthSmart, Data/Reporting and Sourcing allow our operating companies to share synergies, ideas and innovations. The SITs and operating companies' senior sustainability leaders report to our chief

sustainability officer, the Vice President of Environmental Affairs and Sustainability. More information about our global citizenship governance is available [here](#).

Global Citizenship Governance Structure



Environment

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ENERGY AND GHG EMISSIONS

Moving customer packages and freight via aircraft and ground vehicles is our main operating activity. Our efforts to decouple business growth from emission increases focuses on improving efficiencies in our vehicle and aircraft fleets and buildings, providing alternative solutions for customers, working to discover new technologies for our assets, and advocating for sound public policy. We are piloting new technologies such as low-emission surface vehicles and planned alternative jet fuels. We are proud of our progress to date and will continue to pursue these challenging goals.

FY16 performance

Our aircraft fleet has achieved a 22 percent reduction in emissions intensity since 2005, continuing toward our goal of a 30 percent reduction by 2020. In FY16, our FedEx Express surface vehicle fleet set a new fuel efficiency goal of a 50 percent improvement by 2025 from a 2005 baseline — or an additional 17 percent from a 2015 baseline — after meeting our 2020 goal five years early.

Our business continued to grow in FY16 — consolidated revenue increased by 6 percent, average daily package volumes at FedEx Express and FedEx Ground increased by 6 percent and FedEx Freight less-than-truckload (LTL) volume increased by more than 3%. However, our scope 1 and 2 absolute emissions remained nearly flat, resulting in a 5.7 percent greenhouse gas (GHG) emissions intensity decrease based on consolidated revenue.

In FY16, we made progress toward acquiring more complete scope 3 emissions information from suppliers. As a result, our scope 3 emissions increased year over year, primarily as a result of an increase in interline air carriers' reporting of their emissions data allocated specifically for FedEx packages and freight.

5.7%
decrease

Our GHG emissions intensity decreased by 5.7% based on consolidated revenue.

Environment

Our Company Economy Environment People GRI

Direct and Indirect Energy Consumption (terajoules)

	FY14 ¹	FY15 ¹	FY16
DIRECT ENERGY CONSUMPTION (Scope 1)			
Aircraft fuel			
Jet fuel	154,661	157,652	156,960
Vehicle fuel²			
Diesel	34,684	35,703	37,167
Gasoline	2,973	3,254	3,415
Propane	834	756	848
Liquid natural gas (LNG) and compressed natural gas (CNG)	5	14	20
Facility use			
Natural gas	5,273	5,057	4,257
Heating oil	13	19	9
TOTAL DIRECT ENERGY CONSUMPTION	198,443	202,455	202,676
INDIRECT ENERGY CONSUMPTION (Scope 2)			
Facility electricity use			
Purchased electricity	6,267	6,356	6,647
TOTAL DIRECT AND INDIRECT ENERGY CONSUMPTION	204,710	208,811	209,323
OTHER INDIRECT ENERGY CONSUMPTION (Scope 3)			
Contracted transportation	26,848	29,650	33,908
TOTAL OTHER INDIRECT ENERGY CONSUMPTION	26,848	29,650	33,908
TOTAL ENERGY CONSUMPTION (TJ)	231,558	238,461	243,231
Consolidated Revenue (\$M)	\$45,567	\$47,453	\$50,365
TOTAL ENERGY INTENSITY (TJ/\$M)	5.08	5.03	4.83

¹ Restated from 2016 Global Citizenship Report.

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

Environment

Our Company Economy Environment People GRI

Direct and Indirect GHG Emissions (CO₂e metric tons)

	FY14 ¹	FY15 ¹	FY16
DIRECT ENERGY CONSUMPTION (Scope 1)			
Aircraft fuel			
Jet fuel	10,498,594	10,701,617	10,654,641
Vehicle fuel²			
Diesel	2,429,738	2,514,443	2,603,841
Gasoline	206,076	225,521	236,429
Propane	45,661	43,775	48,619
Liquid natural gas (LNG) and compressed natural gas (CNG)	201	769	1,000
Facility use			
Natural gas	269,610	254,777	214,676
Heating oil	1,024	1,292	659
TOTAL DIRECT EMISSIONS	13,450,904	13,742,194	13,759,865
INDIRECT ENERGY CONSUMPTION (Scope 2)			
Facility electricity use			
Purchased electricity	960,079	970,981	958,526
TOTAL DIRECT AND INDIRECT EMISSIONS (Scope 1 & 2)	14,410,983	14,713,175	14,718,391
OTHER INDIRECT ENERGY CONSUMPTION (Scope 3)			
Contracted transportation	1,843,803	2,023,432	2,336,731
Team member business travel ³	45,758	50,897	63,944
TOTAL REPORTED SCOPE 3 EMISSIONS	1,889,561	2,074,329	2,400,675
TOTAL GREENHOUSE GAS EMISSIONS (Scope 1, 2 & 3)	16,300,544	16,787,504	17,119,066
TOTAL EMISSIONS INTENSITY (Scope 1, 2 & 3) (metric tons CO₂e / \$M revenue)	357.73	353.77	339.90

¹ Restated from 2016 Global Citizenship Report.

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

³ FY14 and FY15 only include commercial air travel. FY16 also includes car rental.

Environment

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Emissions Intensity

	FY14	FY15	FY16
Consolidated Revenue (\$M)	\$45,567	\$47,453	\$50,365
TOTAL EMISSIONS INTENSITY (Scope 1 & 2) (metric tons CO₂e / \$M revenue)	316.26	310.06	292.23
TOTAL EMISSIONS INTENSITY (Scope 1, 2 & 3) (metric tons CO₂e / \$M revenue)	357.73	353.77	339.90

FY16 Total Direct and Indirect Emissions (Scope 1 and 2): GHG Equivalency Breakdown (metric tons)

Carbon dioxide (CO ₂)	14,573,964
Methane (CH ₄)	6,967
Nitrous oxide (N ₂ O)	137,460
TOTAL CO₂e	14,718,391

Other Significant Air Pollutants (metric tons)

	FY14	FY15	FY16
Nitrogen oxides (NO _x)	N/R	317,314	317,009
Sulfur oxides (SO _x)	20,306	20,700	20,623
Particulate matter (PM ₁₀)	3,407	3,037 ¹	3,096

¹ Restated from 2016 Global Citizenship Report.

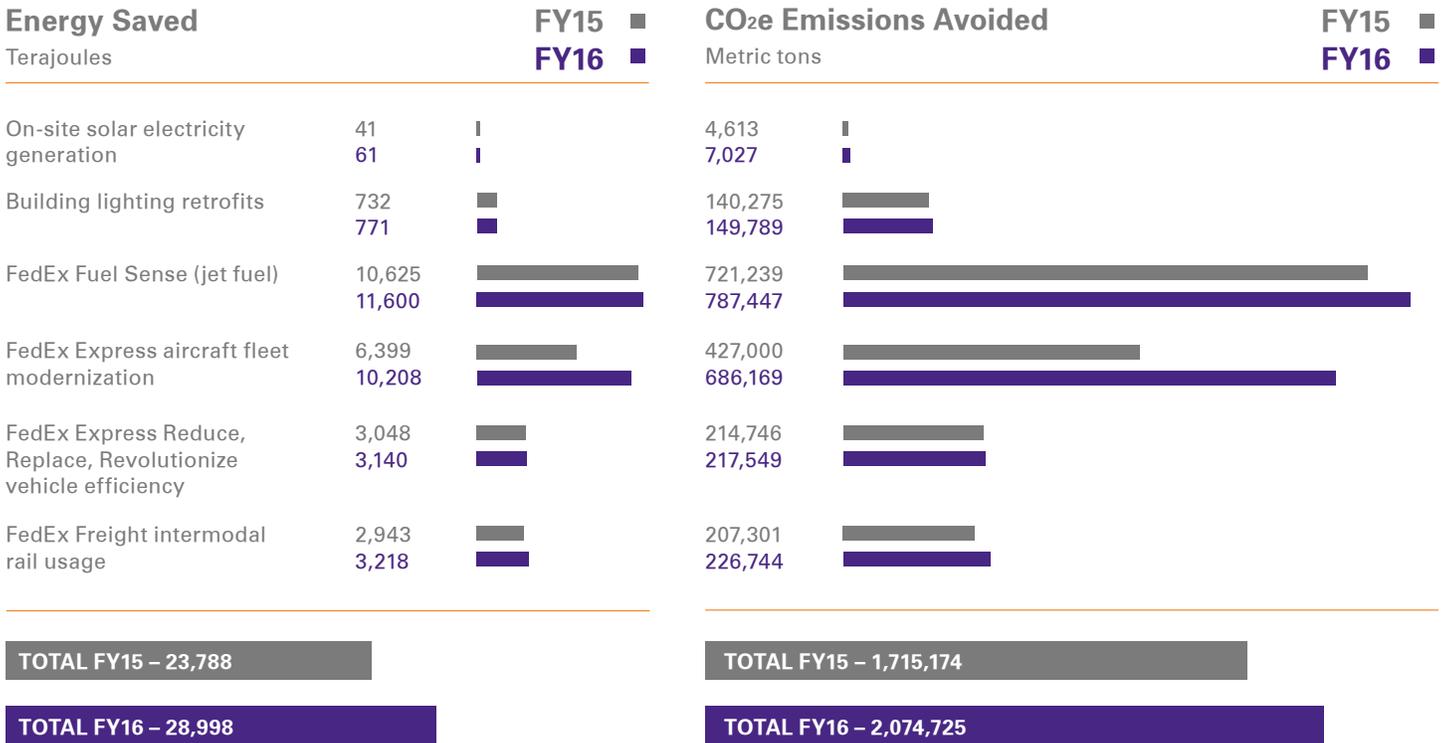
Environment

Our Company Economy Environment People GRI

Combined Impact of Our Energy Saving Initiatives

To achieve emission reductions, we implement a combination of fuel and energy saving initiatives which drive

results. In FY16, the combined impact of our largest programs avoided more than two million metric tons of CO₂e.



2 million
metric tons
of CO₂e

FedEx avoided more than 2 million metric tons of CO₂e through fuel and energy saving initiatives across the enterprise — equivalent to the carbon sequestered by more than 1.9 million acres of U.S. forest in one year.¹

¹ Calculated using the EPA Greenhouse Gas Equivalencies Calculator

Environment

Our Company Economy Environment People GRI

AIRCRAFT EFFICIENCY

To reduce the cost of fuel use and associated GHG emissions, we've (1) implemented efficiencies in flight operations through our global FedEx® Fuel Sense program and (2) replaced many of our older airplanes with more fuel-efficient models. These two initiatives saved more than 153 million gallons of jet fuel and avoided almost 1.5 million metric tons of CO₂e emissions in FY16 — equivalent to the CO₂ emissions generated by more than 150,000 homes in one year. In addition, we are actively exploring viable alternative fuels to help power our jets.

FedEx Fuel Sense identifies efficiencies across our aviation operations. Front-line team members, expert representatives from various departments, and our dedicated Fuel Management Office all generate ideas and contribute to a companywide culture of fuel-saving behavior.

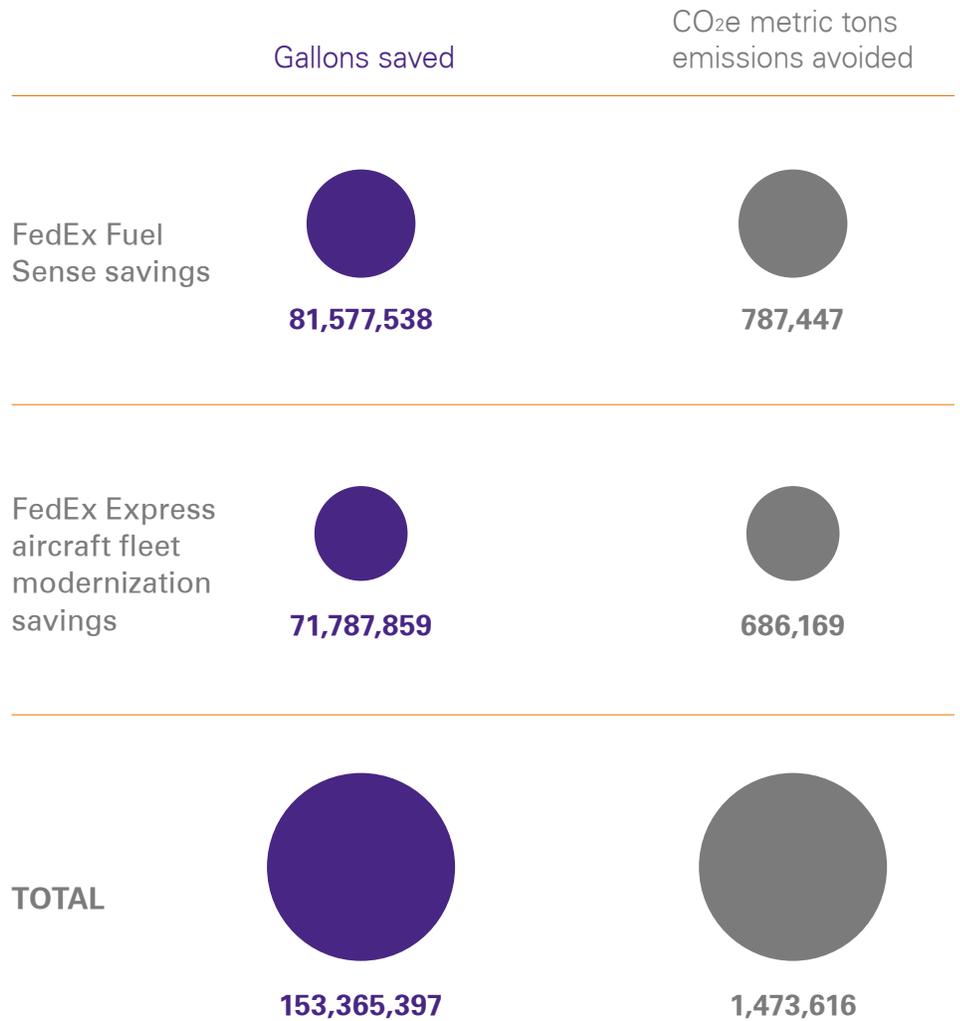
Many of our retired aircraft are donated to college aviation programs, airport fire agencies, museums and nonprofits such as Remote Area Medical, which provides free, quality health care to people in need in remote areas of the United States and around the world.

Alternative fuels progress

In FY15, we entered into an agreement with Colorado-based Red Rock Biofuels to purchase 6 million gallons of alternative jet fuel on-site — half Jet A and half biofuel — meeting current aviation regulations and ultimately producing at least 48 million gallons over an eight-year period.

Over the past year, delays have occurred which have impacted the construction of

FY16 Aircraft Efficiency



the fuel production facility. In 2019, FedEx expects to utilize the first 6 million gallons of this jet fuel on-site.

Benefits of alternative fuels include expanding and/or diversifying energy sources, reducing emissions, supporting economic development, often in rural communities, and the potential to promote price and supply stability. We

continue to collaborate with government agencies, academia and alternative-fuel suppliers in search of low-emission fuels that can be produced competitively and at scale. We do not assume that all biofuels are beneficial and consider environmental impacts before including them in our fuel mix.

Environment

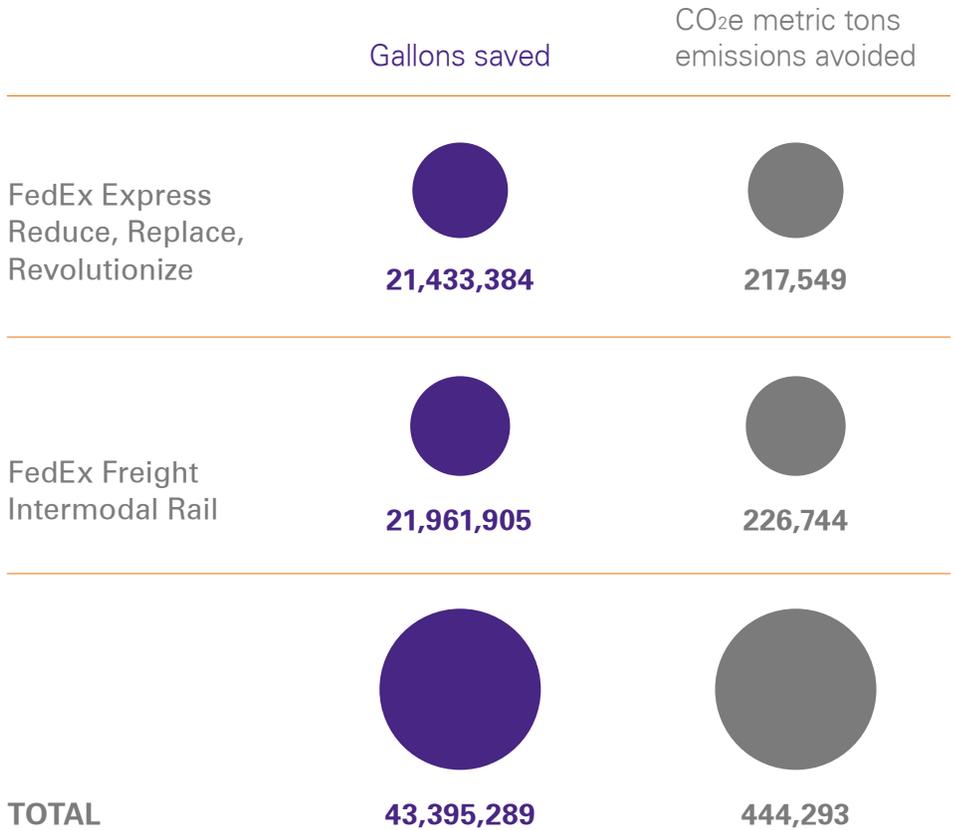
Our Company Economy Environment People GRI

VEHICLE EFFICIENCY

With more than 180,000 owned and contracted vehicles, our global ground transportation operations continue to offer potential for efficiency gains. In FY15, we delivered on this potential, by exceeding our 2020 goal of improving FedEx Express vehicle fuel use efficiency by 30 percent from 2005 levels. To meet our new goal of a 50 percent fuel efficiency improvement by 2025, or 17 percent improvement from a 2015 baseline, we will continue to apply proven innovations — optimizing truck routes, upgrading our vehicle fleet to more efficient models, instilling good driving habits and exploring alternative fuels and technologies.

In FY16, through the FedEx Express Reduce, Replace, Revolutionize strategy and intermodal rail shipping at FedEx Freight, we saved more than 43 million gallons of fuel and avoided more than 444,000 metric tons CO₂e. This is equivalent to the carbon sequestered by more than 400,000 acres of U.S. forest in one year.

FY16 Vehicle Efficiency



444,000
metrics tons
CO₂e

Through the FedEx Express Reduce, Replace, Revolutionize strategy and intermodal rail shipping at FedEx Freight, we saved more than 43 million gallons of fuel and avoided more than 444,000 metric tons CO₂e in FY16.

Environment

Our Company Economy **Environment** People GRI

Our first priority is to reduce overall mileage by optimizing routes. 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.

We employ efficient technologies such as automatic transmissions, low-rolling-resistance tires, trailer skirts that minimize drag and diagnostic equipment. We also help drivers improve their efficiency by reducing idle time, controlling speed and using progressive shifting techniques. For example, our international Eco-

drive education program provides both classroom and practical sessions which teach tips that anyone can use to drive in an environmentally friendly way.

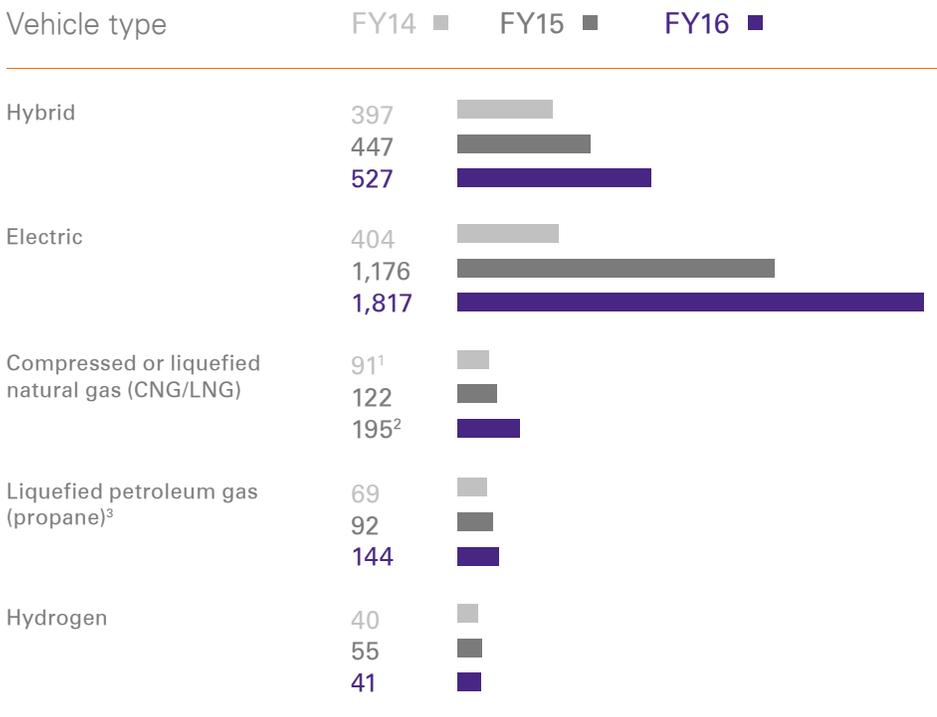
The program also identifies routes for transition to intermodal rail, which is more fuel-efficient than roads, and opportunities to reduce “last-mile” deliveries by offering more customer pickup locations.

When replacing any surface vehicle, we upgrade to cleaner, more efficient models wherever possible. In FY16, we added more than 800 alternative-fuel/technology vehicles to our fleet. At our FedEx Freight Oklahoma City Service Center, we

installed a compressed natural gas (CNG) fueling station and purchased more than 100 CNG tractors in early FY17. Read more about this initiative [here](#).

Looking ahead, we believe that wider adoption of alternative-fuel and advanced technology vehicles will play a critical part in reducing global GHG emissions. Specifically, we are exploring greater use of electric and fuel cell powered vehicles, among other advanced technologies, along with alternative-fueled vehicles. However, the current environment of low fuel prices could make investment in expanding alternative fuel refining capacity more challenging for suppliers.

Global Alternative Fuel Vehicle Fleet



[Read more](#) about how FedEx is blazing a trail for efficient and alternative fuels.

1 Restated from FY14 Global Citizenship Report.
 2 Does not reflect 75 CNG tractors added to fleet at FedEx Freight Oklahoma City Service Center in FY17.
 3 Total does not include propane-powered forklifts.
 4 Includes off-road electric vehicles in service but not reported in prior years.

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FACILITY EFFICIENCY

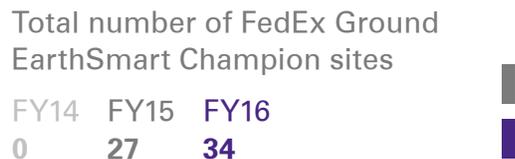
FedEx operates more than 5,600 facilities, including air and ground hubs, local stations, freight service centers and retail sites. At each location, our operating companies deploy efficiency initiatives and encourage team members to adopt energy-saving habits. Lighting retrofits are a priority, and in FY16 we upgraded 20 facilities, bringing the total to 1,068 since the program began in 2007. Collectively, these installations have saved more than 925 million KWh of electricity since 2007.

The FedEx Freight EarthSmart designated GREEN Site internal certification program recognizes sites that complete the applicable actions within the GREEN Site level checklist to reduce their location's environmental impact. These efforts are led by Local Environmental Action Facilitators (LEAFs) who educate and encourage team members and monitor Green Site status. FedEx Ground takes a similar approach. Its EarthSmart Champion program aims to boost employee participation in sustainability activities at the facility and district level. Each on-site champion is responsible for completing an EarthSmart building checklist of specific sustainability initiatives.

FY16 Facility Efficiency



Facilities Overview



¹ In addition, one FedEx Supply Chain location is ISO 14001 certified.

Environment

Our Company Economy Environment People GRI

Solar energy generation and procurement

On-site renewable energy technologies, including solar and fuel cells, power efficiency savings at FedEx facilities. Eighteen of our facilities now generate renewable energy — reducing our GHG emissions and operating expenses, while demonstrating industry leadership. These

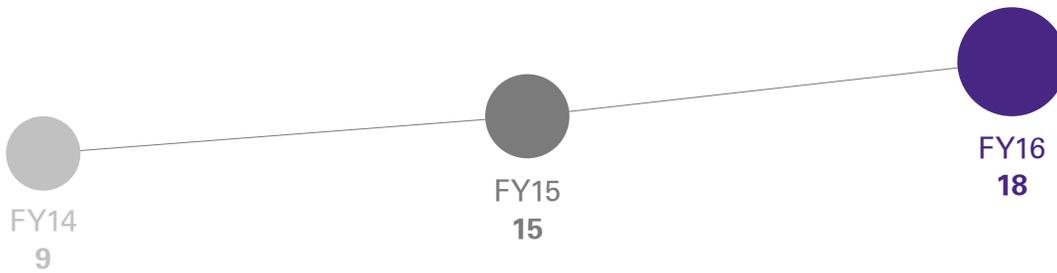
include three new solar energy systems that came online in FY16, collectively generating almost 1 million KWh of clean energy.

In addition, we are exploring options to increase purchases of off-site renewable

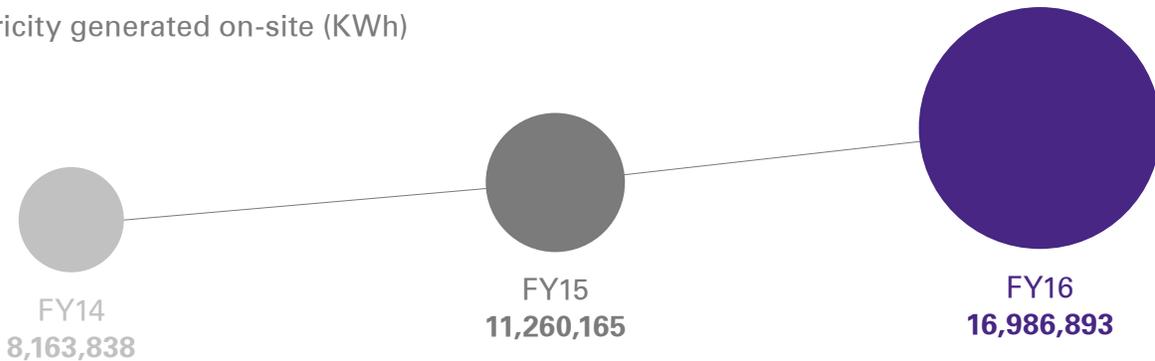
power. In FY16, we worked with the [Business Renewables Center](#), a member-based platform that streamlines and accelerates corporate purchasing of off-site, large-scale wind and solar energy, to develop a viable, cost-effective strategy.

Solar Energy Generation

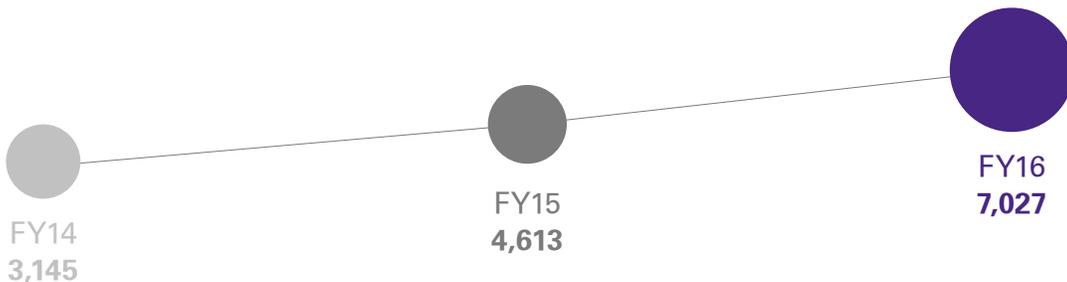
Number of energy systems companywide



Solar electricity generated on-site (KWh)



Emissions avoided by solar sites (metric tons CO₂e)



Environment

Our Company Economy Environment People GRI

Delivering industry progress

Government and industry organizations that FedEx works with to improve the transportation sector's environmental performance include:

- 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
- Sustainable Purchasing Leadership Council
- Rocky Mountain Institute Business Renewables Center
- Securing America's Future Energy (SAFE)
- The Electrification Coalition

Regulatory developments

In FY16, two major regulatory developments were underway with significant implications for FedEx operations. The United Nations International Civil Aviation Organization (ICAO) began the approval process for new global aircraft CO₂ emissions standards focused on large aircraft weighing over 60 metric tons, which account for more than 90 percent of international aviation emissions. ICAO works with member states and

industry groups to reach consensus on international standards and policies in support of a safe, efficient, economically sustainable and environmentally responsible civil aviation sector. The U.S. Environmental Protection Agency (EPA) may align with the new ICAO standards and implement them for U.S.-manufactured commercial aircraft, affecting future new designs for aircraft in 2020 and newly produced aircraft in 2028. FedEx supported the development of a CO₂ emissions standard, the ICAO Committee on Aviation Environmental Protection's recommended standard, and its anticipated adoption by the U.S. EPA into national law.

The EPA has also strengthened medium- and heavy-duty vehicle efficiency standards through additional greenhouse gas and fuel efficiency regulatory rulemaking. FedEx was actively involved in the EPA's stakeholder engagement process and provided comments to the proposed GHG Emissions and Fuel Efficiency Standards for Medium and Heavy Duty Engines and Vehicles — Phase 2 regulation. We believe this presents an opportunity to further improve fuel efficiencies and lower GHG emissions from the national fleet using a comprehensive and harmonized approach. In fact, FedEx was the first transportation logistics company to call upon the federal government to develop these standards. Other proposed regulatory changes which FedEx supports include:

- The 33 Foot Trailer Legislative Initiative, which would permit twin 33-foot trailers on federal interstate highways, improving safety, and reducing fuel consumption and associated GHG emissions
- California's AB1520, which would extend current law to enable business

customers to generate clean, reliable on-site power without threat of punitive utility fees on electricity generated from the on-site resource

Longer term, FedEx supports the U.S. federal government's goal to reduce energy dependence, including cutting oil imports by 50 percent from 2012 levels by 2020. We believe the path to achieving this includes increasing the nation's use of energy-efficient vehicles powered by electricity and alternative fuels, as FedEx is doing in its own fleet. We also support domestic energy production, such as delivering wind turbine parts using specialized equipment.



Jason Mathers

The Sustainability Advocate

[Read more](#) about how FedEx and Environmental Defense Fund work together to help make sustainability good for business.

Environment

Our Company Economy Environment People GRI

RESPONSIBLE MATERIALS USE

Our most-used material is cardboard packaging provided to our customers for their deliveries and to secure shipments during transit. To avoid wasteful returns and replacements, we strive, first and foremost, to ensure that packages are delivered without damage. We also encourage customers to use the right-

size packaging and work with suppliers to include recycled content in FedEx packaging whenever possible. Other materials we use in shipping include bubble wrap, plastic air pillows, chipboard, Tyvek envelopes and packing tape.

Perfect Fit Packaging

Helping customers find the right-fit packaging for their products saves them money and reduces our environmental footprint. Our Packaging Services Planning & Engineering group worked on 11 such right-size packaging projects in FY16. For example, in collaboration with a leading car manufacturer, we redesigned a car bumper package, reducing its size by 65 percent and the amount of corrugated material used by 29 percent. This reduced their average shipping cost by \$15.34 per package.

Materials Consumption (metric tons)

	FY14	FY15	FY16
Packaging	49,952	54,342	53,859
Paper	25,120 ¹	24,577	26,151
Other operational materials	16,427	28,929	21,728
Total materials consumption	91,499	107,848	101,738

¹ Restated from FY14 Global Citizenship Report.

	FY16 % of recycled content of materials used
Packaging	48%
Paper	6%
Other operational materials	40%
Total materials consumption	35%

Environment

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FedEx Office paper stock for copy and print services is our next largest volume of materials used. We stock clearly labeled sustainably sourced paper options, which we encourage customers to choose. The

FedEx Office procurement policy requires vendors to apply responsible forest management practices and sets standards for recycled content.

Other operational materials we use include maintenance supplies for our aircraft and vehicle fleet. We reuse materials as many times as possible and try to avoid using virgin materials, opting instead for remanufactured products.



Certification

81%

Forest Stewardship Council

17%

Other third-party¹

¹ Includes SFI/PEFC, Tree Free, ISO 14001, Green Seal, Wind Power and Carbon Neutral

2%

Noncertified

98%

of paper at FedEx Office is FSC or other third party-certified sustainable

Environment

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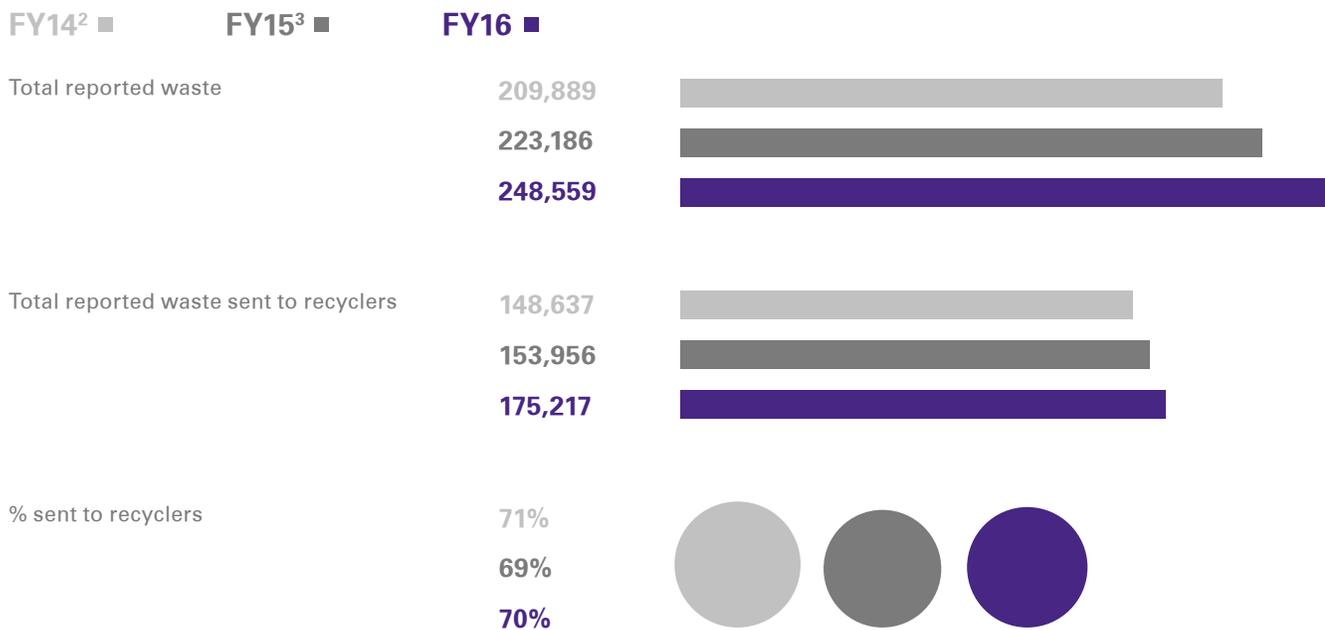
FY16 Waste and Recycling Streams¹ (metric tons)

Waste type	Total waste	Sent to recyclers	% sent to recyclers
Solid waste	240,917	169,067	70%
Regulated non-hazardous waste	5,981	4,720	79%
Hazardous waste	828	597	72%
Universal waste ²	66	66	100%
Electronic waste	767	767	100%

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

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

Waste and Recycling¹ (metric tons)



¹ Refers to data collected in North America and U.K.

² Restated from FY14 Global Citizenship Report.

³ Restated from FY15 Global Citizenship Report.

Environment

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Customer outreach

Customers can choose from our selection of environmentally [responsible packaging](#) and [digital document solutions](#) to reduce their footprint beyond the environmental benefits provided by our transportation services.

Under the EarthSmart umbrella, FedEx Express was the first global express transportation company to offer a [carbon-neutral envelope shipping program](#) at no extra charge to the customer, offsetting carbon emissions generated during shipment of branded FedEx envelopes since 2012. In FY16, FedEx Express shipped over 190,000,000 carbon-neutral envelopes, offsetting almost

75,000 metric tons CO₂e. Since the program began, it has cumulatively offset 342,000 metric tons CO₂e.

FedEx Office® [Print Online Corporate](#) platform helps our commercial customers print closer to their point of need to avoid unnecessary shipping. Using this system eliminated more than 70 million miles of shipping-related transit, avoiding up to 600 metric tons CO₂e in FY16.

In FY16, we enhanced the promotion and visibility of environmentally responsible products at 50 customer-facing FedEx Office locations in Atlanta, Dallas, Seattle and Los Angeles. At those locations,

signage improved the visibility of sustainable packaging products.

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](#).

190
million

FedEx Express shipped over 190 million carbon-neutral envelopes in FY16, offsetting almost 75,000 metric tons of CO₂e.

Compliance

FedEx has robust processes to prevent spills and comply with all environmental regulations in every country where we operate. When spills do occur, we follow comprehensive response plans to minimize any harm to the well-being of team members, local communities and the environment.

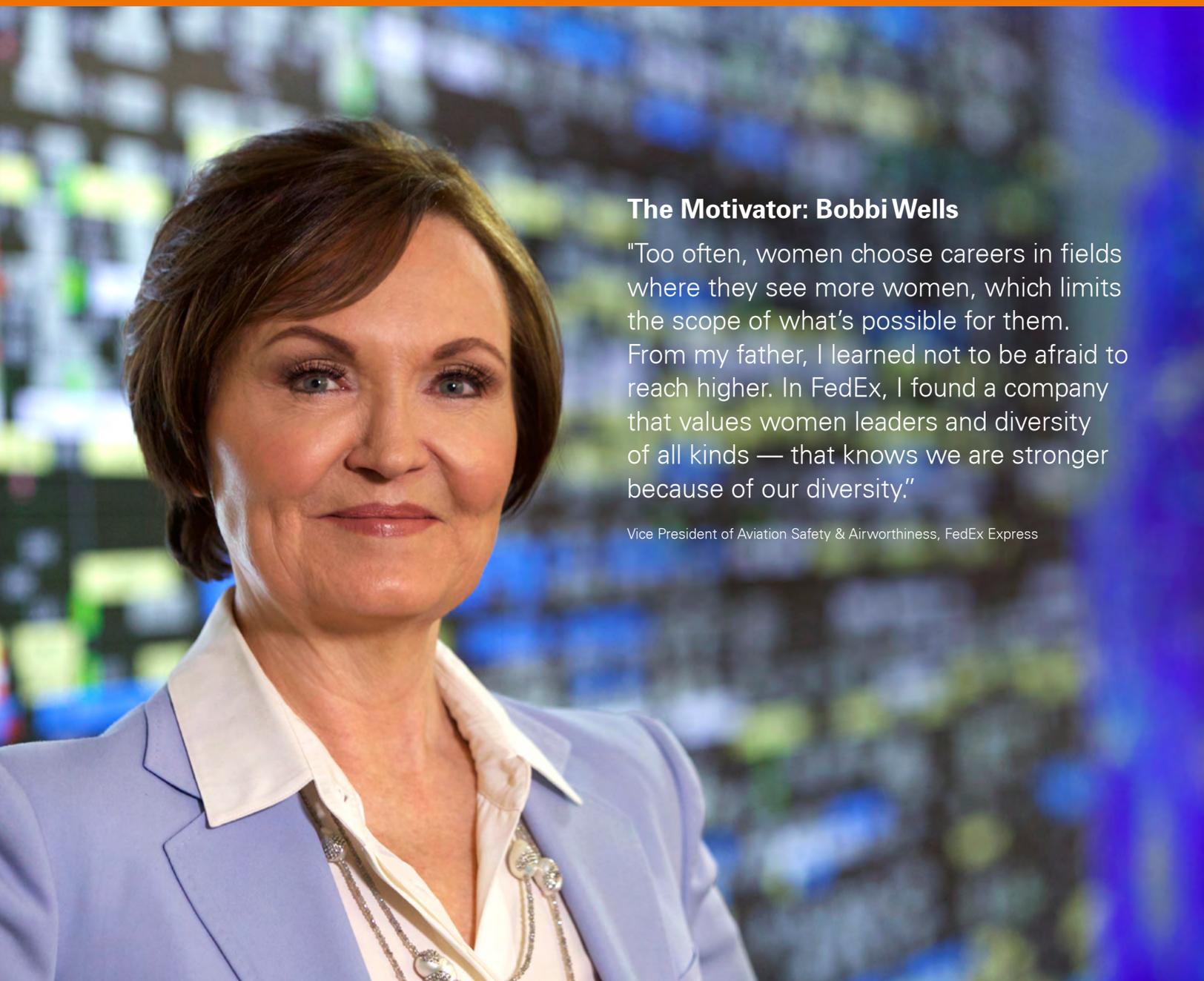
FY16 Compliance Summary

	FY14	FY15	FY16
Number of ISO 14001 certified sites worldwide	51	52	52
Number of significant spills ¹	124	119	132
Number of monetary violations from external agencies	2	8	3
Total amount of monetary violations	\$15,100	\$92,884	\$15,250

¹ Defined as spills of hazardous materials like oil, fuel and chemicals that are reportable to the appropriate environmental regulatory agency, such as the U.S. National Response Center.

People

DELIVERING FOR OUR TEAM



The Motivator: Bobbi Wells

"Too often, women choose careers in fields where they see more women, which limits the scope of what's possible for them. From my father, I learned not to be afraid to reach higher. In FedEx, I found a company that values women leaders and diversity of all kinds — that knows we are stronger because of our diversity."

Vice President of Aviation Safety & Airworthiness, FedEx Express

People

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THE PURPLE PROMISE

The Purple Promise is a commitment that all team members make when they join FedEx: To make every FedEx experience outstanding. The promise is more than just words. It is a comprehensive commitment that unites all aspects of our business.

Recognizing our people is central to the FedEx culture. In FY16, we honored team members in the areas of customer service, quality-driven management, acts of bravery and compassion and more. Through our Purple Promise Chairman's

Award, 19 team members were honored for their extraordinary efforts and unselfish acts characterized by dedication, collaboration and innovation.

OUR COMMITMENT TO SAFETY

As we move millions of packages and pallets of freight around the globe each day, the health and safety of our team members, contracted service providers and communities are our top priorities. We continually strive to improve safety at FedEx through operational standards, educational initiatives, investing in new technologies and reinforcing our safety culture in our operations.

Safety performance

FedEx reports two key safety metrics in order to monitor trends and improve performance:

- **Lost Time Injury Rate (LTIR):** Covers nonfatal injuries and work-related illnesses that cause a team member to lose work days
- **Preventable Recordable Vehicle Accident Rate:** Measures accidents that result in preventable fatalities or injuries

In FY16, our LTIR improved by more than 7 percent from FY15. We attribute this to greater participation by FedEx Express team members in light-duty programs that helped improve workforce readiness and favorably affected lost time injury rates. Our Preventable Recordable Vehicle Accident Rate rose by more than 3 percent from FY15. This is partly due to improved data reporting.

Global Safety Data

	FY14	FY15	FY16
Lost Time Injury Rates, per 200,000 hours worked ¹	3.98	3.83	3.53
Preventable Recordable Vehicle Accident Rates, per 1 million miles driven ²	0.303 ³	0.293	0.304

¹ Global LTIR data is based on definitions from the United States Occupational Safety and Health Administration (OSHA).

² The Preventable Recordable Vehicle Accident Rate incorporates employees and contracted service providers operating under FedEx Ground, FedEx Freight Canada and FedEx Custom Critical.

³ The Preventable Recordable Vehicle Accident Rate for FY14 has been revised down from previous reports due to previously overstated data.

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Safety programs

Each FedEx operating company develops tailored approaches to address the specific safety needs of their business. In FY16, FedEx Express implemented a new Safety Management System for its air carrier business, and trained thousands of global team members, achieving 100 percent participation.

In FY16, FedEx Express launched the Safety Above All II program designed to assist front-line operations management to reduce lost time injuries. The program focuses on five areas:

- Safety training for new hires
- Safety training for operations management
- Safety interventions for at-risk team members
- Location interventions for at-risk sites
- Integration of new training technology

Following an analysis of the causes of vehicle accidents, FedEx Express also launched a Danger Zone Accident Reduction plan in FY16, outlining procedures for reducing accidents while drivers enter, park or depart from a location. FedEx Ground implemented a new safety coaching program where trained experts observe the body mechanics of new package handlers to help them modify behaviors before they become bad habits.

Advanced Technologies Keep Team Members and Communities Safe

FedEx invests in advanced technologies to enhance safety, including:

- Enhanced Flight Vision Systems (EFVS) that improve the ability to land planes in low-visibility conditions
- Advanced collision mitigation systems that warn drivers and can apply brakes if necessary
- Enhanced lane departure warning and traction control technology that keep vehicles safely in their lanes



Saúl Alveano

The Mobilizer

[Read more](#) about how FedEx shares expertise to help World Resources Institute save lives in the world's megacities.

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Building a safety culture

Through global Safety Awards, we honor team members who show exemplary safety performance and leadership. Regionally, our operating companies implement safety award programs and competitions that foster pride in safe work habits. At the 2016 National Truck Driving Championships (NTDC), four FedEx drivers finished as National Champions and one driver took home National Rookie of the Year. [Learn more](#) about our winners.

Also in FY16, FedEx Express was honored as one of the top three performers in the safety category at the American Trucking Associations (ATA) annual banquet.

Collaborating on safety standards

To share best practices for improving safety outcomes across the industry, FedEx works with the following U.S. associations:

- **Airlines 4 America**
- **American Society of Safety Engineers (ASSE)**
- **American Trucking Associations (ATA)**
- **American Industrial Hygiene Association**
- **Commercial Vehicle Safety Alliance**
- **COSTHA (Council on Safe Transportation of Hazardous Articles)**
- **Federal Aviation Administration (FAA)**
- **Federal Motor Carrier Safety Administration**
- **Flight Safety Foundation**
- **The MITRE Corporation**

Movement of hazardous materials

FedEx takes seriously the risks associated with transporting hazardous materials. Through equipment and technology enhancements and the implementation of safety procedures, we continually work to reduce risks within our network. We work closely with regulators and industry collaborators to find safe solutions for shipping materials such as lithium ion batteries. We also provide educational materials, tools and technology to allow customers to mitigate their own safety risks during the transportation of potentially hazardous products. In FY16, FedEx Freight implemented a new safety process help to ensure timely follow-up of any Road Side Inspection (RSI) violations related to hazardous materials.

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TEAM MEMBER QUALITY OF LIFE

In line with our People-Service-Profit philosophy, our company's success and the well-being of our team members are closely connected. FedEx invests in health care and retirement benefits, and well-being programs, to enhance the quality of life of our team members so they can perform at their best.

Health and wellness

FedEx offers health programs and competitive health benefits for eligible full-time and part-time team members. We cover most healthcare costs for our U.S. team members, including medical, dental and vision coverage. Team members can also access a 24-hour nurse line, integrated personal health teams and a medical decision support group free of charge.

FedEx also provides short-term and long-term disability, life insurance and voluntary plan benefits to eligible team members. In addition, FedEx invests in wellness programs, including nutrition education, stress-management classes, access to health club services and more.

In FY16, 88,380 team members globally took part in our Healthways Well-Being Program, which includes one-on-one coaching and practical tools to support smart health choices. We also offer a Work-Life Balance Program to all U.S. team members as well as FedEx Office Canadian team members. Team members can access specialists and online resources for advice and support on common life events and challenges including parenting, child care and financial matters. In FY16, the program had more than 103,000 active registered users.

Saving for the future

We encourage eligible U.S. team members to save for retirement through our pension and 401(k) plans. In FY16, 93 percent of U.S.-based team members participated. To encourage greater retirement plan take-up, we held 34 benefits fairs and made personal contact with nearly 18,000 team members and spouses in FY16. We also established a Retirement Education and Outreach Group to expand outreach activities in FY17.

Team Members Engaged in Other Health and Well-Being Programs, FY16

- 8,336 in Well-Being Coaching, a 120 percent increase from FY15
- 696 in the Innergy Healthier Weight Program
- 922 in the QuitNet Tobacco Cessation Programs

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TEAM MEMBER CAREER DEVELOPMENT

Our team members help FedEx grow as a company and we are committed to helping them grow their careers. We have a strong track record in career training and development programs, promoting managers from within and engaging team members in meaningful dialogue to improve our business.

Each year, our operating companies conduct annual surveys for team members to provide candid feedback on issues important to their work, including training, benefits and compensation. We also encourage team members to provide direct feedback to management through formal and informal open-door policies.

Training, education and coaching

Investing in our team members is good business, promoting loyalty, retention and the skills development essential to our future growth. In FY16, employees received an average of 20.08 hours of formal training, compared to 16.57 hours in FY15.

We also offer a variety of development opportunities to our team members and future FedEx leaders, including the following programs:

- **Leadership Training Programs:** Our EXCEL DRIVE and Global Leadership Corps programs provide networking and development opportunities to current and prospective leaders across the company.
- **Tuition Assistance:** FedEx provides tuition assistance to full-time and part-time team members to support their professional growth. In FY16, FedEx provided over \$15 million in tuition assistance across the enterprise.
- **Performance Coaching:** All employees in the U.S. received performance and career development reviews and/or discussions in FY16.

- **The FedEx Learning Center:** Through this premier online team member training platform, team members choose from nearly 17,500 courses, self-enroll, and track their progress over time.

In FY16, we retained 88 percent of our full-time U.S. team members, up 8 percent from FY15. Globally, FedEx hired a total of 143,327 full-time and part-time team members in FY16, while 128,723 left the company in this period. The largest portion of turnover came from hourly workers, including package handlers.

Recruitment and retention

We work hard to earn and maintain the loyalty of our team members. Our recruitment and retention strategy seeks to build an employment culture that reflects the goals and ambitions of our team members and the communities that we serve. We work to attract and retain top candidates, including women, minorities and veterans. This includes joining local outreach and community events, attending job fairs, participating in trade school education sessions and more. We prioritize promoting team members from within and regularly post positions internally before advertising them publicly.

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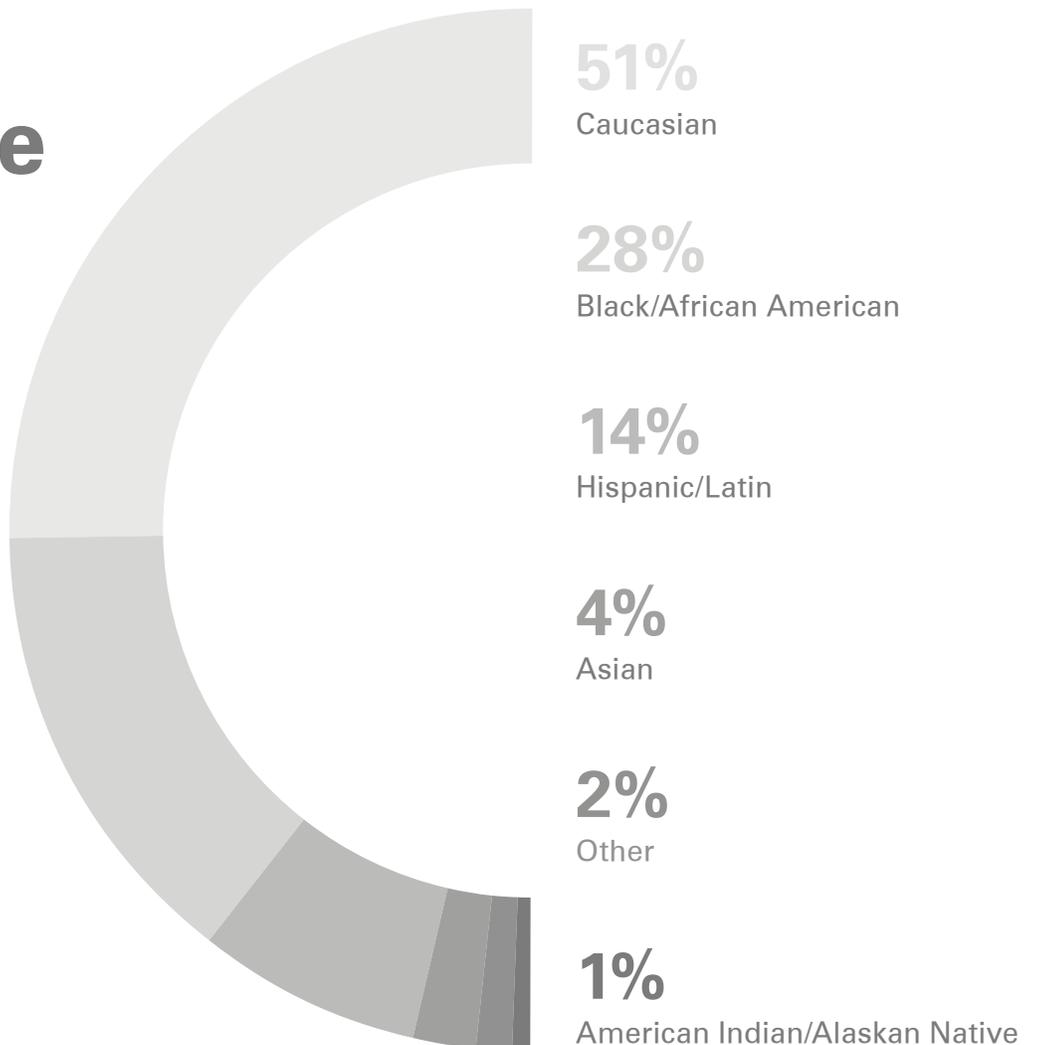
DIVERSITY AND INCLUSION

Our business success relies on providing exceptional service to an increasingly diverse customer base. We see the diversity of backgrounds, perspectives and experiences that our team members bring to the company as essential to fostering exceptional business results. To support an inclusive workplace culture, we are committed to the education, recruitment, development and advancement of diverse team members worldwide.

To ensure that we maintain progress, each operating company has a Diversity and Inclusion team to help embed multicultural programs and inclusion practices in our workplace culture. All Diversity and Inclusion teams participate in a Diversity & Inclusion Corporate Council that meets monthly to share best practices and collaborate on companywide

initiatives. We also collaborate with diverse organizations including minority and women-focused groups, universities, veterans' organizations and community groups to support our initiatives.

U.S. Workforce Diversity



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U.S. Generational Diversity 2016

29%

Under 30 years of age

41%

30–50 years of age

30%

Over 50 years of age



Diverse recruitment and retention

FedEx continually strives to embed diversity and inclusion practices into our recruitment and retention programs. To support our diverse recruitment efforts, FedEx collaborates with organizations serving women, minorities and veterans groups.

In FY16, this included attending job fairs at historically black colleges, sponsoring women's associations, working with veteran organizations and holding diversity and inclusion events. For example, FedEx Ground held a Disability Mentoring Day in its Pittsburgh headquarters, hosting students with disabilities. FedEx Services

launched a new employment strategy to focus on recruiting interns from historically black colleges, universities and diverse organizations.

Global Headcount by Gender

	Total FY16	Female FY16	Male FY16
Employees	335,767	94,065	241,702
Management employees	22,777	5,060	17,717
Non-management employees	312,990	89,005	223,985
Full-time employees (U.S workforce only)	153,441	41,281	112,160
Part-time employees (U.S. workforce only)	117,202	35,753	81,449

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Promoting workplace inclusion

Each FedEx operating company provides opportunities for internal teams to support workplace inclusion initiatives. These include diversity and inclusion team member councils, affinity groups and Business Resource Teams (BRT). FedEx Express, for example, supports eight affinity groups including African American, Hispanic, Asian, Women, Cancer Support, Multifaith, LGBT and Friends and U.S. Military Veterans. In FY16, FedEx Services created two new Business Resource Teams, including a Multi-Ethnic Leadership Community and a group focused on generational diversity called ALLGen. FedEx Ground added a Veterans Representative Group and a Pittsburgh Emerging Professionals Network (PEPN).

FedEx provides diversity and inclusion awareness training to new hires and management personnel. We also offer educational materials on diversity and inclusion awareness to team members. FedEx Freight hosts monthly education sessions for the more than 200 team members that participate on their Diversity & Inclusion Council. FedEx Express provides classroom training and online courses on diversity & inclusion management through its Global Leadership Institute. In FY16, FedEx Ground launched a new Diversity and Inclusion website to educate team members on available resources.

Women at FedEx

FedEx operates in an industry traditionally lacking in gender diversity. We are strongly committed to promoting qualified women into managerial and leadership roles, offering programs that help women advance in their careers and providing mentoring and networking opportunities for female team members. In total, there were 5,060 women in managerial roles across FedEx in FY16.



Read more about how FedEx supports rewarding careers for women and veterans.

30.7%

of management roles in the U.S. were held by minorities, and more than 22% of global management roles were held by women in FY16.

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Efforts by our operating companies to advance leadership opportunities for women in FY16 included:

- FedEx participated in the 17th Global Women in Leadership Economic Forum in the United Arab Emirates, leading interactive panel discussions
- FedEx invited female students from colleges and NGOs to visit FedEx locations throughout Europe, the Middle East, the Indian Subcontinent and Africa, to meet inspiring female team members
- FedEx Ground continued its multitiered leadership program for mid-level female managers. The program provides multi-year leadership development training and courses to help female managers advance their career goals.

Veterans and FedEx

We honor the service that veterans give to the U.S. and proactively work to hire them. FedEx is a corporate collaborator of the U.S. Chamber of Commerce Hiring Our Heroes program, which helps veterans, transitioning service members and military spouses find meaningful employment opportunities. For more than 20 years, FedEx Express has maintained the Military Fellows Program, an initiative that provides active duty military officers with learning experiences in Corporate America. The Fellows spend one year of their service obligation working with several departments at the FedEx Express World Headquarters.

FedEx Ground leads our Veterans Representative Initiative that connects veterans to career resource opportunities and supports organizations that address issues that disproportionately affect veterans. FedEx Services participates in an eMentor Leadership Program that pairs FedEx volunteers with veterans, military personnel and military spouses seeking employment.

Diversity recognition

Diversity and inclusion at FedEx connects people and possibilities to deliver a better future for team members, customers, suppliers and communities.

- FedEx named one of *America's Top Corporations for Women's Business Enterprises* by the Women's Business Enterprise National Council
- FedEx received the Patriotic Employer Award and Above and Beyond Award from Employer Support for the Guard and Reserve, a Department of Defense Agency
- FedEx ranked as one of *10 Best Workplaces for African-Americans* by *Fortune* in 2016
- FedEx named by Black Enterprise as one of *Top 40 Best Companies for Diversity* in 2016
- FedEx Office Diversity & Inclusion Forums recognized as best practice by the Texas Diversity Council

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General Standard Disclosures

GRI INDEX		Disclosure
Strategy and Analysis		
G4-1	Statement from most senior decision maker	Chairman and CEO Letter
G4-2	Key impacts, risks and opportunities	Chairman and CEO Letter Our Company: Delivering Business Responsibly (full section) Economy: Delivering Opportunities (full section) Environment: Delivering for a Sustainable World (full section) People: Delivering for Our Team (full section)
Organizational Profile		
G4-3	Name of the organization	FedEx Corporation
G4-4	Primary brands, products and services	Our Company: Delivering Business Responsibly>Our Business FedEx Annual Report 2016 Our Services
G4-5	Location of the organization's headquarters	942 South Shady Grove Road Memphis, Tennessee 38120
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	Our Company: Delivering Business Responsibly>Our Business FedEx Annual Report 2016
G4-7	Nature of ownership and legal form	Publicly traded corporation
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	Our Company: Delivering Business Responsibly>Our Business FedEx Annual Report 2016
G4-9	Scale of organization	Our Company: Delivering Business Responsibly>Our Business Economy: Delivering Opportunities>Global Business Performance FedEx Annual Report 2016
G4-10	Total workforce by employment contract and gender	People: Delivering for Our Team>Diversity and Inclusion
G4-12	Describe the organization's supply chain	Economy: Delivering Opportunities>Our Global Supply Chain Economy: Delivering Opportunities>Global Economic Impact Environment: Delivering for a Sustainable World>Responsible Materials Use
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	Economy: Delivering Opportunities>Global Business Performance Economy: Delivering Opportunities>Global Economic Impact Economy: Delivering Opportunities>Our Global Supply Chain Our Company: Delivering Business Responsibly>Our Business FedEx Annual Report 2016
G4-14	Whether and how the precautionary approach or principle is addressed by the organization	FedEx 2016 Proxy Statement Our standard management practices consider many factors, including potential positive and negative societal impacts, when making strategic business decisions.

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GRI INDEX	Disclosure
G4-15 Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	Economy: Delivering Opportunities>Global Economic Impact Economy: Delivering Opportunities>Community Investment Environment: Delivering for a Sustainable World>Energy and GHG Emissions In addition, we utilize the World Resources Institute/World Council for Sustainable Business Development's The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
G4-16 Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic	Economy: Delivering Opportunities>Global Economic Impact People: Delivering for Our Team (full section) Economy: Delivering Opportunities>Our Global Supply Chain We also hold memberships in the following associations: - Securing America's Future Energy (SAFE) - Electrification Coalition - Global Environmental Management Initiative - U.S. Chamber of Commerce - American Trucking Associations - Airlines 4 America - The Business Roundtable - The Conference Board - International Air Transport Association (IATA) - Americans for Modern Transportation
Identified Material Aspects and Boundaries	
G4-17 All entities included in the organization's consolidated financial statements or equivalent documents and whether any of these entities is not covered by the report	Economy: Delivering Opportunities (full section) FedEx 2016 Form 10-K
G4-18 Explain the process for defining the report content and the Aspect Boundaries and how the organization has implemented the Reporting Principles for Defining Report Content	About This Report Our Company: Delivering Business Responsibly>Materiality and Risk Assessment
G4-19 All the material Aspects identified in the process for defining report content	Our Company: Delivering Business Responsibly>Materiality and Risk Assessment
G4-20 The Aspect Boundary within the organization for each material Aspect	Our Company: Delivering Business Responsibly>Materiality and Risk Assessment The information in this report applies to FedEx Corporation and all operating companies and associated companies globally within the reporting period, unless otherwise stated. The reported FY16 data does not include TNT Express
G4-21 The Aspect Boundary outside the organization for each material Aspect	Our Company: Delivering Business Responsibly>Materiality and Risk Assessment
G4-22 The effect of any restatements of information provided in previous reports, and the reasons for such restatements	In FY16, FedEx did not issue restatements of information provided in previous reports, unless otherwise noted.
G4-23 Significant changes from previous reporting periods in the Scope and Aspect Boundaries	No significant changes in FY16

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Stakeholder Engagement		
G4-24	A list of stakeholder groups engaged by the organization	Our Company: Delivering Business Responsibility>CSR Materiality and Risk Assessment Full Report
G4-25	The basis for identification and selection of stakeholders with whom to engage	Economy: Delivering Opportunities (full section) FedEx 2016 Form 10-K
G4-26	The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	Our Company: Delivering Business Responsibility>CSR Materiality and Risk Assessment Full Report
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. The stakeholder groups that raised each of the key topics and concerns	Our Company: Delivering Business Responsibility>CSR Materiality and Risk Assessment Full Report
Report Profile		
G4-28	Reporting period for information provided	About This Report
G4-29	Date of most recent previous report	2016 FedEx Global Citizenship Report (published in March 2016)
G4-30	Reporting cycle	Annual (Fiscal Year)
G4-31	The contact point for questions regarding the report or its contents	csr@fedex.com
G4-32	Report the 'in accordance' option the organization has chosen; the GRI Content Index for the chosen option and the reference to the External Assurance Report, if the report has been externally assured	About this Report
G4-33	The organization's policy and current practice with regard to seeking external assurance for the report	With the exception of our direct aircraft GHG emissions that are subject to the European Union's Emissions Trading Scheme (which are externally assured by Ernst & Young), the data metrics disclosed in this report have not been externally assured.
Governance		
G4-34	The governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	Our Company: Delivering Business Responsibility>Corporate Governance Environment: Delivering for a Sustainable World>Environmental Impact FedEx 2016 Proxy Statement
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	Our Company: Delivering Business Responsibility>Materiality and Risk Assessment Our Company: Delivering Business Responsibility>Corporate Governance Environment: Delivering for a Sustainable World> Environmental Impacts FedEx 2016 Proxy Statement

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GRI INDEX	Disclosure
G4-36 Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	Environment: Delivering for a Sustainable World> Environmental Impacts FedEx 2016 Proxy Statement
G4-37 Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body	Our Company: Delivering Business Responsibly>Corporate Governance Our Company: Delivering Business Responsibly>Materiality and Risk Assessment
G4-38 Report the composition of the highest governance body and its committees by: *Executive or nonexecutive, *Independence, *Tenure on the governance body, *Number of each individual's other significant positions and commitments, and the nature of the commitments, *Gender, *Membership of under-represented social groups, *Competences relating to economic, environmental and social impacts, *Stakeholder representation	FedEx 2016 Proxy Statement
G4-39 Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement)	Our Company: Delivering Business Responsibly>Corporate Governance
G4-40 Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	FedEx 2016 Proxy Statement
G4-41 Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders	Our Company: Delivering Business Responsibly>Corporate Governance FedEx 2016 Proxy Statement FedEx Code of Business Conduct and Ethics
G4-44 A. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. B. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice	FedEx 2016 Proxy Statement

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G4-45 A. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. B. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities	Our Company: Delivering Business Responsibly>Corporate Governance FedEx 2016 Proxy Statement
G4-46 Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	Our Company: Delivering Business Responsibly>Corporate Governance FedEx 2016 Proxy Statement FedEx 2016 Form 10-K
G4-47 Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	FedEx 2016 Proxy Statement FedEx 2016 Form 10-K
G4-48 Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	Our Company: Delivering Business Responsibly>Corporate Governance>Global Citizenship Governance
G4-49 Report the process for communicating critical concerns to the highest governance body	Our Company: Delivering Business Responsibly>Corporate Governance FedEx Code of Business Conduct and Ethics
G4-51 A. Report the remuneration policies for the highest governance body and senior executives B. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives	Our Company: Delivering Business Responsibly>Corporate Governance FedEx 2016 Proxy Statement
G4-52 Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization	FedEx 2016 Proxy Statement
G4-53 Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	FedEx 2016 Proxy Statement
G4-54 Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	FedEx 2016 Proxy Statement (Partially reported)

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G4-55	<p>Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country</p> <p>FedEx 2016 Proxy Statement (Partially reported)</p>
Ethics and Integrity	
G4-56	<p>The organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics</p> <p>Our Company: Delivering Business Responsibly (full section) People: Delivering for Our Team>Purple Promise FedEx Code of Business Conduct and Ethics</p>
G4-57	<p>Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines</p> <p>Our Company: Delivering Business Responsibly>Corporate Governance>Ethics and integrity FedEx Code of Business Conduct and Ethics</p>
G4-58	<p>Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines</p> <p>Our Company: Delivering Business Responsibly>Corporate Governance>Ethics and integrity FedEx Code of Business Conduct and Ethics</p>
CATEGORY: ECONOMIC	
Material Aspect: Economic Performance	
G4-EC1	<p>Direct economic value generated and distributed</p> <p>Economy: Delivering Opportunities (full section) FedEx Annual Report 2016 FedEx 2016 Form 10-K</p>
G4-EC2	<p>Financial implications and other risks and opportunities for the organization's activities due to climate change</p> <p>Our Company: Delivering Business Responsibly>Materiality and Risk Assessment Environment: Delivering for a Sustainable World > Energy and GHG Emissions FedEx 2016 Form 10-K</p>
G4-EC3	<p>Coverage of the organization's defined benefit plan obligations</p> <p>People: Delivering for Our Team>Team Member Quality of Life FedEx Annual Report 2016</p>
G4-EC4	<p>Financial assistance received from government</p> <p>In FY16, FedEx did not receive significant financial assistance from governments.</p>
Material Aspect: Indirect Economic Impacts	
G4-EC7	<p>Development and impact of infrastructure and services supported</p> <p>Economy: Delivering Opportunities (full section) Environment: Delivering for a Sustainable World>Facility Efficiency Environment: Delivering for a Sustainable World>Vehicle Efficiency Environment: Delivering for a Sustainable World>Aircraft Efficiency</p>

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GRI INDEX		Disclosure
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Economy: Delivering Opportunities (full section)
Material Aspect: Procurement Practices		
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Economy: Delivering Opportunities>Our Global Supply Chain
CATEGORY: ENVIRONMENTAL		
Material Aspect: Materials		
G4-EN1	Materials used by weight or volume	Environment: Delivering for a Sustainable World>Responsible Materials Use
G4-EN2	Percentage of materials used that are recycled input materials	Environment: Delivering for a Sustainable World>Responsible Materials Use
Material Aspect: Energy		
G4-EN3	Energy consumption within the organization	Environment: Delivering for a Sustainable World>Energy and GHG Emissions
G4-EN4	Energy consumption outside of the organization	Environment: Delivering for a Sustainable World>Energy and GHG Emissions
G4-EN5	Energy intensity	Environment: Delivering for a Sustainable World>Energy and GHG Emissions
G4-EN6	Reduction of energy consumption	Environment: Delivering for a Sustainable World>Energy and GHG Emissions
Material Aspect: Water		
Water is not considered a material issue for FedEx		
Material Aspect: Biodiversity		
Biodiversity is not considered a material issue for FedEx		
Material Aspect: Emissions		
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Environment: Delivering for a Sustainable World>Environmental Impact Environment: Delivering for a Sustainable World>Energy and GHG Emissions
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Environment: Delivering for a Sustainable World>Environmental Impact Environment: Delivering for a Sustainable World>Energy and GHG Emissions
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Environment: Delivering for a Sustainable World>Energy and GHG Emissions
G4-EN18	Greenhouse gas (GHG) emissions intensity	Environment: Delivering for a Sustainable World>Energy and GHG Emissions

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GRI INDEX		Disclosure
G4-EN19	Reduction of greenhouse gas (GHG) emissions	Environment: Delivering for a Sustainable World>Energy and GHG Emissions
G4-EN21	NO _x , SO _x , and other significant air emissions	Environment: Delivering for a Sustainable World>Energy and GHG Emissions
Material Aspect: Effluents and Waste		
G4-EN23	Total weight of waste by type and disposal method	Environment: Delivering for a Sustainable World>Responsible Materials Use
G4-EN24	Total number and volume of significant spills	Environment: Delivering for a Sustainable World>Environmental Impact>Environmental management
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Environment: Delivering for a Sustainable World>Responsible Materials Use
Material Aspect: Products and Services		
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Environment: Delivering for a Sustainable World (full section)
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	Environment: Delivering for a Sustainable World>Responsible Materials Use>Materials Consumption
Material Aspect: Transport		
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	Environment: Delivering for a Sustainable World (full section)
Material Aspect: Supplier Environmental Assessment		
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Economy: Delivering Opportunities>Our Global Supply Chain
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Environment: Delivering for a Sustainable World>Responsible Materials Use Economy: Delivering Opportunities>Our Global Supply Chain
CATEGORY: SOCIAL		
LABOR PRACTICES AND DECENT WORK		
Material Aspect: Employment		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	People: Delivering for Our Team>Team Member Career Development>Recruitment and retention
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	People: Delivering for Our Team>Team Member Quality of Life

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GRI INDEX		Disclosure
Material Aspect: Occupational Health and Safety		
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	People: Delivering for Our Team>Team Member Safety (Partially reported)
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	People: Delivering for Our Team>Team Member Safety (Partially reported)
Material Aspect: Training and Education		
G4-LA9	Average hours of training per year per employee by gender, and by employee category	People: Delivering for Our Team>Team Member Career Development
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	People: Delivering for Our Team>Team Member Career Development
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	People: Delivering for Our Team>Team Member Career Development
Material Aspect: Diversity and Equal Opportunity		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	People: Delivering for Our Team>Diversity and Inclusion FedEx 2016 Proxy Statement
Material Aspect: Supplier Assessment for Labor Practices		
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Economy: Delivering Opportunities>Our Global Supply Chain (Partially reported)
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Economy: Delivering Opportunities>Our Global Supply Chain (Partially reported)
Material Aspect: Labor Practices Grievance Mechanisms		
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	Our Company: Delivering Business Responsibly>Corporate Governance>Ethics and integrity (Partially reported)
HUMAN RIGHTS		
Material Aspect: Non-Discrimination		
G4-HR3	Total number of incidents of discrimination and corrective actions taken	Our Company: Delivering Business Responsibly>Corporate Governance>Ethics and integrity (Partially reported)
Material Aspect: Child Labor		
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Our Company: Delivering Business Responsibly>Corporate Governance>Ethics and integrity Economy: Delivering Opportunities>Our Global Supply Chain (Partially reported)

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GRI INDEX		Disclosure
Material Aspect: Forced or Compulsory Labor		
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Economy: Delivering Opportunities>Our Global Supply Chain Our Company: Delivering Business Responsibly>Corporate Governance>Ethics and integrity (Partially reported)
Material Aspect: Assessment		
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	Our Company: Delivering Business Responsibly>Corporate Governance>Ethics and integrity Economy: Delivering Opportunities>Our Global Supply Chain (Partially reported)
Material Aspect: Supplier Human Rights Assessment		
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Our Company: Delivering Business Responsibly>Corporate Governance>Ethics and integrity Economy: Delivering Opportunities>Our Global Supply Chain" (Partially reported)
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Our Company: Delivering Business Responsibly>Corporate Governance>Ethics and integrity Economy: Delivering Opportunities>Our Global Supply Chain (Partially reported)
SOCIETY		
Material Aspect: Local Communities		
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Economy: Delivering Opportunities>Community Investment (Partially reported)
Material Aspect: Anti-Corruption		
G4-SO4	Communication and training on anti-corruption policies and procedures	Our Company: Delivering Business Responsibly>Corporate Governance>Ethics and integrity Our Company: Delivering Business Responsibly>CSR Materiality and Risk Assessment FedEx Code of Business Conduct & Ethics
Material Aspect: Public Policy		
G4-SO6	Total value of political contributions by country and recipient/beneficiary	Our Company: Delivering Business Responsibly>Corporate Governance>Ethics and Integrity Policy on Political Contributions (Partially reported)

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Material Aspect: Compliance		
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	FedEx 2016 Form 10-K (Partially reported)
Material Aspect: Supplier Assessment for Impacts on Society		
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Economy: Delivering Opportunities>Our Global Supply Chain (Partially reported)
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	Economy: Delivering Opportunities>Our Global Supply Chain (Partially reported)
PRODUCT RESPONSIBILITY		
Material Aspect: Customer Privacy		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Our Company: Delivering Business Responsibly>Corporate Governance>Data security and privacy FedEx 2016 Form 10-K (Partially reported)
Material Aspect: Compliance		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	FedEx 2016 Form 10-K (Partially reported)

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