



FedEx Corporation

Sustainability Bond Report

— FY23-FY24 —



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 goal 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



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 31, 2023, we allocated \$634 million, or approximately 89% of the \$715 million¹ net proceeds from our sustainability bond offering and an additional \$81 million was allocated during fiscal 2024. As of May 15, 2024, we have fully allocated the \$715 million¹ net proceeds. As stated in last year’s report, we intended to fully allocate the net proceeds to eligible projects that incurred expenditures between June 1, 2018 and May 31, 2023; however, due to our DRIVE business optimization plan to drive efficiencies and improve the company’s long-term profitability announced in the first quarter of fiscal 2023, and one FedEx and Network 2.0, which were announced in the fourth quarter of fiscal 2023, we did not fully allocate the net proceeds until May 15, 2024.

This year’s sustainability bond report covers the allocation of proceeds to eligible projects that incurred expenditures between June 1, 2018 and May 15, 2024, the period encompassing our 2019, 2020, 2021, 2022, and 2023 fiscal years and the period from June 1, 2023 through May 15, 2024, as well as certain estimated impacts of the allocation of proceeds over this period. The primary allocations relate to investments in clean transportation; eco-efficient and/or circular economy adapted products, production technologies, and processes; socioeconomic advancement and empowerment; pollution prevention and control; and energy efficiency.

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, which total approximately \$7 million.

Certain statements herein may be considered forward-looking statements. Such statements are subject to risks, uncertainties, and other factors discussed in the FedEx 2024 ESG Report, press releases of FedEx and its subsidiaries, and filings with the Securities and Exchange Commission by FedEx.

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 expenditures incurred:

\$715M

Total projects:

21



\$447 M

Clean transportation



\$54 M

Pollution prevention & control



\$4 M

Green buildings



\$8 M

Renewable energy



\$48 M

Energy efficiency



\$72 M

Socioeconomic advancement & empowerment



\$82 M

Eco-efficient and/or circular economy adapted products, production technologies, and processes

Total estimated impacts

239,659

average annual metric tons of CO2 expected to have been avoided

765

chargers installed

8,073

metric tons of reusable packaging provided to customers

137,337¹

metric tons of waste recycled

¹Represents only FY21- FY22.

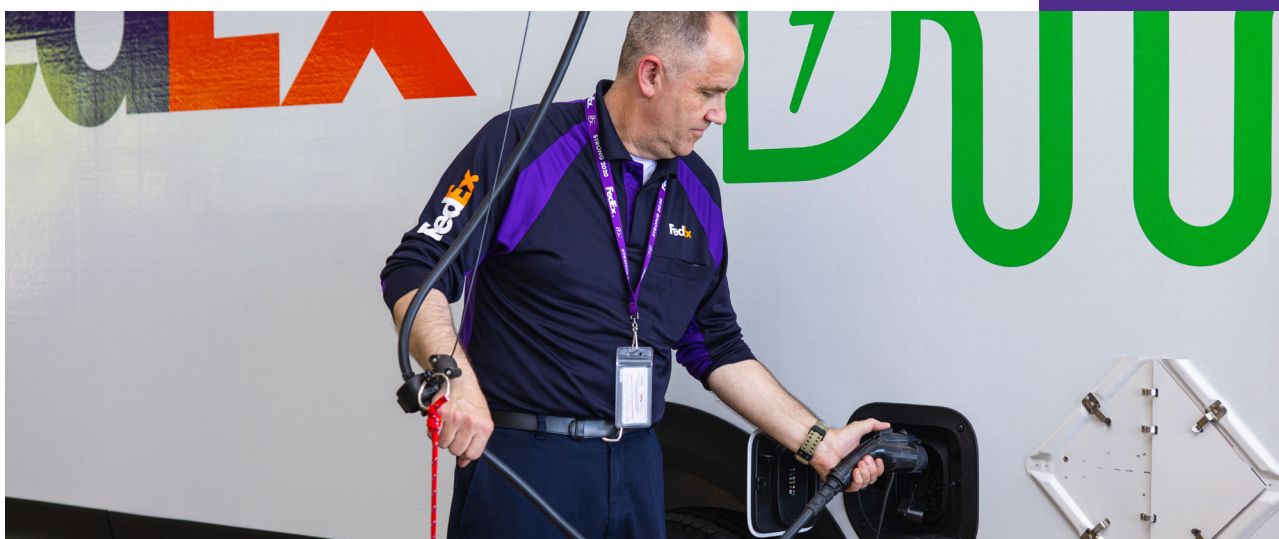
Feature Projects

Clean transportation

Global electric vehicle deployment

From Europe to the Americas, FedEx continues to add more zero-tailpipe emission electric vehicles to its pickup and delivery fleet in markets worldwide. The company seeks to pair the right electric vehicle technologies with the right application in unique operating environments—allowing, for example, for the deployment of electric motorcycles in dense urban areas in Brazil. From FY22 to FY23, the number of electric vehicles deployed in FedEx operations (both on- and off-road) virtually doubled, growing from 3,552 to 7,136 vehicles.

Total allocation of
\$271M



Global charging infrastructure installation

To enable the deployment of more EVs across vehicle classes, FedEx is actively building out charging infrastructure at its facilities around the globe. In FY23, FedEx began readying six major stations in five EU markets with charging infrastructure to support future EV deployment at scale.

Similar buildout projects are also ongoing in the U.S. The charging infrastructure spend noted in this report includes the installation of switchgears at three U.S. FedEx Freight locations that each support eight DC Fast Chargers. Ultimately, these chargers can be used to charge future stationary batteries that electric vehicles can draw power from during expensive peak electricity demand hours. Additionally, FedEx continues to install charging infrastructure that can be used by individual service providers (ISPs) to facilitate those businesses' conversion of their last-mile delivery vehicles to electric models. This work requires close collaboration with utilities, regulators, and real estate stakeholders.

Total allocation of
\$54M

Clean Transport (continued)

Electric material handling equipment

Converting materials handling equipment—like forklifts—to electric-powered models can help reduce diesel fuel consumption and, in turn, Scope 1 emissions. FedEx deployed bond proceeds to expand the number of owned and leased units of electric materials handling equipment. In our FedEx Supply Chain operation, which provides third-party logistics, warehouse, and fulfillment services, roughly 97% of the material handling vehicles in operation are now electric.

Total allocation of

\$19M



Eco-efficient + Circular Economy Adapted Products

Reusable packaging

In alignment with the company's sustainability goals and increased customer demand for packaging options with sustainable attributes, FedEx and the engineers in the FedEx Packaging Lab in Memphis continue to innovate in the packaging design space. Multiple sizes of reusable poly paks and poly padded paks are available worldwide for FedEx Express shipments. Additionally, reusable versions of our curbside recyclable paperboard envelopes are available in the U.S. and Canada. This FedEx-branded packaging is made available to shippers at no cost.

Total allocation of

\$82M

FedEx Corporation Management's Assertion

We assert that an amount equal to \$715 million (the "Allocated Amount") of net proceeds from the 0.450% Notes due 2029 issued on May 4, 2021 by FedEx Corporation (the "Company") was allocated, during the period from May 4, 2021 through May 15, 2024 (the "Reporting Period"), to the expenditures incurred during the period from June 1, 2018 to May 15, 2024 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 (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 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 up to 36 months prior to the date of issuance of our 0.450% notes due 2029.

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.

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, that an amount equal to \$715 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 15, 2024 (the "Reporting Period"), to the expenditures incurred during the period from June 1, 2018 to May 15, 2024 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 (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.

In our opinion, management's assertion, included in the FedEx Corporation Sustainability Bond Report, that the amount equal to \$715 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.



June 6, 2024
Memphis, Tennessee