

FedEx Corporation Sustainability Bond Report

FISCAL YEAR 2022





FedEx Sustainability Bond

On May 4, 2021, FedEx Corporation (“FedEx”) issued the first sustainability bond by a North American transportation and logistics company as a continued commitment to our Environmental, Social, and Governance (“ESG”) strategy and target of carbon neutral operations by 2040. Our sustainability bond framework (the “Framework”) of eligible investments is aligned with key elements of this strategy, which includes environmental sustainability innovations, a sustainable supply chain, a diverse and inclusive workplace, and the robust giving and volunteering platform known as FedEx Cares. We have aligned our ESG initiatives with our company’s mission and values and embedded them into our systems and our culture. We further discuss our ESG strategies, goals, and programs in our annual ESG Report, which references indicators from the Global Reporting Initiative Standards. In addition, the ESG Report contains disclosures in alignment with applicable industry standards from the Sustainability Accounting Standards Board and the Task Force on Climate-related Financial Disclosures. More details can be found at fedex.com/en-us/sustainability/reports.html.

¹Approximately \$722 million gross principal amount of offering based on the euro/U.S. dollar exchange rate of €1.00 = \$1.2036 as of April 20, 2021 as published by Bloomberg, L.P. and less underwriting discount and fees and other expenses.

Certain statements herein may be considered forward-looking statements. Such statements are subject to risks, uncertainties, and other factors discussed in the FedEx 2023 ESG Report, press releases of FedEx and its subsidiaries, and filings with the Securities and Exchange Commission by FedEx.

Our Framework provides guidelines in four key areas: use of proceeds, process for project evaluation and selection, management of proceeds, and reporting. Pursuant to the Framework, our look-back period for eligible projects is 36 months prior to May 4, 2021, the date of the sustainability bond issuance.

As of May 3, 2022, we have allocated \$539 million, or approximately 75% of the \$715 million¹ net proceeds from our sustainability bond offering. This year’s sustainability bond report covers the allocation of proceeds to eligible projects that incurred expenditures between June 1, 2018 and May 31, 2022, the period encompassing our 2019, 2020, 2021, and 2022 fiscal years, as well as certain estimated impacts of the allocation of proceeds over this period. The primary allocations that have occurred relate to investments in clean transportation, energy efficiency, socioeconomic advancement and empowerment, and pollution prevention and control. We intend to fully allocate the net proceeds to eligible projects that incurred expenditures between June 1, 2018 and May 31, 2023.

Project Selection

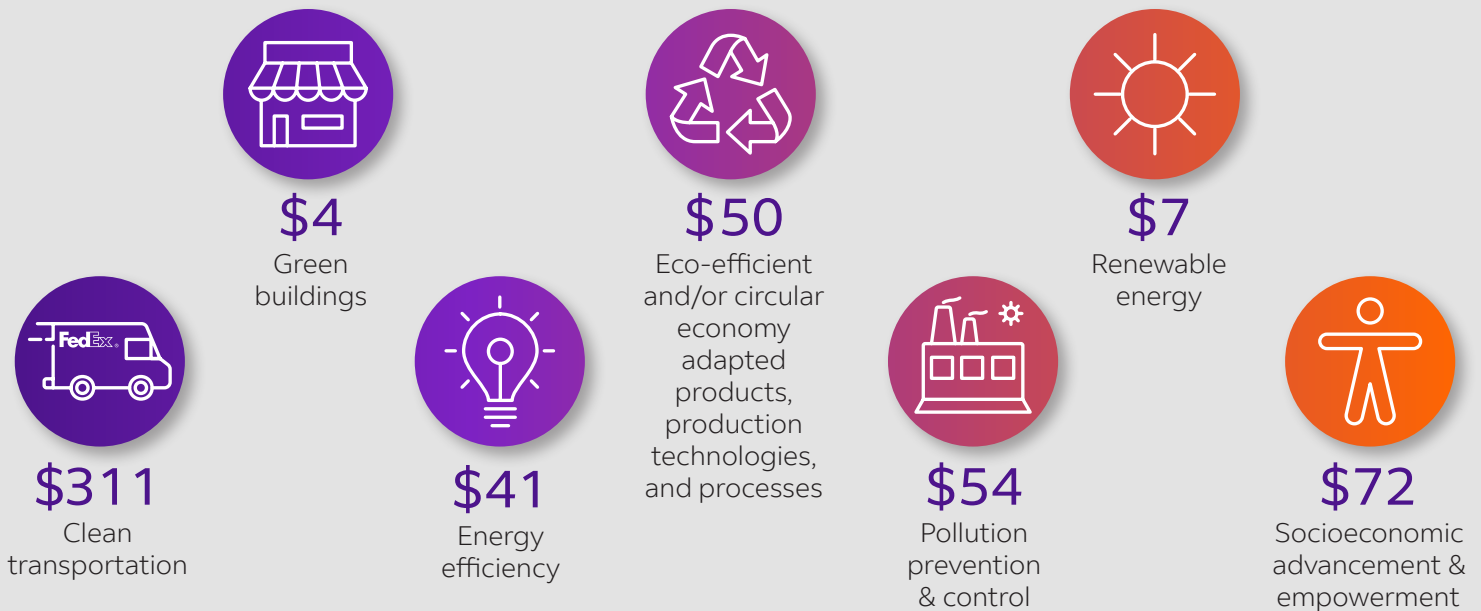
Sustainability goals

We have set ambitious sustainability goals to address the ESG topics most relevant to our business, and report on progress toward these goals in our annual ESG Report. The projects to which we have allocated sustainability bond proceeds are intended to help FedEx meet many of these goals. Our Sustainability Finance Committee evaluates and selects eligible projects for allocation.

Sustainability bond allocation

Total FY19 - FY22 expenditures incurred: \$539M
Total projects: 20

Expenditures incurred by project category (in millions)



Total FY19 - FY22 estimated impacts



¹Represents only FY21- FY22.



Feature Projects

Clean Transportation

U.S. Charging Infrastructure

Successful electrification of a commercial fleet requires much more than just the acquisition of electric vehicles themselves. As we work to transition the entire FedEx pickup-and-delivery fleet to zero-tailpipe emissions vehicles by 2040, the installation of charging infrastructure at our facilities is an essential focus across our network. Collectively, bond proceeds helped FedEx Express and Ground install 38 EV chargers in the U.S. to support both FedEx-owned vehicles and service provider companies that have purchased their own EVs.

Total FY19 - FY22
allocation of \$31M

Last-Mile Delivery Fleet

In our efforts to decarbonize last-mile delivery, we test and deploy various lower-emissions technologies across our network. We continue to incorporate more zero-tailpipe emissions vans into our FedEx Express network. In cities across Europe and Canada, we have also introduced more e-cargo bikes into last-mile delivery; in some cities, these e-cargo bikes have replaced a substantial portion of van routes. Additionally, we collaborated with robotics company Nuro to test the use of all-electric, fully autonomous vehicles for specialty services like appointment pickup and delivery, including testing in Texas in Fall 2022.

Total FY19 - FY22
allocation of \$177M



Renewable Energy & Energy Efficiency Facilities

Reducing emissions at our facilities will largely come from two types of initiatives: sourcing more renewable energy and deploying more energy-efficient technologies. As one example, we built a solar canopy at our FedEx Ground headquarters in Pittsburgh, which produces about 30% of the power used on the campus. Additionally, we have prioritized the installation of LED lighting retrofits and energy management systems that optimize energy use from lighting, heating, ventilation, and cooling processes at the facility. Across our operating companies, our energy management systems saved over 225 million kilowatt hours of electricity in FY22.

Eco-efficient + Circular Economy Adapted Products

Sustainable Packaging

FedEx developed, tested, and deployed multiple sizes of reusable padded and poly paks for FedEx Express shipments, which are now available around the world. The team of packaging engineers in the FedEx Packaging Lab are constantly developing and testing new packaging methods that align with our sustainability efforts, reduce waste, and meet the demands of our network and customer expectations.

Total FY19 - FY22
allocation of \$48M, and
82,215 MWh of renewable
energy generated

Total FY19 - FY22
allocation of \$50M, and
3,617 metric tons
reusable packaging
provided
to customers



FedEx Corporation Management's Assertion

We assert that an amount equal to \$539 million (the "Allocated Amount") of net proceeds from the 0.450% Notes due 2029 (the "Sustainability Notes") issued on May 4, 2021 by FedEx Corporation (the "Company") was allocated, during the period May 4, 2021 through May 3, 2023 (the "Reporting Period"), to the expenditures incurred during the period from June 1, 2018 to May 31, 2022 for qualifying Eligible Projects (as defined in the "Use of Proceeds" section of the prospectus supplement dated April 22, 2021) based on the Eligible Projects criteria set forth below (the "Criteria"). Management of the Company is responsible for the assertion, selection of the Criteria and the allocation, during the Reporting Period, of amounts to projects that meet the Criteria.

We have obtained a Second Party Opinion from an outside party, a provider of ESG and corporate governance research and ratings to investors, concluding that the Eligible Projects are in conformance with the Sustainability Bond Guidelines 2018, Green Bond Principles 2018, and Social Bond Principles 2020 published by the International Capital Market Association.

Eligible Projects

Clean Transportation (Sustainable Development Goal ("SDG") 11 — Sustainable Cities & Communities), including expenditures and investments that contribute toward achieving carbon neutral operations. Eligible Projects may include:

- **Ground Transportation:** Rollout of electric and hydrogen-powered vehicles, and associated charging or fueling infrastructure, diversion

of shipping to electrified intermodal rail, platooning technologies to reduce road freight (but proceeds will not be used to finance fossil-fuel powered vehicles), development of electrified hostlers, drones, and robotics; and

- **Sustainable Aviation:** Projects to support the increased use of jet biofuels from waste feedstock sources that avoid competition with food resources.

Green Buildings (SDG 11 — Sustainable Cities & Communities), including expenditures and investments related to the design, construction, refurbishment, maintenance, and acquisition of FedEx facilities certified by a third party, such as Leadership in Energy and Environmental Design (“LEED”). Eligible green buildings included meet, or are expected to meet, at least LEED Gold, or local, regional, or national equivalent.

Energy Efficiency (SDG 7 — Affordable & Clean Energy), including expenditures to reduce energy usage at FedEx sites, which may include:

- Installation of smart meters, LED lighting systems, and energy management systems; and
- Building refurbishments, upgrades, and retrofits.

Eco-Efficient and/or Circular Economy Adapted Products, Production Technologies, and Processes (SDG 12 — Responsible Production & Consumption), including expenditures to increase the resource-efficiency of FedEx packaging, which may include:

- Research, testing, development, and implementation of new initiatives with the primary purpose of seeking to minimize materials, dimensions, weight, and waste related to FedEx packaging solutions; and
- Projects to increase material re-usability,

recyclability, and compostability of packaging solutions, as well as the use of recycled materials.

Pollution Prevention & Control (SDG 12 — Responsible Production & Consumption, SDG 13 — Climate Action), including expenditures to reduce air emissions and waste prevention from FedEx sites, which may include:

- Waste management projects to increase recycling, optimize waste material reuse, and increase diversion rate; and
- Funding to support applied research of long-term natural carbon sequestration technologies, as for example biomass and mineral weathering.

Renewable Energy (SDG 7 — Affordable & Clean Energy), including expenditures related to the development and operation of on-site photovoltaic solar projects at FedEx sites. Projects may be owned and operated by FedEx or built on site and contracted under long-term power purchase agreements.

Socioeconomic Advancement & Empowerment (SDG 8 — Decent Work & Economic Growth, SDG 10 — Reduced Inequalities), including expenditures to increase the diversity of FedEx suppliers and provide equitable market access opportunities for small businesses that are women and/or minority owned. Eligible Projects may include:

- Programs that offer training, mentoring, networking, and access to capital for women and minority entrepreneurs;
- Costs associated with third-party certification and verification of minority status; and
- Costs of services (other than fossil-fuel related expenditures) provided by eligible minority businesses that are recently added to the FedEx diverse supply chain program.

Note 1: The Allocated Amount may include amounts allocated during the Reporting Period to new projects during the Reporting Period, as well as to existing projects with disbursements during the 36 months prior to the date of issuance of the Sustainability Notes.

Note 2: Pending the allocation of an amount equal to the net proceeds from the offering of the Sustainability Notes to Eligible Projects, we temporarily used such net proceeds to fund the redemption of our 3.400% notes due 2022, 0.700% notes due 2022, 2.625% notes due 2022, 1.000% notes due 2023, 2.700% notes due 2023, 4.000% notes due 2024, 3.200% notes due 2025, 3.800% notes due 2025, and 3.300% notes due 2027.



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Report of Independent Accountants

To the Management of FedEx Corporation:

We have examined management’s assertion, included in the accompanying report, FedEx Corporation Sustainability Bond Report Fiscal Year 2022, that an amount equal to \$539 million of net proceeds from the issuance of 0.450% Notes due 2029 issued by FedEx Corporation (the “Company”) was fully allocated, during the period from May 4, 2021 through May 3, 2023 (the “Reporting Period”), to the expenditures incurred during the period from June 1, 2018 to May 31, 2022 for qualifying Eligible Projects (as defined in the “Use of Proceeds” section of the prospectus supplement dated April 22, 2021) based on the Eligible Projects criteria set forth in the FedEx Corporation Sustainability Bond Report Fiscal Year 2022 (the “Criteria”). FedEx Corporation’s management is responsible for the assertion, having a reasonable basis for its assertion, selection of the Criteria and the allocation, during the Reporting Period, of amounts to projects that meet the Criteria. Our responsibility is to express an opinion on the assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (“AICPA”). Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management’s assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management’s assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management’s assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of FedEx Corporation and to meet our other ethical responsibilities, as applicable for examination engagements set forth in the Preface: Applicable to All Members and Part 1 – Members in Public Practice of the Code of Professional Conduct established by the AICPA.

Our examination was not conducted for the purpose of evaluating (i) whether funds in excess of the net proceeds were allocated to Eligible Projects during the Reporting Period, (ii) the amount allocated to each category of Eligible Projects during the Reporting Period, (iii) the environmental benefits of the Eligible Projects, (iv) conformance of any Eligible Projects with any third-party published principles, standards or frameworks, such as the Green Bond Principles, dated June 2021, published by the International Capital Market Association or (v) any information included in the Company’s report or on the Company’s website, other than management’s assertion. Accordingly, we do not express an opinion or any other form of assurance other than on management’s assertion included in the FedEx Corporation Sustainability Bond Report Fiscal Year 2022.

In our opinion, management’s assertion, included in the FedEx Corporation Sustainability Bond Report Fiscal Year 2022, that the amount equal to \$539 million of net proceeds from the issuance of 0.450% Notes due 2029 was allocated during the Reporting Period to qualifying Eligible Projects, is fairly stated, in all material respects.

Ernst & Young LLP

May 26, 2023
Memphis, Tennessee