ABOUT THIS REPORT

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

FEDEX FAST FACTS

WORKFORCE: More than 300,000 team members worldwide

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

AVERAGE DAILY VOLUME: More than 10.5 million shipments for express, ground, freight and expedited delivery services

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

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

OPERATING FACILITIES Around 5,000 operating facilities

AIR OPERATIONS: 650 aircraft; more than 375 airports served worldwide
A LETTER FROM FREDERICK W. SMITH
CHAIRMAN, PRESIDENT AND CEO

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

FedEx global citizenship is about connecting the world responsibly and resourcefully. More than ever, we are aligning our citizenship goals with our business goals—to create the most far-reaching, impactful programs possible.

Our business goals include strategic acquisitions, new hubs, and enhanced services to create a more profitable FedEx. But just as important, achieving such business goals strengthens the link between emerging economies and the global marketplace. We are creating social and economic benefits for businesses from South Africa to South Korea. Growing our operations expands the possibilities for companies of a few employees to those with thousands on the payroll.

Consider Nissan Mexico. Its plants in Mexican cities employ more than 20,000 jobs that boost the economy. One of those, Aguascalientes, has far outpaced the growth of the Mexican national economy overall. The Aguascalientes plant sends out about 2,400 parts a day to locations such as Canada, Brazil, and Australia. FedEx is central to Nissan’s global supply chain and in particular to its on-time repair parts deliveries. By having a state-of-the-art hub in Mexico, we’re a key link in creating more wealth and personal prosperity for an entire area.

Here in the United States, FedEx has long-standing programs to help small and medium businesses navigate a complicated international regulatory environment. These programs help FedEx customers reach across oceans and continents to new markets. For instance, once companies participate in our ExporTech class—part of our Know and Grow℠ program—research shows their sales can increase significantly in six to nine months.

We believe our commitment to global citizenship underpins our long-term growth and profitability. Our fuel reductions contain costs and reduce emissions. Our diversity efforts add team members with broader talents and perspectives. Our participation in jet fuel alternatives research frames a future that may save money and the environment. Global citizenship can be a strong, long-term, competitive advantage.

We added a materiality assessment to our citizenship program in 2014. Materiality identifies how our most important corporate social responsibility issues overlap with our business objectives. Our assessment sought input from external audiences as well as our executives and many individual team members. Not surprisingly, our top issues center on operations, safety, and ethics; you can find out more about the results of this study in Mitch Jackson’s interview on page 5. We’ll keep a sharp focus on materiality to maximize the effects of all our citizenship efforts.

We continue to address challenges even as we make great strides. We promote
MORE THAN EVER, WE ARE ALIGNING OUR CITIZENSHIP GOALS WITH OUR BUSINESS GOALS—TO CREATE THE MOST FAR-REACHING, IMPACTFUL PROGRAMS POSSIBLE.

safety through programs such as the National Truck Driving Championship competition, in which FedEx drivers consistently win top spots; or through collaboration with organizations such as Safe Kids and the Commercial Vehicle Safety Alliance. With respect to safety trends, we’re also working diligently to identify root causes and reduce preventable accidents. “Safety above all” has been a core FedEx belief since our inception.

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

Listen to Sarah Farrell in our Corporate Contributions department, who visited Haiti right after that country’s earthquake five years ago and again last November:

“Disaster preparedness is in our DNA at FedEx. Few companies can reach places all over the world as quickly and efficiently as we can. Because our network allows us to get to places like Haiti that have been impacted by disaster, it’s our responsibility to use our resources and expertise to give back where we can.”

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

Sincerely,
Frederick W. Smith
Chairman,
President and CEO
WHAT GLOBAL CITIZENSHIP ACHIEVEMENTS ARE YOU MOST PROUD OF?

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

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

WHAT CHALLENGES DO YOU FACE IN ACHIEVING YOUR ENVIRONMENTAL GOALS?

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

This obstacle is not unlike those that we face related to other business goals. Smart collaboration and unrelenting focus, clarity and execution will help to overcome these challenges. For example, we are working with several organizations, including the Commercial Aviation Alternative Fuels Initiative and The Nature Conservancy to support the development of sustainable alternatives to jet fuel.
FEDEX RECENTLY CONDUCTED A MATERIALITY ASSESSMENT. WILL THE RESULTS IMPACT THE COMPANY’S GLOBAL CITIZENSHIP STRATEGY?

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

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

WHAT INSIGHTS WERE GAINED THROUGH THE MATERIALITY PROCESS?

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

What all of this leads to, as I stated last year, is that FedEx is built on the belief that local economic growth requires connectivity with the rest of the world, and we accept that it is our role and responsibility to do this sustainably.
In 2014, we undertook a robust materiality analysis to help us refine our global citizenship strategy and ensure that we are addressing areas of maximum impact. The outcomes of the analysis have helped us to reaffirm, evaluate and prioritize our top material issues at each operating company, as well as across the enterprise. In addition to informing and helping refine our strategy, materiality will help us continue to enhance the relevance of our reporting in the future.

To conduct a truly objective assessment, we worked with an external business and sustainability advisory firm to create a highly customized methodology tailored to our company’s unique structure. We greatly value the perspectives of our stakeholders and worked to ensure that they were part of the process. Our assessment comprised:

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

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

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

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

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

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

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

AWARDS

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

- CORPORATE RESPONSIBILITY MAGAZINE’S 100 BEST CORPORATE CITIZENS
- FORBES/REPUTATION INSTITUTE AMERICA’S MOST REPUTABLE COMPANIES
- FORTUNE MAGAZINE’S WORLD’S MOST ADMIRE COMPANY
- GREAT PLACE TO WORK INSTITUTE WORLD’S 25 BEST MULTINATIONAL WORKPLACES
DELIVERING ECONOMIC POSSIBILITIES GLOBALLY

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

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

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

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

**Data Points**

<table>
<thead>
<tr>
<th>DIVERSE SUPPLIER SPEND (BILLIONS)</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14*</th>
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<tr>
<td></td>
<td>$3.8</td>
<td>$4.1</td>
<td>$6.5</td>
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<tr>
<th>STAKEHOLDER VALUE ADDED</th>
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<th>FY13</th>
<th>FY14</th>
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<tr>
<td>DIVIDENDS PAID TO SHAREOWNERS (MILLIONS)</td>
<td>$164</td>
<td>$177</td>
<td>$187</td>
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<tr>
<td>STOCK PRICE (MAY 31 CLOSE)</td>
<td>$89.14</td>
<td>$96.34</td>
<td>$144.16</td>
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<tr>
<td>SALARIES AND TEAM MEMBER BENEFITS (BILLIONS)</td>
<td>$16.10</td>
<td>$16.57</td>
<td>$16.56</td>
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<tr>
<td>COMMUNITY INVESTMENT (MILLIONS)</td>
<td>$46.00</td>
<td>$46.51</td>
<td>$45.48</td>
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* FY14 data reflects an improved data collection process resulting from the centralization of our new enterprise-wide sourcing model.

**Case Study**

**HUMAN NATURE: CREATING GROWTH IN THE PHILIPPINES**

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

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

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

OUR BUSINESS

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

With annual revenues of $45.6 billion in FY14, the company offers integrated, comprehensive business solutions through companies operating independently, competing collectively and managed collaboratively, under the respected FedEx brand. FedEx consistently ranks among the world’s most admired companies and trusted employers. As we meet the needs of customers and communities across six continents, our more than 300,000 team members remain committed to safety and the highest ethical and professional standards.
OUR BUSINESS SEGMENTS

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

FedEx Express

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

FedEx Ground

The leading North American provider of small-package ground delivery services, it includes:
- FedEx Home Delivery®, the industry’s first ground service dedicated to residential delivery
- FedEx SmartPost®, which consolidates and delivers high volumes of low-weight, less time-sensitive business-to-consumer packages

FedEx Freight

The market leader in less-than-truckload (LTL) freight services across all lengths of haul, it includes:
- FedEx Custom Critical, North America’s largest time-specific, critical shipment carrier

FedEx Services

A diversified unit supporting FedEx transportation businesses, it creates synergies for the global FedEx brand and comprises:
- FedEx Services, which provides sales, marketing, IT, communications and back-office support to other FedEx operating companies
- FedEx TechConnect®, which provides customer service, technical support, billing and collections for U.S. customers of FedEx major business units
- FedEx Office, which provides document and business services and retail access to customers for FedEx transportation businesses

BUSINESS PERFORMANCE

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

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

*For full details on our financial performance, please see the FY14 Annual Report
1.3 CREATING ECONOMIC VALUE FOR STAKEHOLDERS

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

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

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

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

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

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

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

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

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

2.1 INCREASING EFFICIENCY

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

Aircraft and vehicle fuel consumption, for example, accounts for more than 90 percent of our total reported CO₂e footprint, and fuel costs represent almost 11 percent of our total operating expenses. Similarly, our waste reduction and recycling program achieves both environmental and financial benefits.

We estimate the total cost savings to our business from fuel efficiency to be almost $370 million in FY14. The true figure is likely to be larger, since we do not capture data for many other items also targeted by our efficiency programs.

The synergy between business and environmental objectives enables us to set robust efficiency targets, backed by major capital investments in a modernized aircraft fleet and fuel efficient, alternative fuel road vehicles, for example.

<table>
<thead>
<tr>
<th>ENVIRONMENTAL OBJECTIVE</th>
<th>FEDEX PROGRAM</th>
<th>FY14 COST SAVING</th>
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<tbody>
<tr>
<td>REDUCE AIRCRAFT EMISSIONS INTENSITY 30% FROM A 2005 BASELINE BY 2020</td>
<td>AIRCRAFT FLEET MODERNIZATION FEDEX® FUEL SENSE AIRCRAFT OPERATION EFFICIENCY</td>
<td>$307M</td>
</tr>
<tr>
<td>INCREASE FEDEX EXPRESS VEHICLE FUEL EFFICIENCY 30% FROM A 2005 BASELINE BY 2020</td>
<td>FUEL-EFFICIENT DRIVING VEHICLE TECHNOLOGY IMPROVEMENTS ALTERNATIVE FUEL VEHICLES</td>
<td>$62M</td>
</tr>
</tbody>
</table>

2.2 ADVANCING OPPORTUNITIES

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

At FedEx, we aim to connect the world responsibly and resourcefully. Our portfolio of services is designed to help customers of all sizes reach new markets and realize new opportunities. Our EarthSmart Solutions further improve the efficiency of these business transactions by minimizing environmental impacts. Beyond our service offerings, we also invest in communities to promote resiliency, safety and sustainability. These efforts are central to establishing our good reputation and moving possibilities forward for our company, customers and the communities in which we operate.
It is not easy to quantify the total value to FedEx of a good reputation in global citizenship, but we are convinced it is important and will be even more so in the future. We track the inquiries we receive from enterprise customers, analysts and investors seeking details of our global citizenship work and performance.

In FY13 and FY14, we responded to numerous requests for information about corporate citizenship and provided carbon emissions data to many of our customers. In total, we estimate that the FY14 revenue from such customers was $6.8 billion.

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

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

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

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

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

In the developed world, we take for granted the sophisticated infrastructure for sending and receiving packages quickly and efficiently over large distances to any location. But in many emerging countries, efficient logistics networks are just being established. The economic potential of the internet combined with our ability to move packages through the FedEx global network creates new possibilities for millions of people in emerging countries. By linking over 90 percent of the world’s GDP with an efficient and dependable logistics network, FedEx is facilitating the growth of global entrepreneurship through trade.

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

FEDEX SUPPORTS NISSAN’S EXPANSION IN MEXICO

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

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

GDP growth in Aguascalientes has far outpaced the Mexican national economy, in part due to the 12,000 direct and indirect jobs created by the A2 plant’s opening in 2013. The State Government of Aguascalientes estimates that auto industry-related projects created another 19,000 new jobs and generated more than $36 million in direct investments between 2011 and 2014.

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

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

For an inside look at the auto body plant at Nissan Mexico’s new A2 factory, click here.

FILIPINO SOCIAL ENTERPRISE HUMAN NATURE GOES GLOBAL WITH FEDEX

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

They began selling natural, yet affordable personal care products using many raw materials that are grown in the Philippines. The company trains and employs underprivileged residents from local communities to support their operations. By 2014, Human Nature achieved a loyal Filipino customer base and was also attracting interest from all over the world via its website.

Business Development Manager Dia Lacaba explained: “We noticed that many international customers trying to purchase our products online abandon their carts when they reached the shipping fee page due to high shipping costs.” Human Nature looked to FedEx for a fast, reliable and cost-effective solution. With access to the FedEx network of over 220 countries and territories, their international business has more than doubled in 2014 compared with the previous year.

Helping Human Nature expand its international business also has a positive impact on the company’s pro-poor advocacy. As it grows, Human Nature hires more employees from underprivileged communities and the company recently opened a new manufacturing plant in Laguna whose workforce is composed mostly of residents from the area.
As we expand our regional services, more people, communities and businesses are connected to the global economy. In FY15, FedEx Express split the Europe, Middle East and Asia (EMEA) region into two distinct regional organizations, a move that recognizes broader service offerings and greater growth opportunities in those areas of the world. Below is a summary of progress in FY14:

**ASIA PACIFIC**

FedEx continued its investment in Asia Pacific, expanding the reach and range of services in the region. In May 2014, following a pledge by Chinese Premier Li Keqiang to “open the market in China more widely, making the logistics environment more fair and competitive,” FedEx was awarded domestic express permits that completed the permitting process for our China network of 56 branches. China’s State Council also confirmed that China’s parcel delivery sector would be “fully opened up” so the country can “create a fair and competitive business environment in which domestic and foreign-financed enterprises receive equal treatment.”

**CHINA EXPANSION**

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

In Shanghai, we expect to open a new International Express and Cargo facility in 2017 at Pudong International Airport that will more than triple the capacity of the current FedEx facility. The 134,000-square-meter integrated FedEx facility will offer on-site customs clearance and process up to 36,000 packages per hour. The new facility will provide faster and more reliable access to Asia for our U.S. and European customers.

**SATURDAY PICK-UP SERVICES IN CHINA**

FedEx has further strengthened its FedEx International Economy® and FedEx International Economy® Freight services, offering Saturday pick-up for customers in China. With the same FedEx speed and reliability, the Saturday pick-up service gives customers greater flexibility when preparing outbound shipments.

**NORTH PACIFIC REGIONAL HUB**

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

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

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

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

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

**FEDEX ACQUIRES SUPASWIFT BUSINESSES IN SOUTHERN AFRICA**

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

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

**FEDEX REACHES EUROPEAN GROWTH MILESTONE**

FedEx Express reached a significant milestone in its European growth plans by opening its 100th new station—in Seville, Spain. Reaching this milestone means that FedEx opened the equivalent of nearly one new station per week over 30 months.
NORTH AMERICA

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

FEDEX FREIGHT OPENS NEW CONTAINER FREIGHT STATION IN CHICAGO

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

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

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

LATIN AMERICA AND THE CARIBBEAN

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

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

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

4.1 HELPING SMALL U.S. BUSINESSES GO GLOBAL

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

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

72,500 BUSINESSES HAVE BENEFITED FROM THE FEDEX KNOW AND GROW PROGRAM SINCE 2009
MANN LAKE FIGHTS AGAINST COLONY COLLAPSE DISORDER

Founded and headquartered in Hackensack, a town of about 300 people in north-central Minnesota, Mann Lake Ltd. is the world’s largest supplier of beekeeping equipment. That puts the company on the front lines of a critical environmental threat. By some estimates, the phenomenon known as Colony Collapse Disorder (CCD) has wiped out more than 10 million beehives—worth an estimated $2 billion—in the U.S. since 2006. The potential long-term consequences are alarming, as roughly one-third of the human diet comes from insect-pollinated plants, and honeybees account for 80 percent of that pollination, according to the U.S. Department of Agriculture.

Mann Lake’s founders, Jack and Betty Thomas, had no idea their business would one day play a role in the fight against CCD. Three decades ago, the husband and wife were hobbyist beekeepers. But Jack sensed opportunity in the beekeeping industry. “I saw areas that needed more technology to help beekeepers with new ideas,” he says.

Their customer base now includes both hobbyists and commercial beekeepers. What started as a two-person, home-based operation has developed into a global business. A total of 350 people now work for Mann Lake. Most are in Hackensack, building hives, producing feed and developing mite control chemicals and delivery systems. The rest work at distribution centers in California and Pennsylvania, and at a newly opened center in England. The location of its Minnesota headquarters, far from urban areas of any size, doesn’t impede delivery and distribution—the company relies on a combination of FedEx Express, FedEx Ground and FedEx Freight to get its products to beekeepers and distributors.

For more information on Mann Lake Ltd., see our Access site.

4.2 SUPPORTING U.S. ENTREPRENEURS

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

FEDEX SMALL BUSINESS CENTER

The FedEx Small Business Center provides helpful advice and insights to find the right shipping solutions for small businesses. It provides articles, videos, customer success stories and promotions to improve business efficiencies, better serve customers, and to grow small businesses online and internationally. Available by smartphone and tablet for busy entrepreneurs, it’s easily accessible on the go.

SMALL BUSINESS SATURDAY

The Saturday after Thanksgiving marks Small Business Saturday. Now in its fifth year, Small Business Saturday celebrates the local stores that give communities their own distinct flavor. And in the U.S., where small businesses employ nearly half of private sector workers, that’s good news. Since 2010, we have participated in Small Business Saturday, a project launched by American Express to encourage consumers to support small, local businesses.
FedEx has promoted the use of small businesses and those owned by women or minorities throughout our supply chain for over two decades. Supplier diversity is overseen by our enterprise-wide Sourcing Organization. Its leadership team reviews our operating companies’ sourcing processes to ensure that supplier diversity efforts align with our overall sourcing strategy.

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

- Minimum of one diverse supplier participant in all requests for proposals to supply commodities (where there are qualified diverse suppliers)
- Diverse supplier language included in contracts
- Reporting of diverse supplier spending by our top suppliers

**FEDEX SMALL BUSINESS GRANT CONTEST**

In 2014, we launched the second FedEx Small Business Grant Contest, which awards grants to small businesses looking to improve their operations. Through the contest, we awarded grants totaling $50,000 to winners selected from over 5,000 applicants. Winners were chosen based on their applications and plans to use the grant funding, with some weight given to an online voting process where consumers and other visitors supported applicants by voting once per day during the contest period. In 2014, Fat Toad Farm, which sells artisanal goat’s milk caramel sauces, took home the grand prize of $25,000. FedEx will continue this effort in 2015 and we anticipate awarding a total of $75,000 in grants.

---

**SUPPLIER DIVERSITY**

- **MINORITY-OWNED BUSINESSES**
  - FY12: $3.8 BILLION
    - 3.5%
    - 93%
  - FY13: $4.1 BILLION
    - 10%
    - 87%
  - FY14: $6.5 BILLION*
    - 16%
    - 77%

- **WOMEN-OWNED BUSINESSES**
  - FY12: $3.5%
  - FY13: 3%
  - FY14: 7%

- **OTHER SMALL BUSINESSES**
  - FY12: 93%
  - FY13: 87%

*FY14 data reflects an improved data collection process resulting from the centralization of our new enterprise-wide sourcing model.
Open trade between countries promotes stronger economic growth and higher standards of living, whereas trade restrictions and inefficient borders hinder the global economy. That is why FedEx advocates for trade policies and agreements that remove barriers to trade and simplify international business.

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

FedEx works around the world to reduce red tape, improve border efficiency and streamline rules and regulations for our customers. Influencing trade rules requires broad collaboration and we engage with government agencies and business organizations to advocate on behalf of our small- and medium-sized customers.

Trade benefits all economies, but it is especially important for emerging countries that want to access global markets to support small business growth, provide employment and investment and improve the standard of living for their people. By actively promoting pro-trade policies, FedEx is moving possibilities forward for the greater social and economic good.

The following are the key initiatives we pursued through industry and government engagement in FY14.

**FEDEX KNOW AND GROW TRADE EDUCATION**

FedEx has long-standing programs in place to help our small- and medium-sized business customers navigate complex regulatory environments. FedEx Global Marketing recently celebrated our 10-year anniversary of an alliance with the U.S. Commercial Service. This collaboration has resulted in the trade education program “FedEx Know and Grow,” which supports over 100 education events and programs throughout the year. See page 21 for more details.

**ECOMMERCE CLASSIFICATION TEAM**

FedEx Trade Networks facilitates the trade needs of importers and exporters around the globe. In FY14, FedEx Trade Networks added over 70 full-time positions in the expansion of the Ecommerce Classification team. These team members operate 24 hours a day, 365 days per year to complete over 18,000 Harmonized System classifications a day with a 99.8 percent accuracy rate. These WorldTariff® specialists align with several government agencies to collect data, simplify the information and translate it into English. This coordination keeps our database up to date with the latest global trade tariff information.
GOVERNMENT AFFAIRS
FedEx Government Affairs encouraged policymakers to address the expected shortfall in the U.S. Highway Trust Fund, which threatens to undermine our already crumbling infrastructure. Dilapidated roads and bridges impact our customers and the U.S. economy. We are also urging policymakers to adopt innovative ways to enhance productivity, such as advocating for the allowable trailer length to be extended from 28’ to 33’ when used in a twin-trailer configuration.

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

REGULATORY AFFAIRS
FedEx Regulatory Affairs offers a leading voice in many trade negotiations through our policy expertise and customer advocacy. We are active in supporting The 5 T’s of Trade, which include the World Trade Organization Trade Facilitation Agreement (TFA), the Trade in Services Agreement (TISA), the Trans-Pacific Partnership (TPP), the Trans-Atlantic Trade and Investment Partnership (T-TIP), and Trade Promotion Authority (TPA).

FedEx engages in each of these efforts by working directly with negotiators and policymakers to strengthen key provisions that make trade easier for our customers and for FedEx. We also promote and explain the benefits of these agreements to U.S. lawmakers and the general public.

ENGAGEMENT IN SUPPORT OF TRADE

INDUSTRY ORGANIZATIONS WE COLLABORATE WITH

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

EXTERNAL POSITIONS HELD BY FEDEX EXECUTIVES

• FedEx Freight President and CEO is a member of the Board of Directors of the U.S. Chamber of Commerce
• FedEx Express Vice President of Operations for Southern Europe serves on the Executive Committee of AmCham (the international arm of the American Chamber of Commerce)
• FedEx Freight President and CEO serves on the Executive Committee and Board of Directors of the American Trucking Associations and on the Board of Directors of the American Transportation Research Institute
• Vice President for Environmental Affairs and Sustainability serves on the American Trucking Associations’ Board of Directors and Environment & Energy Policy Committee
• FedEx Express Regional Vice President of South Pacific serves on the Board of Directors of the U.S.-ASEAN Business Council
• FedEx Services Executive Vice President of Marketing and Communications serves on the advisory board for the U.S.-India Business Council
GOVERNANCE

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

5.1 CORPORATE GOVERNANCE

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

Four standing committees are chaired by independent directors:

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

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

5.2 RISK MANAGEMENT

Our Board of Directors regularly reviews the most significant risks facing the company and oversees the day-to-day risk mitigation activities of company management. Our enterprise risk-management process provides a common framework and terminology for operating companies to manage financial and other key business risks. Where appropriate, specific risk categories are delegated to relevant Board committees for oversight. The Audit Committee also reviews all risk-related processes and receives annual updates from management on the key enterprise risks facing FedEx.
5.3 EXECUTIVE COMPENSATION

Our executive compensation program seeks to retain and attract highly qualified and effective executive officers, motivating them to contribute to long-term business success and aligning their interests with those of our shareholders.

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

5.4 GLOBAL CITIZENSHIP GOVERNANCE

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

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

ENVIRONMENT
MORE THAN 100M GALLONS OF JET FUEL SAVED
We search for efficiencies across FedEx aviation operations through our FedEx® Fuel Sense programs. Thanks to 46 of these programs, as well as our aircraft modernization program, we saved more than 100 million gallons of jet fuel that would have otherwise been used and avoided more than 976,000 metric tons of CO₂e in 2014. (pages 34–35)

MORE THAN 1,000 ALTERNATIVE FUEL VEHICLES
At FedEx, we’re proud to be a leader in developing, testing and adopting alternative fuel and energy technologies. We had 1,048 owned and contracted alternative fuel vehicles in our global fleet in 2014, including electric, hybrid, natural gas and hydrogen vehicles. (page 37)

A TOP-25 SOLAR-GENERATING COMPANY
In 2014, FedEx was once again recognized as one of the top-25 solar-generating companies in the U.S. Our 11 solar installations produced more than 8 million kWh of electricity during the year, helping us avoid 3,145 metric tons of CO₂e emissions. (page 41)

Enterprise CO₂e Emissions (metric tons)

| SCOPE 1 | FY12 | 14,136,070 |
|         | FY13 | 13,774,051 |
|         | FY14 | 13,450,945 |
| SCOPE 2 | FY12 | 959,109    |
|         | FY13 | 970,715    |
|         | FY14 | 960,079    |
| SCOPE 3 | FY12 | 1,751,434  |
|         | FY13 | 1,786,437  |
|         | FY14 | 1,889,561  |
| TOTAL   | FY12 | 16,846,613 |
|         | FY13 | 16,531,203 |
|         | FY14 | 16,300,585 |

Waste and Recycling (U.S. tons)

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

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

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

Through our EarthSmart® program, we encourage and recognize innovative initiatives to improve our environmental performance, engage our team members and customers and inspire others. Many initiatives described in this report have been designated as an EarthSmart Innovation, EarthSmart@Work or EarthSmart Outreach program.

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

The transportation industry accounts for less than 30 percent of greenhouse gas emissions in the U.S.* Although FedEx contributes only a very small part to that, our company’s reach extends across many industries throughout the globe. That’s why, as we continually strive to improve our own performance, we reach back to involve and inspire our customers, suppliers, peers, government and other stakeholders. We can achieve more for FedEx, for our industry and for the climate by working together.

*http://epa.gov/climatechange/ghgemissions/sources/transportation.html
FUEL, ENERGY AND CLIMATE CHANGE

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

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

1.1 DIRECT AND INDIRECT GHG EMISSIONS (CO₂e metric tons)

<table>
<thead>
<tr>
<th>DIRECT EMISSIONS (SCOPE 1)</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIRCRAFT FUEL</td>
<td>11,120,040</td>
<td>10,833,815</td>
<td>10,498,594</td>
</tr>
<tr>
<td>VEHICLE FUEL1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DIESEL</td>
<td>2,559,188</td>
<td>2,488,206</td>
<td>2,429,738</td>
</tr>
<tr>
<td>GASOLINE</td>
<td>222,163</td>
<td>185,182</td>
<td>206,076</td>
</tr>
<tr>
<td>PROPANE</td>
<td>46,209</td>
<td>45,655</td>
<td>45,610</td>
</tr>
<tr>
<td>LIQUID NATURAL GAS (LNG) AND COMPRESSED NATURAL GAS (CNG)</td>
<td>N/R</td>
<td>N/R</td>
<td>201</td>
</tr>
<tr>
<td>FACILITY USE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NATURAL GAS</td>
<td>187,916</td>
<td>220,185</td>
<td>269,610</td>
</tr>
<tr>
<td>HEATING OIL</td>
<td>564</td>
<td>1,008</td>
<td>1,116</td>
</tr>
<tr>
<td>TOTAL SCOPE 1 EMISSIONS</td>
<td>14,136,070</td>
<td>13,774,051</td>
<td>13,450,945</td>
</tr>
</tbody>
</table>

| INDIRECT EMISSIONS (SCOPE 2)                   |          |          |          |
| FACILITY USE                                   |          |          |          |
| PURCHASED ELECTRICITY                          | 959,109   | 970,715   | 960,079   |
| TOTAL SCOPE 2 EMISSIONS                        | 959,109   | 970,715   | 960,079   |

| INDIRECT EMISSIONS (SCOPE 3)                   |          |          |          |
| CONTRACTED TRANSPORTATION                      | 1,698,490 | 1,738,802 | 1,843,803 |
| TEAM MEMBER COMMERCIAL AIR TRAVEL             | 52,943    | 47,635    | 45,758    |
| TOTAL REPORTED SCOPE 3 EMISSIONS               | 1,751,434 | 1,786,437 | 1,889,561 |

TOTAL DIRECT AND INDIRECT REPORTED EMISSIONS (SCOPE 1, 2 & 3) | 16,846,613 | 16,531,203 | 16,300,585 |

1) Includes a small amount of fuel used for emergency generators at some facilities.
1.2 DIRECT & INDIRECT ENERGY CONSUMPTION (terajoules)

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

1) FY12 and FY13 figures have been re-stated to reflect updated FY14 calculation methods.
2) Includes a small amount of fuel used for emergency generators at some facilities.

1.3 OTHER SIGNIFICANT AIR POLLUTANTS

At FedEx, we are committed to transparency about all the emissions that result from transporting goods to customers and communities across the globe, not just greenhouse gases. New in FY14, we are reporting our sulfur oxides (SOx) and particulate matter (PM10) emissions. In FY15, we will also report our nitrous oxides (NOx) emissions. The major source of this group of emissions is our aircraft fleet, with some contribution by our company-operated vehicle fleet and fuels used at our facilities.

<table>
<thead>
<tr>
<th>SIGNIFICANT AIR POLLUTANTS (METRIC TONS)</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOx</td>
<td>20,306</td>
</tr>
<tr>
<td>PM10</td>
<td>3,407</td>
</tr>
</tbody>
</table>
In 2014, year-over-year aircraft emissions at FedEx continued to drop as absolute jet fuel use was cut by more than 34.4 million gallons. Two powerful initiatives contributed to us achieving these important reductions: FedEx® Fuel Sense and modernizing our aircraft fleet.

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

**PROGRESS**
In 2014, we reduced aircraft CO₂ emissions intensity by a further 1.5%, bringing our total reduction in CO₂ emissions intensity to 21.4% from 2005 levels.*

---

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

### 1.4 AIRCRAFT EMISSIONS

<table>
<thead>
<tr>
<th>COMBINED IMPACT OF OUR ENERGY SAVING INITIATIVES</th>
<th>ENERGY SAVED</th>
<th>CO₂ EMISSIONS AVOIDED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SOLAR ELECTRICITY GENERATION</strong></td>
<td>FY13: 23 TERAJOULES</td>
<td>FY13: 2,451 METRIC TONS</td>
</tr>
<tr>
<td></td>
<td>FY14: 29 TERAJOULES</td>
<td>FY14: 3,145 METRIC TONS</td>
</tr>
<tr>
<td><strong>BUILDING LIGHTING RETRONGTHS</strong></td>
<td>FY13: 84</td>
<td>FY13: 16,390 METRIC TONS</td>
</tr>
<tr>
<td></td>
<td>FY14: 639</td>
<td>FY14: 122,474 METRIC TONS</td>
</tr>
<tr>
<td><strong>FEDEX FUEL SENSE</strong></td>
<td>FY13: 8,167</td>
<td>FY13: 577,116 METRIC TONS</td>
</tr>
<tr>
<td></td>
<td>FY14: 10,230</td>
<td>FY14: 694,460 METRIC TONS</td>
</tr>
<tr>
<td><strong>FEDEX AIRCRAFT FLEET MODERNIZATION</strong></td>
<td>FY13: 3,286</td>
<td>FY13: 230,048 METRIC TONS</td>
</tr>
<tr>
<td></td>
<td>FY14: 4,192</td>
<td>FY14: 281,803 METRIC TONS</td>
</tr>
<tr>
<td><strong>FEDEX EXPRESS REDUCE, REPLACE, REVOLUTIONIZE VEHICLE EFFICIENCY</strong></td>
<td>FY13: 2,811</td>
<td>FY13: 177,800 METRIC TONS</td>
</tr>
<tr>
<td></td>
<td>FY14: 2,403</td>
<td>FY14: 169,261 METRIC TONS</td>
</tr>
<tr>
<td><strong>FEDEX FREIGHT ROUTING IMPROVEMENTS &amp; INTERMODAL SHIPPING</strong></td>
<td>FY13: N/R</td>
<td>FY13: 1,003,805 METRIC TONS</td>
</tr>
<tr>
<td></td>
<td>FY14: 375</td>
<td>FY14: 1,297,385 METRIC TONS</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>FY13: 14,371</td>
<td>FY13: N/R</td>
</tr>
<tr>
<td></td>
<td>FY14: 17,868</td>
<td>FY14: N/R</td>
</tr>
</tbody>
</table>

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

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*In last year’s report, we reported that we had reduced our aircraft CO₂ emissions intensity in FY13 to a total reduction of 22.3 percent from 2005 levels. This result occurred from a comparison against our original 2005 Calendar Year benchmark. However, in comparison against our 2005 Fiscal Year benchmark, which differs from Calendar Year, the total reduction in emissions intensity was 20.2 percent from 2005.
FEDEX 34FY14 GLOBAL CITIZENSHIP REPORT — ENVIRONMENT

FEDEX FUEL SENSE: FINDING EFFICIENCIES

Fuel efficiency is a top priority at FedEx. Our FedEx Fuel Sense team—comprised of expert representatives from 12 departments, including our dedicated Fuel Management Office—is charged with identifying efficiencies across our aviation operations. One of this year’s initiatives used innovative data analysis tools to identify small changes that could be made to the engine wash process to improve the engine’s performance and help it operate more efficiently. This saved us 3.4 million gallons of fuel and 33,134 metric tons of CO₂e emissions in FY14. We also ask all team members who work with our aircraft to adopt a fuel-efficient mindset and search out innovative ways to help us save fuel. A suggestion by one crew member to change the routing on one of our flights saved us 9,000 gallons of fuel this year.

Seven new FedEx Fuel Sense programs were launched in 2014. They included developing algorithms that better predict the amount of fuel needed to taxi based on the parking gate and departure runway; reducing the weight we fly by transitioning to lighter containers and replacing pilots’ paper manuals with electronic ones (see Lightening the Load, below); and optimizing departure and arrival procedures and separation standards in ongoing collaboration with the Federal Aviation Administration (FAA) (see Creating Efficiencies with the FAA, page 35).

Since its inception in 2007, the FedEx Fuel Sense initiative has saved us from using more than 334 million gallons of jet fuel and has avoided more than 3.25 million metric tons of CO₂e emissions.

THANKS TO 46 ACTIVE FEDEX FUEL SENSE PROGRAMS, WE’RE CUTTING BACK ON OUR MAIN EMISSIONS SOURCE, JET FUEL. ALMOST 72 MILLION GALLONS WERE SAVED AND NEARLY 695,000 METRIC TONS OF CO₂e AVOIDED IN 2014.

LIGHTENING THE LOAD

These new containers will annually remove more than 1.25 million lbs. from our air network, save around 2.4 million gallons of fuel and reduce CO₂e emissions by 22,729 metric tons.

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

After three years of planning, designing and testing more than 100 units on 21,000 flights, in FY14 we introduced three models of FedEx Efficient Container units, which keep our customers’ packages safe during loading, transit and unloading of our aircraft. We estimate that once all 23,000 older containers are replaced, these new containers will annually remove more than 1.25 million lbs. from our air network, save around 2.4 million gallons of fuel and reduce CO₂e emissions by 22,729 metric tons. The units are also 100 percent recyclable.

In our second weight-saving initiative, we exchanged the paper versions of the manuals and navigation charts we are required to carry on each flight with electronic versions. We’ve distributed more than 4,300 iPads to our pilots, and removed 32 tons of paper from our planes. This will save around 370,000 gallons of jet fuel and avoid 3,572 metric tons of CO₂e annually.
CREATING EFFICIENCIES WITH THE FAA

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

KEY INITIATIVE #1
STACK DEPARTURES

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

FedEx savings: 321,000 gallons of jet fuel and 3,000 metric tons of CO₂e emissions in FY14.

KEY INITIATIVE #2
WAKE TURBULENCE SEPARATION STANDARDS

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

FedEx savings: 100,000 gallons of jet fuel and 1,023 metric tons of CO₂e emissions saved in the second half of FY14, following the implementation of updated procedures.

KEY INITIATIVE #3
OPTIMUM PROFILE DESCENTS

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

FedEx savings: 3.93 million gallons of jet fuel and 37,978 metric tons of CO₂e emissions saved in FY14 as a result of changes implemented last year.

MODERNIZING OUR AIRCRAFT FLEET

FedEx continues to replace older-model planes with more fuel-efficient aircraft. For example, by operating Boeing 757F models—which consume 36 percent less fuel and have 20 percent more capacity than the older Boeing 727F models—we avoided almost 200,000 metric tons of CO₂e emissions in FY14. We’re also replacing MD-10 airplanes with the 30 percent more efficient Boeing 767F aircraft, and MD-11s with 18 percent more efficient Boeing 777F models. In total, our more efficient fleet saved 29.5 million gallons of jet fuel and avoided 281,803 metric tons of CO₂e emissions in FY14.

In FY14, eight retired aircraft were donated to institutions, including three international deliveries for use in airframe & powerplant certified training programs: Don Bosco University in San Salvador, the Trinidad & Tobago Civil Aviation Authority and Anadolu University in Turkey. Previous donations included to organizations such as the Smithsonian Air and Space Museum, the National Museum of Commercial Aviation, and Orbis International, which repurposed the plane as a transportable eye hospital and teaching facility.

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

PROGRESS
FedEx is actively engaged with the Commercial Aviation Alternative Fuels Initiative (CAAFI), the American Society for Testing and Materials (ASTM) International, the Nature Conservancy, the U.S. Departments of Energy and Agriculture and other stakeholders in developing viable sustainable alternatives to petroleum-based jet fuel. Developing a sustainable jet fuel product that can be produced at scale and transported to where it’s needed at a competitive price is a challenge that can only be solved by working together with our industry peers, academia, governmental agencies and companies in the alternative fuel supply chain, including refineries and distributors.
After our jet fleet, company-owned vehicles at FedEx Express and FedEx Freight are the second-largest contributor to our Scope 1 emissions. Vehicles operated by FedEx Ground contracted service providers account for most of our reported Scope 3 emissions. All of our operating companies employ strategies to improve the fuel efficiency of their vehicle fleets, and this year we continued to achieve overall vehicle emissions reductions in our company-owned fleet.

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

**REDUCE**
Optimize routing and driving habits to reduce mileage and fuel use

**REPLACE**
Upgrade vehicles to more efficient ones wherever possible

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

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

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

**FLEET UPGRADES**
An important way to reduce our vehicle emissions is to upgrade to cleaner, more efficient vehicles with engines that are optimally sized for the weight and power needed. For example, FedEx Office replaced 177 of its less efficient local pickup and delivery vehicles with more efficient Ford Transit Connects during FY14, saving around 68,443 gallons of fuel and 626 metric tons of CO2e emissions.

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

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

• FedEx Freight is testing the long-term performance and longevity of tractors fueled with liquefied natural gas (LNG) and compressed natural gas (CNG).

• FedEx Express has been developing a fuel station to test hydrogen-fuel-cell cargo tow tractors at the Memphis airport.

• FedEx Office is exploring the suitability of CNG for local pick-up and delivery fleet operations.

We invest and participate in projects that advance the development of electric vehicles and their supporting infrastructure, which we strongly believe can make a significant positive contribution toward lessening the transportation sector’s environmental impact. For example, FedEx Express has been testing the Nissan e-NV200 EV prototype vehicle in Europe, Japan, Singapore and Brazil. In addition, FedEx Express has almost completed a three-year project in lower Manhattan with General Electric, Con Edison and Columbia University to demonstrate the feasibility of electric vehicle charging in large numbers. This research assessed the feasibility of using energy use history to predict future need, and therefore mitigate demand charging. A second research project in Manhattan was designed to minimize the costs of installing charging stations. Early indicators show success in both areas. The next stage of the research project is to look at ways of moving to automatic and remote control over the charging stations.

GLOBAL ALTERNATIVE FUEL FLEET

<table>
<thead>
<tr>
<th>VEHICLE TYPE</th>
<th>FY13</th>
<th>FY14¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>HYBRID VEHICLES</td>
<td>363</td>
<td>397</td>
</tr>
<tr>
<td>ELECTRIC VEHICLES</td>
<td>214</td>
<td>404</td>
</tr>
<tr>
<td>COMPRESSED OR LIQUEFIED NATURAL GAS</td>
<td>45</td>
<td>132</td>
</tr>
<tr>
<td>LIQUEFIED PETROLEUM GAS (PROPANE)</td>
<td>41</td>
<td>69</td>
</tr>
<tr>
<td>HYDROGEN</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>HYDRAULIC HYBRID</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>TOTAL</td>
<td>709</td>
<td>1,048</td>
</tr>
</tbody>
</table>

¹ FY14 numbers include 63 contractor-owned vehicles.
CONTRACTED SERVICE PROVIDERS MAKE FUEL-EFFICIENT CHOICES

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

VEHICLE IMPROVEMENTS

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

At FedEx Freight, continuing to install trailer skirts and automatic transmissions were key factors in improving efficiency by 2 percent in FY14. Now 48 percent of the fleet is equipped with trailer skirts (minimizing drag), and 40 percent of vehicles have an automatic transmission (for optimal shifting), which saves fuel.

FedEx Ground has been working with several vendors to test aerodynamics technology specifically designed for drop-frame trailers. These innovations could deliver savings of 5 percent in fuel use and more than 70,000 metric tons of CO₂e emissions per year if applied across its long-haul fleet of drop-frame trailers.

ADVOCATING FOR CHANGE

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

Currently in the U.S., FedEx is advocating for the allowable trailer length to be extended from 28’ to 33’ when used in a twin-trailer configuration. This would enable about 18 percent more freight to be hauled on the same trip, significantly reducing the number of trucks on the road, the amount of fuel used and greenhouse gas emissions—while maintaining the same high safety standards.
FUEL-EFFICIENT ACTIONS

FedEx implements fuel-efficient driving and routing in several ways. We choose smaller vehicles on routes that do not require additional capacity. We use specialized software to plot the shortest routes and improve load density to make our operations leaner and more efficient. We also optimize vehicle operation through idle reduction, speed control, synchronizing drive-train gear ratios with the engine’s power and torque, and by using automated manual transmissions that manage gear shifting more accurately. By making routing improvements in FY14, FedEx Freight drivers avoided an average of about 14,000 highway miles a day. Over the year, this saved 571,799 gallons of fuel and 5,857 metric tons of CO₂e emissions.

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

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

MOVING TO MORE RAIL

Moving freight by rail is more fuel-efficient than trucking it. In FY14, FedEx Freight shifted about 1.9 million lbs. of freight from road to rail and avoided nearly 2 million gallons of fuel and 292 metric tons of CO₂e emissions. In FY14, its rail use was 17.5 percent higher than in FY13.

In addition, 1.7 percent of the total miles traveled by FedEx Ground trailers was on rail in FY14, an 11 percent increase from FY13.

2014 EPA SMARTWAY EXCELLENCE AWARD

FedEx Freight, FedEx Express, FedEx Ground and FedEx Custom Critical are long-standing members of the EPA SmartWay® Transport Partnership, which provides incentives to carriers and shippers to improve environmental performance, operational efficiency and supply-chain sustainability.

This year, in the large package carrier fleet category, FedEx Express was the recipient of the 2014 EPA SmartWay Excellence Award, which salutes significant strides toward a sustainable transportation future.

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

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

ENERGY CONSERVATION

When it comes to existing facilities, upgrading lighting systems to more efficient models is one of the most effective steps we can take. This year, we retrofitted 182 facilities across our operating companies with more efficient lighting that saves energy and improves the work environment for our team members, including at the FedEx Ground headquarters in Pittsburgh. This brings the total number of sites retrofitted to almost 700. In total, these changes saved almost 180 million kWh of electricity in FY14, avoiding 122,517 metric tons of CO₂ emissions. In addition, a number of locations have installed lighting control systems to further increase energy savings.

Last year, we also identified an opportunity to conserve further by converting outdoor high-intensity discharge (HID) lighting to light-emitting diode (LED) lighting. FedEx Ground has identified several sites to pilot retrofitting LED exterior lighting, which will reduce energy consumed by lighting fixtures at those sites by an estimated 50 percent. FedEx Express continues to work with lighting manufacturers to develop LED lights that can be used at airport gates. In FY14, FedEx Express installed 528-watt LED fixtures at four airport gates in Memphis, replacing 1,080-watt HID fixtures, reducing energy consumption per fixture by more than 50 percent. We will be evaluating both of these projects to assess their performance and potential for broader application.

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

SUSTAINABILITY 2020 AT FEDEX GROUND

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

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

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

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

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

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

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

SOLAR ENERGY GENERATION

<table>
<thead>
<tr>
<th>NUMBER OF SOLAR FACILITIES</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8</td>
<td>9</td>
<td>11</td>
</tr>
</tbody>
</table>

ANNUAL SOLAR ELECTRICITY GENERATED ON-SITE (kWh)

- FY12: 6,657,481
- FY13: 6,492,977
- FY14: 8,163,838

EMISSIONS SAVED BY SOLAR SITES ANNUALLY (METRIC TONS CO2e) IN FY14

- FY12: 2,400
- FY13: 2,451
- FY14: 3,145

TOP 25 SOLAR GENERATOR

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

In September 2014, FedEx Trade Networks opened a cutting-edge office and distribution facility at the Riverview Solar Technology Park in Tonawanda, N.Y. This is the first solar-ready business park in the state, as well as the first to feature advanced solar architecture, which provides additional benefits such as shading and protection from wind and rain. It is expected to offset 1 million kWh of fossil fuel-sourced electricity over the 10-year lease and avoid 571 metric tons of CO₂e emissions. The Tonawanda facility’s solar monitoring system tracks performance and energy savings minute by minute and can be viewed on the FedEx Trade Networks’ solar monitoring website. We’re proud, too, that Riverview has several additional sustainability innovations at work. Along with energy-efficient lighting throughout, the campus uses low-flow water consumption and dedicated bio-beds, which provide underground water retention for storm water management and soil erosion control. These technologies have already reduced water consumption by approximately 50 percent when compared with standard fixtures.

DOUBLING GREEN SITES AT FEDEX FREIGHT

At FedEx Freight, all facilities in the U.S. and Canada work to conserve energy, reduce waste and improve internal supply-chain efficiencies under the GREEN Building program banner. They encourage site managers to champion the cause and help move the company forward via a GREEN Site designation. Facilities can be recognized at one of two levels, depending on the extent of team members’ engagement with green actions such as pledging to reduce disposal cup waste by bringing in their own cups. Local environmental action facilitators (LEAFs) champion sustainability at each local site. During FY14, the total number of GREEN Sites almost doubled: 101 facilities gained a new designation over the year, either as a new Level 1 Site or by advancing to Level 2.

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEVEL 1 SITES</td>
<td>62</td>
<td>72</td>
</tr>
<tr>
<td>LEVEL 2 SITES</td>
<td>45</td>
<td>120</td>
</tr>
<tr>
<td>TOTAL GREEN SITES</td>
<td>107</td>
<td>192</td>
</tr>
</tbody>
</table>

FUEL CELL ENERGY EFFICIENCY

In September 2014, FedEx Ground started using a solid oxide fuel cell at its facility in Rialto, Calif. The fuel cell uses a chemical reaction to combine natural gas and a small amount of water to generate clean and efficient electricity at a lower cost. The system provides about one-third of the electricity needs of the facility and will reduce CO₂e emissions by at least 230 metric tons a year. Rialto has become one of the most energy-efficient hubs at FedEx Ground, as it is also home to one of our largest rooftop solar installations. In addition, FedEx Express continues using five 100-kilowatt Bloom Energy fuel cells at its hub in Oakland, Calif., which, when combined with the solar energy system at that location, provided 44 percent of that facility’s electricity demand in FY14.
USE OF MATERIALS

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

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

### MATERIALS CONSUMPTION (U.S. TONS)

<table>
<thead>
<tr>
<th></th>
<th>FY12</th>
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<th>FY14</th>
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<tr>
<td>PAPER</td>
<td>29,741</td>
<td>28,663</td>
<td>27,715</td>
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<tr>
<td>PACKAGING</td>
<td>42,632</td>
<td>48,091</td>
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<tr>
<td>OTHER OPERATIONAL MATERIALS</td>
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<td>N/R</td>
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<td>TOTAL</td>
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### RECYCLED CONTENT OF PAPER (U.S. TONS)

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<th>FY14</th>
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<tbody>
<tr>
<td>PAPER WITH RECYCLED CONTENT</td>
<td>3,544</td>
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<td>3,475</td>
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<td>% PAPER WITH RECYCLED CONTENT</td>
<td>12%</td>
<td>13%</td>
<td>13%</td>
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### RECYCLED CONTENT OF PACKAGING (U.S. TONS)

<table>
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<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
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</thead>
<tbody>
<tr>
<td>PACKAGING WITH RECYCLED CONTENT</td>
<td>25,422</td>
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<td>31,685</td>
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<tr>
<td>% PACKAGING WITH RECYCLED CONTENT</td>
<td>60%</td>
<td>65%</td>
<td>58%</td>
</tr>
</tbody>
</table>
2.1 PAPER

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

84%

FOREST STEWARDSHIP COUNCIL (FSC) CERTIFIED PAPER

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

“The care that FedEx Office takes to ensure that the wood fiber supply chain is aligned with its sustainability purchasing guidelines is thorough and comprehensive.”

TOM JACOBS
Wood Procurement Manager & Certified Forester, Domtar

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

2.2 PACKAGING

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

In addition to cardboard, we use materials such as bubble wrap, plastic air pillows, chipboard, Tyvek envelopes and tape to safely transport our customers’ documents, packages and freight. Our primary priority is that customers receive their shipments in the best condition possible. However, where we can do so without compromising cargo safety, we try to minimize our use of virgin materials. For example, by shredding used cardboard for reuse as packing material, we minimize use of polystyrene and plastic air pillows.

FedEx Ground is striving to source more sustainable plastics. During FY14, FedEx Ground worked with its supplier to increase the recycled content of the plastic bags used to consolidate customers’ small packages as they’re being processed through sorting and linehaul distribution operations. It is aiming to increase the recycled content above the current 30 percent by re-using some of its used bags to manufacture the new ones.
2.3 OTHER MATERIALS

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

SUSTAINABLE PURCHASING

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

2.4 WATER

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

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

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

#### 3.1 WASTE AND RECYCLING
(U.S. TONS)

<table>
<thead>
<tr>
<th></th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL REPORTED WASTE</td>
<td>153,791</td>
<td>179,997</td>
<td>225,130*</td>
</tr>
<tr>
<td>TOTAL REPORTED WASTE SENT TO RECYCLERS</td>
<td>106,046</td>
<td>119,377</td>
<td>155,339</td>
</tr>
<tr>
<td>% SENT TO RECYCLERS</td>
<td>69%</td>
<td>66%</td>
<td>69%</td>
</tr>
</tbody>
</table>

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

### SOLID WASTE

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<thead>
<tr>
<th></th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
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<tbody>
<tr>
<td>TOTAL WASTE</td>
<td>213,886t</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SENT TO RECYCLERS</td>
<td>69%</td>
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### HAZARDOUS WASTE

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<thead>
<tr>
<th></th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
</tr>
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<tbody>
<tr>
<td>TOTAL WASTE</td>
<td>1,032t</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SENT TO RECYCLERS</td>
<td>59%</td>
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### REGULATED NON-HAZARDOUS WASTE

<table>
<thead>
<tr>
<th></th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
</tr>
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<tbody>
<tr>
<td>TOTAL WASTE</td>
<td>8,770t</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SENT TO RECYCLERS</td>
<td>64%</td>
<td></td>
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</table>

### E-WASTE

<table>
<thead>
<tr>
<th></th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
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<tbody>
<tr>
<td>TOTAL WASTE</td>
<td>1,354t</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SENT TO RECYCLERS</td>
<td>100%</td>
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<td></td>
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</table>

### UNIVERSAL WASTE

<table>
<thead>
<tr>
<th></th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL WASTE</td>
<td>89t</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SENT TO RECYCLERS</td>
<td>98%</td>
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</tbody>
</table>

69% PERCENT OF SOLID WASTE IS SENT TO RECYCLERS
This year we increased the amount of waste diverted from landfill by reusing materials (see Use of Materials section) and recycling. Some of our FY14 recycling gains included:

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

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

The enterprise-wide Environmental Management System (EMS), based on the key elements of ISO 14001, requires each FedEx operating company to identify relevant environmental impacts and to maintain management programs that minimize or eliminate those impacts. The EMS is overseen and reviewed annually by the Vice President of Environmental Affairs and Sustainability.

Our companies share synergies, ideas and innovations through Sustainability Impact Teams (SITs) for global Vehicles, Facilities, Air Operations, IT, EarthSmart, Data/Reporting and Supply Chain. The SITs and operating companies’ sustainability leaders report to our chief sustainability officer, the Vice President of Environmental Affairs and Sustainability, who also chairs the FedEx Enterprise Sustainability Council (FESC), our executive member sustainability oversight council.

4.1 COMPLIANCE

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

These provisions encompass comprehensive response plans, provided primarily by contracted specialty service providers, to ensure that if spills do occur, they do not cause significant harm to the well-being of our team members, the community or the local environment.

In FY14, 124 significant spills—defined as spills of hazardous materials like oil, fuel and chemicals as those reportable to the appropriate environmental regulatory agency, such as the U.S. government’s National Response Center—occurred. Additionally, 129 environmental inspections by external agencies globally identified two regulatory violations for which we were fined. The most significant of these was due to expired water permits. In total, we were fined $15,100 in environmental penalties during FY14. In addition, there is ongoing litigation regarding the way we transport and manage damaged hazardous materials packages in the state of California.
MOVING RESOURCES WHERE THEY ARE NEEDED MOST
To help counter the recent Ebola outbreak in West Africa, we activated our global network and logistics expertise to move 140-plus pallets of vital medical supplies as part of a charitable shipment to Liberia. After Typhoon Haiyan struck the Philippines in November 2013, FedEx worked with Direct Relief and other organizations to deliver more than $10 million in much-needed aid and medical supplies to communities in need. (page 52)

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

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

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

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

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

OUR COMMUNITY STRATEGY

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

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

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

<table>
<thead>
<tr>
<th>DONATION TYPE (Millions)</th>
<th>FY14</th>
</tr>
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<tbody>
<tr>
<td>Cash</td>
<td>$30.61</td>
</tr>
<tr>
<td>Corporate Charitable Shipping</td>
<td>$4.26</td>
</tr>
<tr>
<td>Team Member United Way Cash</td>
<td>$9.40</td>
</tr>
<tr>
<td>Corporate Marketing In-Kind</td>
<td>$1.21</td>
</tr>
</tbody>
</table>

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

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

FedEx team members, including drivers, pilots and operations teams, work continuously to provide services and aid—including supplies, food and medicine—to afflicted communities. Our expansive global network and reach allow us to promptly deploy our resources and logistics expertise to communities in need. We are proud to once again be teaming up with the American Red Cross, Direct Relief and The Salvation Army in their ongoing humanitarian efforts. In FY14, we donated more than $2.6 million in cash and in-kind support to these organizations.

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

Relief Efforts: FedEx Roads to Recovery and Resilience

Ebola

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

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

Typhoon Haiyan

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

In response, FedEx worked with Direct Relief and other relief organizations to transport more than $10 million in relief aid and medical supplies to affected communities. We donated our charter airlift, logistics and technical expertise to assist with the shipment. In total, almost 200,000 lbs. of medical supplies and pharmaceuticals were delivered.
FedEx has a long-standing relationship with the American Red Cross (ARC), and we are proud to offer our resources, people, global networks and logistics to assist ARC’s extensive relief efforts. Since the start of our collaboration in 1995, we have donated more than $15 million in cash and in-kind support to the organization, and shipped thousands of pounds of ARC relief supplies. In FY14, we continued our support of ARC, donating more than $1.63 million. We also provided assistance to ARC disaster-preparedness initiatives.

FedEx is a member of the Annual Disaster Giving Program, which allows ARC to respond to hard-hit communities across the United States. Our expanded relationship includes a $1 million pledge toward a new ARC facility in Memphis, Tenn. This new Mid-South Red Cross Chapter will house a disaster operations center, blood distribution center, health and safety training classrooms, disaster action team staging area/storage, volunteer work center and training rooms, radio communications and private client interview rooms, as well as a community meeting space that can be used for volunteer training and by ARC community partners.

In FY14, FedEx participated in the ARC Preparedness Road Show. We provided in-kind support and transported IT equipment critical for hands-on disaster relief training. As a result, ARC was able to conduct workshops in seven at-risk communities across the United States.

**DISASTER READINESS: LEARNING FROM HAITI**

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

**INTERACTION: INNOVATIONS IN DISASTER PREPAREDNESS**

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

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

In 2014, FedEx again joined forces with InterAction to deliver the second annual FedEx Award for Innovations in Disaster Preparedness. ISET-International won for its initiative “Sheltering from a Gathering Storm,” which examines resilient housing design as a cost-efficient way to protect vulnerable communities from the risks posed by natural disasters.

The first-ever award was given in 2013 to Habitat for Humanity for an innovative project to guard against earthquake damage to homes in Tajikistan.

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

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

Our collaboration with AmericasRelief began with a workshop in the wake of the Haiti earthquake. It was determined that the Haiti airport could have been operational much faster had there been a more robust disaster-response plan in place. In fact, many airports in the Caribbean and Latin American region face unique challenges due to extreme weather and often lack the infrastructure and training to respond effectively to these events.

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

**SUPPORT SINCE 1995**

**TOTAL CHARITABLE DONATIONS**

$15.6 million (since 1995)

**FY14 CHARITABLE DONATIONS**

$1.63 million

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

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

In FY14, $250,000 of our charitable donations to Direct Relief funded disaster preparedness initiatives. The preparedness programs pre-position medical supplies, such as emergency modules and med-packs, at healthcare facilities in communities at high risk for natural disasters.

In fall 2014, FedEx and Direct Relief joined forces to bring critically needed medical supplies to communities in West Africa afflicted by the Ebola outbreak. For more information on these efforts, please refer to page 52.

**CECP DIRECTORS’ AWARD**

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

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

In FY14, FedEx provided grants for The Salvation Army’s 19th (Newark, N.J.) and 20th (Indianapolis) Disaster Response Units (DRUs or canteen trucks). FedEx has donated 20 DRUs valued at a combined $2 million to increase the speed and efficiency of The Salvation Army’s disaster response network. At FedEx, we understand the value of increased speed and efficiency better than almost anyone, and are proud that the trucks we’ve donated have provided immediate relief to people affected by natural disasters.

Each truck can feed 1,000–2,500 people per day, and volunteers offer both physical and emotional support for survivors and first responders. When not responding to disasters, the trucks often serve as mobile feeding units for underserved or homeless populations.

FedEx-funded DRUs serve Atlanta; Boston; Chicago; London; Los Angeles; Memphis, Tenn.; Mexico City; Miami; Mumbai; New Orleans; New York; Newark, N.J.; Pittsburgh; San Francisco; San Juan; São Paulo; Sydney; Washington, D.C.; and Winnipeg. FedEx has also provided funds for a DRU in Indianapolis that is still under construction.

**THE SALVATION ARMY**

FedEx is a force multiplier in Direct Relief’s humanitarian efforts and has brought amazing scale, efficiency and precision to helping people in poverty or affected by disasters get the critical help they need.

**THOMAS TIGHE**

President and CEO of Direct Relief
PEDESTRIAN AND ROAD SAFETY

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

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

FedEx is also proud to maintain long-standing collaborations with organizations dedicated to advocating for road and pedestrian safety and awareness.

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

This year, FedEx and Safe Kids are proud to be celebrating the 15-year anniversary of the Safe Kids Walk This Way program. Launched in 2000, the program brings global attention to pedestrian safety issues and makes the streets safer for both motorists and pedestrians. Walk This Way operates year-round, conducting research on safety habits, raising awareness through community outreach and education and making safety improvements to school zones.

Since the start of our relationship with Safe Kids in 2000, Walk This Way has expanded and now operates in 10 countries. In total, the program has reached over 10 million students with messages on pedestrian safety, and more than 16,000 FedEx team members have shown their support, volunteering countless hours of service along the way.

Our current efforts in support of the collaboration include our lead sponsorship of the Safe Roads | Safe Kids Global Roads Safety Summit in Washington, D.C. and the extension of our child pedestrian road safety work with Safe Kids Worldwide into South Africa. The Summit brings together thought leaders in road safety from around the world to convene, share best practices and create solid action plans to enhance road safety around the world. Our initiative with Safe Kids in South Africa will bring the number of countries around the world where we are addressing child pedestrian road safety to 11.
• **International Walk to School Day:** In October 2014, we celebrated International Walk to School Day. FedEx and Safe Kids once again joined forces to teach children and adults about the importance of pedestrian safety and healthy living. More than 250,000 children participated in the event and more than 850 FedEx team members joined in to show their support.

• **Moment of Silence Campaign:** At the start of the school year, FedEx and Safe Kids once again reminded teens about the dangers of texting while walking. In FY14, 722 parents and students signed the Moment of Silence Pledge.

• **Safe School Zone:** As part of Walk This Way, we convened a task force to make infrastructure upgrades at Treadwell Elementary School in Memphis, Tenn. From 2012 to 2014, our engineers worked to make safety recommendations on drop-off routes and to improve the walking conditions around the school. The City of Memphis is now looking to expand these efforts to schools around the city.

• **Teens on the Move Report:** In October 2014, we helped Safe Kids deliver a report on the walking behaviors of teens. The report surveyed more than 1,000 teens between the ages of 13 and 18 on their walking habits and identified the major hazards that are increasing teen pedestrian vulnerability. The three main hazards identified by the report are: distraction, walking after dark and running across the street.
2.2 UNITED NATIONS ROAD SAFETY COLLABORATION

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

2.3 EMBARQ

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

• Pedestrian Safety Photo Contest: Between May and June 2014, we worked together with AIP Foundation (Safe Kids Vietnam) and Vietnam’s National Traffic Safety Committee and Ministry of Education and Training (NTSC and MOET) to organize the 2014 Pedestrian Safety Photo Contest. This initiative aims to promote pedestrian safety among secondary school students throughout Vietnam by encouraging them to take pictures of traffic hazards and safe or dangerous road user habits. More than 60,000 secondary school students in Vietnam registered for the contest from February to April, resulting in 4,175 photo submissions to the contest’s website and Facebook page.

• Canada’s Favorite Crossing Guard Contest: Each December, exceptional crossing guards are recognized across Canada by FedEx Express Canada and Parachute (formerly Safe Kids Canada) for their work in keeping kids safe. In 2014, four guards were acknowledged for their dedicated service.
At FedEx, we are committed to minimizing the environmental impact of our daily operations. We understand that promoting environmental stewardship extends beyond our workplace and suppliers to the communities and team members that support us.

Through our philanthropic networks, we strive to create a lasting impact by helping to make our transportation more sustainable, our ecosystems more resilient and our communities stronger.

Our EarthSmart Outreach initiative encourages team members to engage with the community through activities designed to promote sustainable practices. We collaborate with new and existing affiliate organizations to advance our sustainability commitments even further. In FY14, 630 FedEx team members volunteered at EarthSmart Outreach events across the United States.
3.1 EMBARQ

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

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

Since 2010, our collaboration with EMBARQ has transferred knowledge to 1,667 transportation officials and reduced CO₂ emissions by 20,000 metric tons. Through our expanded commitment with EMBARQ, we are hoping to bring MAP advancements in urban transportation sustainability to at least 60 cities by 2016.
We are once again excited to be working with the National Fish and Wildlife Foundation (NFWF). Since 1984, NFWF has teamed up with public and private enterprises to restore and protect plants, fish, wildlife and their habitats in all 50 states. NFWF matches publicly allocated conservation funds with private investments to address urgent environmental needs.

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

**2014 NFWF HIGHLIGHTS**

**KEEP INDIANAPOLIS BEAUTIFUL**

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

**ROCKY MOUNTAIN FIELD INSTITUTE**

In 2013, the most destructive wildfire in Colorado history killed two people, destroyed 486 homes and devastated thousands of acres of land in the Black Forest. Six of the homes lost were owned by FedEx team members. In a collaboration between EarthSmart and the Rocky Mountain Field Institute in May and June of 2014, 71 volunteers, including family and friends of FedEx volunteers, helped restore 2.25 acres of the Black Forest near Colorado Springs, Colo.
In April 2014, FedEx collaborated with the Arbor Day Foundation to launch the Community Tree Recovery program. Following a disaster, the program will deliver seedling trees to stricken areas, assisting communities on their road to recovery and helping to foster stronger and more resilient ecosystems.

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

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

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

4.1 CHARITABLE SHIPPING

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

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

OH, THE UNUSUAL THINGS WE MOVE!

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

FedEx Express and the Animal Desk helped to transport a rescued 50-year-old, 320-pound sea turtle to start a new life at the Mandalay Bay Resort saltwater aquarium in Las Vegas.
For decades, FedEx has been proud to work with Orbis International in its efforts to eradicate avoidable blindness in developing nations. Orbis International is a global NGO with a mission to bring awareness to eye health and provide preventative measures and treatment options to address avoidable blindness.

FedEx is the sole sponsor of Delivering Sight Worldwide, an international program that provides direct support to Orbis efforts. Our commitment supports two Flying Eye Hospital medical programs per year, an agreement that is secured through 2016. FedEx volunteers fly Orbis’ Flying Eye Hospital aircraft, deliver medical supplies and provide mechanical maintenance on the ground throughout the year.

Last year, we sponsored Flying Eye Hospital programs in Panama City, Panama and Kolkata, India.

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

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

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

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

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

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

AMERICAN INDIAN COLLEGE FUND
We supported 30 partial scholarships designed to help students complete their education.

ASIAN AND PACIFIC ISLANDER AMERICAN SCHOLARSHIP FUND
We supported eight partial scholarships to help students complete their education.
EDUCATION HAS ALWAYS BEEN A PASSION OF MINE. GROWING UP, MY PARENTS WORKED TIRELESSLY TO PROVIDE ME WITH A POST-SECONDARY EDUCATION IN SPITE OF THE FACT THAT NEITHER OF THEM WENT TO COLLEGE.

Without this support, I know that there is no way I would be where I am today. However, upon graduating from college and getting my first job in New York, it was clear to me that my education shouldn’t stop there.

It wasn’t very common for people in my community to attend graduate school, so when I expressed my desire to pursue an MBA, I was met with resistance. How would I be able to afford it? What was wrong with the job that I currently had? I knew that I would need additional support.

When I heard about the Hispanic Scholarship Fund program, I realized that my dream of attaining an MBA might actually be a reality. The HSF program provides minority youth with the knowledge and resources they need to pursue opportunities in higher education.

Since finishing my MBA, I have been a proud supporter the HSF program. When I found out that FedEx, my employer of more than 16 years, sponsored 20 four-year HSF scholarships annually, I was overjoyed and eager to help out even more. It is because of corporate support like this that I was able to obtain my MBA and that countless other youth can pursue opportunities in higher education that they might have never thought possible.
CUFA EDUCATION AND SPORTS PROJECT IN BRAZIL

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

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

4.4 EDUCATION

JUNIOR ACHIEVEMENT

Since 1982, we have worked closely with Junior Achievement (JA), a global youth nonprofit dedicated to providing students with the real-world skills they need to succeed, both in school and throughout their careers. For decades, we have proudly supported JA initiatives through financial contributions and volunteer activities.

In FY14, we provided more than $1 million in cash donations, and 460 global FedEx team members took part in activities for 12,400 students in 272 JA classrooms worldwide.

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

FEDEX ACCESS AWARD

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

FEDEX ACCESS JOINT-VENTURE AWARD

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

FEDEX/JA INTERNATIONAL TRADE CHALLENGE PROGRAM

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

5,000+

VOLUNTEER HOURS WITH JA PROGRAMS
TEACH FOR AMERICA

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

In FY14, we also supported TFA by:
• Continuing as founding sponsor of the TFA Rising Leaders Fellowship program. Each year, the Fellows convene in Washington, D.C., for the Rising Leaders Summit. They spend the next 15 months working with local mentors and other Fellows to lead initiatives that tackle education inequity on campus and in their communities. In FY14, the summit brought together more than 60 top students from around the country.
• Providing $294,000 in regional grants and in-kind support in Dallas, Memphis, Tenn., and the Mississippi Delta.
• Participating annually in the Teach for America Week, where FedEx executives assist TFA teachers in creating lesson plans.

FIRST® ROBOTICS COMPETITION

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

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

This past year marked the first annual FedEx Innovation Challenge. It is a social media-based competition consisting of math and science problems, scavenger hunt activities, photo ops, FedEx innovation trivia and more. Teams competing in the 2014 FIRST Robotics Competition Championship and the FIRST Tech Challenge World Championship can participate for a chance to win grants totaling $15,000 for their future FIRST Robotics initiative.

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

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

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

For nearly 40 years, FedEx has teamed up with the United Way in our joint commitment to improve and strengthen the communities where we live and work. In FY14, almost 10,000 FedEx team members in 398 cities in 64 countries volunteered their time and expertise.
For the past nine years, our team members have participated in FedEx Cares Week, our annual start to the United Way campaign. Team members from around the world come together to take part in activities that support this campaign. Some highlights from FY14 FedEx Cares Week include:

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

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

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

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

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

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

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

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of Volunteers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe, the Middle East, Indian Subcontinent and Africa</td>
<td>2,458</td>
</tr>
<tr>
<td>U.S.</td>
<td>4,217</td>
</tr>
<tr>
<td>Latin America-Caribbean</td>
<td>2,329</td>
</tr>
<tr>
<td>Canada</td>
<td>131</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>856</td>
</tr>
</tbody>
</table>
ADVANCING POSSIBILITIES FOR OUR PEOPLE
Case Study

SUPPORTING WOMEN IN AVIATION

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

Case Study

MORE SAFETY CHAMPIONS THAN EVER

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

Overview

DIVERSITY OF U.S. WORKFORCE

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caucasian</td>
<td>53.8%</td>
</tr>
<tr>
<td>Black/African-American</td>
<td>27.5%</td>
</tr>
<tr>
<td>Hispanic/Latin</td>
<td>12.9%</td>
</tr>
<tr>
<td>Asian</td>
<td>3.7%</td>
</tr>
<tr>
<td>American Indian/Alaskan Native</td>
<td>0.7%</td>
</tr>
<tr>
<td>Team Members of Other Ethnicities</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

Full-Time U.S. Retention Rate

80.4% of full-time U.S. team members retained.

Women in FedEx Global Workforce

27%

Women in FedEx Management Roles Globally

22%
OVERVIEW

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

FedEx is passionate about people. This starts with our team members and extends to the customers and communities we serve. Across our operating companies, team members share a professional commitment and passion that drive our exceptional service to customers worldwide.

That is why we work tirelessly every day to make FedEx a safe and inclusive place to work. We provide opportunities to help our team members advance, as well as competitive benefits to keep them happy and healthy. This commitment to our people builds loyalty, and in turn, supports our business.

1.1 THE PURPLE PROMISE

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

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

1.2 RETENTION: IT’S MUTUAL

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

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

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

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

HIGH HONORS FOR THE HUMAN TOUCH

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

THE PURPLE PROMISE CHAIRMAN’S AWARD

The Purple Promise Awards are inspired by the FedEx promise to make every customer experience outstanding. In FY14, we presented 61 Purple Promise Awards and 16 Purple Promise Chairman’s Awards, which represent the best-of-the-best Purple Promise Award winners. Here’s the story of one Purple Promise Chairman’s Award winner:

Daniela Malaquias, Customer Representative in Solutions, received an urgent customer request relating to the Oscar ceremonies less than 24 hours away. A package containing special items to be displayed at the prestigious event was still in Brazil. Daniela worked to locate the package. Paulo Nogueira, FedEx Customer Service Manager in São Paulo, then took a commercial airline flight to Los Angeles to hand-deliver the package. A Los Angeles operations manager drove Paulo to the recipient’s doorstep, resulting in an exceptional customer experience. Because Paulo and Daniela went above and beyond to deliver for the customer and took precious time away from their personal lives, they delivered on the Purple Promise.

THE HUMANITARIAN AWARD

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

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

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

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

FREDERICK W. SMITH
Chairman, President and CEO

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

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

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

In FY14, we worked on:

- Enhancing safety engagement: A new “Safety Focus Program” was implemented in 2014, which delivered enhanced safety engagement and support to FedEx operations to meet safety performance goals. The program relies on a collaborative process among local leadership, district and region management, and Corporate Safety to identify areas for improvement and apply Quality Driven Management (QDM) principles to achieve safety goals. Safety specialists play a key role, actively engaging and supporting continuous improvement efforts toward a heightened safety-above-all culture.

- Targeting areas for improvement: FedEx Express established the Safety Partnership Location (SPL) program to improve safety in locations with higher-than-average accident and injury rates. FedEx Express provided management at these sites with assistance in developing and implementing divisional safety plans that identified, reviewed and made corrective actions to reduce accidents. During FY14, our Memphis Hub Night organization had a 17 percent improvement in its SPL accident and injury rates.

- Introducing data driven programs: FedEx Freight implemented a new initiative to identify the root causes of accidents and injuries and improve follow-up after incidents. The program has enhanced our ability to gather accident and injury information immediately following an event and provide our teams with the tools to mitigate future occurrences.
ADVANCING SAFETY IN A CHALLENGING YEAR

Our first priority, is the safety and security of our team members and the communities where we operate—bar none. With over 100,000 owned and contracted vehicles on the road, over 300,000 team members worldwide and operations in 220+ countries and territories, we need to operate safely and are always striving to improve our performance. We believe in a “best practices” approach to safety and actively promote and support a culture of safety across the organization through comprehensive workplace education programs.

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

We also saw our recordable vehicle accident rates and lost time injury rates go up slightly in FY14. We believe the largest factor contributing to this trend was the surge in severe weather events in North America in December of 2013. leading up to Christmas, several storms hit across North America, producing snow, ice, flooding and rain across nearly 30 states. This was a “perfect storm” and landed at the same time that we move the largest volume of packages across our operations and onto the roads for delivery. We saw accident and slip-and-fall injury events increase during this time. We take the responsibility of sharing the roads and protecting our team members and communities seriously. That’s why we are focusing our Corporate Safety departments to work closely with our operations to target safety improvement initiatives across our operating companies and facilities. In 2014, we updated our workplace violence training program to educate team members on how to respond to active shooter situations. We are also making targeted investments across all of our operating companies to improve safe driving and reduce unnecessary hazards on the road. This includes investing in technologies such as lane departure warnings and object detection systems on our vehicles to complement our standard safe driving practices.

RECOGNIZING SAFETY

Recognizing safety performance is one way that FedEx reinforces safe work habits. In FY14, FedEx Express implemented a Quality Driven Management (QDM) based program called the Quality Driven Safety Award to do just that. The award is given based on a competition among FedEx Express facilities for the best combined vehicle and worker safety rates. Each quarter, the facilities with the best rates are rewarded with a cookout, plaque and a drawing for prizes. The goal of the program is to build awareness of safe work habits and increase pride in safety. FedEx Freight and FedEx Ground offer similar QDM safety initiatives.

In addition to location-based awards, FedEx Express also recognizes individual team members through its Safe Driving Awards. Team members that operate safely and without an accident are eligible for several awards based on the length of their safe driving record.

2.1 WORKING WELL WITH OTHERS

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

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

Another metric we use to track safety outcomes is the Preventable Recordable Vehicle Accident Rate (per 1 million miles driven) globally. This includes vehicle accidents that resulted in fatalities or injuries that were treated immediately after the event or required towing from the scene. In FY14, our rate was 0.31, compared to 0.30 in FY13.

We regret to report that eight workplace fatalities took place in FY14 worldwide. Seven of these fatalities resulted from vehicle accidents. We extend our deepest condolences to the families of those team members and all others affected. We investigate all fatalities at FedEx to identify root causes and take corrective actions to prevent reoccurrences.

<table>
<thead>
<tr>
<th>GLOBAL SAFETY TRENDS</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOST TIME INJURY RATES, PER 200,000 HOURS WORKED*</td>
<td>3.72</td>
<td>3.88</td>
<td>4.01</td>
</tr>
<tr>
<td>PREVENTABLE RECORDABLE VEHICLE ACCIDENT RATES, PER 1 MILLION MILES DRIVEN</td>
<td>0.31</td>
<td>0.30</td>
<td>0.31</td>
</tr>
</tbody>
</table>

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

2.3 PREVENTING WORKPLACE VIOLENCE

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

Each year, every FedEx team member is trained on workplace violence prevention. The program reminds team members of the various ways to disclose potential or actual incidents of workplace violence. Individuals can report incidents through the FedEx Alert Line or by speaking directly with management, Security, Human Resources or Legal. When incidents are reported, our Workplace Violence Response Team promptly investigates the claims and responds accordingly.

NATIONAL CHAMPIONS OF SAFETY

A record 138 drivers represented FedEx at the 2014 National Truck Driving Championships (NTDC) in Pittsburgh this year. The event is known as the “Super Bowl of Safety,” and to earn the honor of competing, each driver has to win his or her respective state competition and also drive accident-free for a minimum of one year. In the championship, each driver must demonstrate his or her driving skills and knowledge through a series of tests, including a written exam, vehicle pre-trip inspection and driving skills challenge.

Debbie Conn earned her spot at the National Championships by placing first at the Arkansas State Truck Driving Championships. Debbie has been a professional driver for almost 25 years, nine of which have been with FedEx Freight in West Memphis, Ark. Since starting, she has racked up over 3.1 million safe-driving miles. Her tip to other motorists is to always keep your eyes and mind on the road and be aware of your surroundings.

Four drivers representing FedEx were crowned National Champions in their respective driving classes. Six other FedEx drivers placed among the top finishers.

Paul Brandon was one of those National Champions. Paul has worked for FedEx Freight for 14 years, based in New Haven, Conn., and has earned over 1.1 million accident-free miles over a 35-year career. “Some people have hobbies,” states Paul. “My passion is the Truck Driving Championships.” We would like to salute all FedEx state and national champions like Debbie and Paul who make road safety a priority every day.
We are committed to helping our team members grow in their careers and rise through the ranks at FedEx. In fact, more than 70 percent of our global management team was hired from within the organization. This strong track record reflects our investment in our team members through career training and development programs and recognition initiatives. Just as we move possibilities forward for the communities we serve, we seek to move our people forward as well, recognizing and developing their full potential.

We offer a variety of training and leadership programs that empower team members to excel in their jobs and gain the knowledge and skills required to get ahead. FedEx operating companies also implement specialized training and workforce development programs that target skills unique to their operating environment.

In FY14, team members from across the organization participated in an average of 13.8 hours of training per person. FY14 was a transition year at FedEx, where we focused on developing solutions to reduce travel-to-training costs and instead reach more individuals through technology and alternative education solutions. We’ve received positive user feedback on the new approach and are excited by the opportunities that technology can bring to our training methods.

**FEDEX LEARNING CENTER**

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

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

FERNANDO SKERL
Training Advisor for Latin America-Caribbean Health & Safety at FedEx
3.1 TUITION ASSISTANCE

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

3.2 PROMOTING TEAM MEMBERS

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

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

3.3 RISING THROUGH THE RANKS

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

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

EXECUTIVE CURRICULUM FOR ENTERPRISE-WIDE LEADERSHIP (EXCEL)

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

We offer two training programs that help FedEx leaders from across the organization foster what we call the Seven Drivers for Enterprise Success. One of them is our Executive Center for Enrichment and Education (EXCEED). EXCEED is available to officers and directors, providing them with classroom learning, online tools and executive coaching opportunities.

Another important training program is our Leadership for Information, Networking and Knowledge (LINK) program. LINK provides FedEx managers across the enterprise with a central point of access to online learning resources that also support the development of the Seven Drivers for Enterprise Success. The site offers online continuing education, topical videos, book summaries and more.

The Seven Drivers for Enterprise Success were developed from key competencies within the company leadership models and reflect executive attributes that we consider to be critical to the future success of our company.

PASSPORT TO LEADERSHIP

The Global Leadership Corps program offers team members the opportunity to work abroad for one month—often with outside organizations on an innovative community project. The goal is to help team members acquire valuable leadership and teamwork skills while gaining insight into the emerging markets where FedEx business is growing rapidly.

In FY14, FedEx sent two Global Leadership Corps teams to Ahmedabad and Chennai, India. Projects ranged from developing campaigns to improve working conditions within the construction industry to providing clean cooking stoves and solar lights to communities in need.

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

DRIVER DEVELOPMENT COURSE AT FEDEX FREIGHT

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

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

3.5 ENGAGING TEAM MEMBERS

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

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

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

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

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

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

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

A key component of the program provides FedEx team members with the option to enroll in a highly personalized long-term weight loss program developed with Johns Hopkins Medicine. For two years, participating team members get personalized coaching through phone-based sessions and online resources to help make changes that lead to weight loss.

One FedEx employee, John Dyson, Director of HR for FedEx Corporate Services, enrolled in the program and lost 35 pounds in 12 weeks. Not only is John losing the weight that was advised by his cardiologist, but he’s feeling better and enjoying activities like walking with his spouse.

“I’ve tried various diets,” states John, “but I enjoy this process where larger goals are tackled through incremental small steps and goal-setting.”

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

4.4 PROMOTING WORK-LIFE BALANCE

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

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

FEDEX FITNESS CHALLENGE

FedEx Custom Critical, our operating company that provides urgent delivery services, created the FedEx Fitness Challenge in 2013 to encourage team members to make health and wellness a priority. The fitness challenge was designed to include all team members, regardless of their current fitness, and help each participant attain a personal fitness target.

One participant, Roy Pietras, Claims & Risk Administrator at FedEx Custom Critical, credits the program with helping him get more fit. “After going to the doctor, the numbers were laid out for me…blood pressure, sugar, et cetera. I had to do something to reduce it. I really wanted to get up and start motivating myself. So I began to walk at lunch every day. My goal was to do 10,000 steps a day, and I’m pretty consistent. I feel better. I sleep better. I’m more alert.”
At FedEx, we are proud to have a global workforce that reflects the diversity of the customers that we serve and the communities in which we operate. We see diverse viewpoints and backgrounds as an asset to our company, enhancing our ability to deliver on the Purple Promise to our customers.

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

DIVERSITY AND INCLUSION MISSION STATEMENT

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

We value the diverse life experiences and perspectives of all team members. Our commitment to diversity is further enriched by an inclusive culture that leverages those unique experiences and perspectives to drive employee engagement, innovation and business growth. Our commitment to Diversity and Inclusion is a great competitive strength that makes us an even stronger company. As such, we strive in our workplace practices to treat our team members, customers and suppliers in a fair and ethical manner.
The shipping and logistics industry has traditionally suffered from a lack of gender diversity. This has limited talent across the field, something that we are proactively working to change. Women currently make up a significant proportion of our workforce and represent over one-fifth of our management team members globally.

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

**EDUCATION AND DEVELOPMENT THROUGH GROUP EXPERIENCES (EDGE)**

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

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

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

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

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

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

5.2 PROMOTING WORKFORCE DIVERSITY AND INCLUSION

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

In the United States, FedEx collaborates with minority and women-centered organizations, as well as university groups, to support our diversity recruitment strategy. Veterans are also an important group that we prioritize in our recruiting. In FY14, we hosted a Virtual Career Session where FedEx veteran team members spoke directly with U.S. military installations worldwide. Team members shared their experiences transitioning from military life to corporate America, discussed available career paths across FedEx and reviewed best practices for resume building, networking and interviewing.

Each FedEx operating company also oversees its own Diversity and Inclusion Teams that work to implement policies, multicultural programming and workplace inclusion initiatives. For example, in FY14:

FedEx Freight launched a 15-member Executive Diversity Council that meets bi-monthly to develop and implement company-wide diversity and inclusion strategies. FedEx Freight also has a 200-member Diversity Council that meets monthly for educational web meetings on topics such as stereotypes, celebrating diversity and cultural competence.
PEOPLE AND DIVERSITY
AWARDS
RECOGNIZED BY THE
GREAT PLACE TO WORK
INSTITUTE AS ONE
OF THE WORLD’S 25 BEST
MULTINATIONAL
WORKPLACES FOR 2014
RANKED AMONG THE
40 BEST COMPANIES FOR
DIVERSITY BY BLACK
ENTERPRISE MAGAZINE
IN 2014

• FedEx Office hosted Diversity Forums throughout the year that included keynote speakers for Black History Month, Women’s History Month, Asian/Pacific Islanders Heritage Month, LGBT Pride Month and Hispanic Heritage Month. FedEx Office was also represented at the NCLR (National Council of La Raza), NGLCC (National Gay & Lesbian Chamber of Commerce) and NMSDC (National Minority Supplier Development) Conferences, in addition to conducting semi-annual Supplier Inclusion Steering Committee meetings in partnership with our Memphis and Dallas Strategic Sourcing teams.

• FedEx Ground sponsored a Disability Mentoring Day event where FedEx employees hosted high school students with disabilities for a career mentoring program. FedEx Ground also launched Education and Development through Group Experiences (EDGE) in FY14. The focus of this experience was on women’s leadership development with the goal to create a sustainable female leadership pipeline by providing a year-long group experience that builds meaningful connections and leadership development. Twenty-five percent of the participants were promoted.

MINORITIES IN MANAGEMENT ROLES IN U.S.

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<th>U.S. ETHNIC MINORITIES IN MANAGEMENT</th>
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5.3 DIVERSITY AND INCLUSION AWARENESS TRAINING

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

5.4 EMBRACING NEW CULTURES

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