The **FedEx** Advantage
Gaining Efficiencies
Demonstrating Sustainability

**FedEx** Government Services
Worldwide Account Managers
Rod McElroy
Daniel Connors
Agenda

• FedEx Commitment to Sustainability
• Areas for efficiencies
  • Mode Optimization
  • Technology Solutions
• FedEx resources to assist
FedEx’s commitment to Environmental Sustainability

Areas of FedEx commitment

• Packaging
• Fuel consumption
• Ground Fleet
• Aircraft
• Facilities
FedEx carbon-neutral envelope

Ship documents around the world in a way that neutralizes carbon emissions — at no extra charge to you. FedEx Express works with BP Target Neutral, a not-for-profit offset provider that helps to reduce, replace, and neutralize carbon by investing in offsets for every envelope shipment. Result? Less impact on the environment.

It's part of EarthSmart® — FedEx solutions for a more sustainable world.
Sustainability – Ground Fuel Consumption

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

In FY15 we increased efficiency by 4%, cumulatively increasing efficiency by more than 33.5% from a 2005 baseline, surpassing our goal five years early. Since 2008, our Reduce, Replace, Revolutionize program has saved 137 million gallons of fuel and avoided almost 1.5 million metric tons of CO₂e.
Sustainability

30% goal by 2020

33.5% progress in FY15
Sustainability – Hybrid and Electric Vehicles

- FedEx has 408 Hybrid-electric and all-electric vehicles in service worldwide
- One all-hybrid station in New York City
Sustainability - Aircraft

- We have upgraded our Fleet by replacing 90 Boeing 727 aircraft with Boeing 757 aircraft.

- Reduces fuel consumption by 47 percent per ton mile transported.
Sustainability – Aircraft Emissions

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

In 2015, our aircraft emissions intensity remained at a 21% reduction from the 2005 baseline. In FY15, FedEx saved almost 120 million gallons of jet fuel — avoiding nearly 1.15 million metric tons of CO$_2$e.
GOAL:
Obtain 30% of jet fuel from alternative fuels by 2030

In FY15, we entered into an agreement with Colorado-based Red Rock Biofuels to purchase alternative jet fuel made from woody biomass. Starting in 2017, FedEx will blend the first 6 million gallons of this jet fuel on-site with half Jet A and half biofuel which meets current aviation regulations. We will ultimately produce at least 48 million gallons over the term of the contract.
Sustainability – Green De-Icing Fluid

- FedEx challenged vendors to create greener de-icing fluid
- Cryotech Deicing Technology rose to the challenge
  - Created Polar Plus LT Type I, EPA approved, substantial improvement to aquatic life in runoff areas

“We started doing something for environmental reasons and ended up creating a better product” said Craig Starwell, President and CEO of Cryotech.
Sustainability - Solar Facilities

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

In the U.S., 10 FedEx Express sites are LEED certified, totaling 1.95 million square feet. Certification is underway at sites in Salt Lake City, Utah and Memphis, Tennessee.
Sustainability
Solar Facilities

10 buildings totalling

1.95 million square feet
Sustainability Solar Facilities
Solar Energy Generation

Number of solar facilities

- FY13: 9
- FY14: 10
- FY15: 15

Solar electricity generated on-site (kWh)

- FY13: 6,492,977
- FY14: 8,163,838
- FY15: 11,260,165

Emissions saved by solar sites (metric tons CO₂e)

- FY13: 2,451
- FY14: 3,145
- FY15: 4,613
FedEx Global Citizenship Report

Web link: http://about.van.fedex.com/blog/2016-fedex-global-citizenship-report-deliver-it-forward/
Mode Optimization

The most efficient service to achieve your mission
# Mode Optimization

<table>
<thead>
<tr>
<th>Days</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4–5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Services</strong></td>
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<tr>
<td>❖ <strong>FedEx First Overnight</strong></td>
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<td></td>
</tr>
<tr>
<td>By 8, 8:30, 9 or 9:30 a.m. to most areas; by noon to extended areas</td>
<td></td>
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<tr>
<td>❖ <strong>FedEx Priority Overnight</strong></td>
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<tr>
<td>By 10:30 a.m. to most addresses</td>
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<tr>
<td><strong>FedEx Standard Overnight</strong></td>
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<td></td>
</tr>
<tr>
<td>By 3 p.m. to most addresses</td>
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<tr>
<td><strong>FedEx Express 2Day A.M.</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>By 10:30 a.m. to most areas; by noon to rural areas</td>
<td></td>
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<tr>
<td></td>
<td></td>
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<tr>
<td><strong>FedEx Express 2Day</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>By 4:30 p.m. in 2 business days to most areas; By 7 p.m. to residences</td>
<td></td>
<td></td>
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<tr>
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<tr>
<td><strong>FedEx Express Saver</strong></td>
<td></td>
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</tr>
<tr>
<td>By 4:30 p.m. in 3 business days to most areas; by 7 p.m. to residences</td>
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<td></td>
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<td></td>
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<tr>
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<tr>
<td><strong>FedEx Ground Home Delivery</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Delivery within 1 to 5 business days, including Saturday delivery</td>
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<tr>
<td><strong>FedEx Ground B2B</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Delivery within 1 to 5 business days</td>
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</tr>
</tbody>
</table>
Mode Optimization

**FedEx Ground transit times**

Postal Code 20405 used as origin for examples

One day transit from Washington, DC
Example of Mode Optimization

Substituting **FedEx Ground** within the circle

<table>
<thead>
<tr>
<th>Weight in pounds</th>
<th>FedEx Express Standard Overnight</th>
<th>FedEx Ground About 150 miles</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Next business day by 3 PM</td>
<td>Next business day by end of day</td>
</tr>
<tr>
<td></td>
<td>$4.53</td>
<td>$2.19</td>
</tr>
<tr>
<td>5</td>
<td>$5.65</td>
<td>$2.58</td>
</tr>
<tr>
<td>10</td>
<td>$11.04</td>
<td>$3.33</td>
</tr>
<tr>
<td>20</td>
<td>$20.38</td>
<td>$3.84</td>
</tr>
<tr>
<td>30</td>
<td>$29.51</td>
<td>$4.84</td>
</tr>
</tbody>
</table>

Zone 2 rates

Postal Code 20405 used as origin for examples
Example of Mode Optimization

Substituting **FedEx Ground** within the circle

<table>
<thead>
<tr>
<th>Weight</th>
<th>FedEx Express 2 day</th>
<th>FedEx Ground About 300 miles</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>$3.73</td>
<td>$2.54</td>
</tr>
<tr>
<td>5</td>
<td>$4.29</td>
<td>$3.18</td>
</tr>
<tr>
<td>10</td>
<td>$8.77</td>
<td>$3.56</td>
</tr>
<tr>
<td>20</td>
<td>$16.27</td>
<td>$4.54</td>
</tr>
<tr>
<td>30</td>
<td>$28.62</td>
<td>$6.19</td>
</tr>
</tbody>
</table>

Zone 4 rates

Postal Code 20405 used as origin for examples
Mode Optimization

FedEx Ground Comparison

Lanes *faster* than UPS: 29.8%
Lanes *equal* to UPS: 67.1%
UPS lanes faster: 3.0%
Net FedEx advantage: 26.8%
Technology Solutions

FedEx® Ship Manager Shipping Administration - ensures that your account(s) are secure, by giving you complete control and visibility on how it is being used on fedex.com. But most importantly it lets you set shipping defaults for yourself, and others, to control your shipping costs while ensuring the accurate capture of billing or change back numbers.

FedEx® Reporting Online - enables you to request, view and download reports concerning the business activity. Reduce operational and administrative expenses with pre-scheduled or on-demand reports. Reduce transportation expenses with actionable data available 24/7.
Technology Solutions Examples

**FedEx® Ship Manager Shipping Administration** – Multiple organizations have benefited from managing their shippers using FedEx Shipping Administration. One has eliminated measurable hours of monthly follow up by having the appropriate charge codes assigned to each shipper.

**FedEx® Reporting Online** – Working with customers and reviewing the data available with FedEx Reporting Online, there have been savings from:

- determining who was using the wrong service. Not taking advantage of the best mode of transportation to meet their mission.
- determining which users were choosing unnecessary services.
- determining the redundant incomplete or incorrect addresses
Technology Solutions

FedEx® Ship Manager Shipping Administration

Assign privileges specific to the Agency, a department or a user.
You can enforce proper use of reference fields for billing and charge-back purposes

- You can create, mandate, and validate the reference information entered into the reference fields
- The results are very accurate and efficient methods for reconciling internal billing
FedEx® Reporting Online Report Examples

Shipment Detail Report
This report provides shipment-level detail for all U.S. and international FedEx Express and FedEx Ground shipments invoiced during a specific time period.

Address Correction Detail Report
This report provides shipment level detail for all U.S. and International FedEx® Express and FedEx Ground shipments where an Address Correction Fee was charged.

Service Type Summary Report
This report is a consolidated view for all U.S. and International FedEx Express and FedEx Ground shipments volumes, costs and weights by service. This report further summarizes each service by FedEx service type for all of the Express and Ground services. FedEx First Overnight, FedEx Standard Overnight, FedEx 2Day, Ground, etc.
Sustainability
Carbon Emissions Calculator
Example below

FedEx® Carbon Emissions Report
(CO₂ Metric Tons)

Thank you for inquiring about your carbon dioxide emissions related to shipping with FedEx. For your convenience we have listed key summary information about your shipping data.

Date: 4/22/2016
Shipping Time Period: 03/11/2016 - 04/11/2016
FedEx Express National: 2031

FedEx Express® Shipped Wgt (rated lb): 5,264
FedEx Ground® Shipped Wgt (rated lb): 2,846

Using an analysis of your company’s shipping data by weight, zone and mode, we have determined that your estimated carbon dioxide emissions resulting from FedEx shipping equates to:

<table>
<thead>
<tr>
<th>Operating Company</th>
<th>Metric tons of CO₂</th>
<th>CO₂ (lb) per rated lb</th>
</tr>
</thead>
<tbody>
<tr>
<td>FedEx Express and FedEx Ground</td>
<td>8.96</td>
<td>2.43</td>
</tr>
</tbody>
</table>
Resources for Assistance

Your Worldwide Account Manager

**Betsy Tolstoi** – Dept. Energy, State, Labor, Veterans Affairs, EPA

**Catherine Sanders** – Dept. Commerce, Interior, Treasury, OPM, SBA, World Bank

**Calvin Shaw** – Dept. Justice, DHS, CDC, Federal Reserve, TVA

**Rod McElroy** – GSA, Judicial and Legislative Branch, Dept. Education, NASA

**Barbara Gamble** – Office of the President, Dept. HHS, Housing & Urban Development, Social Security, FDIC

**Dan Connors** – Dept. Transportation, Agriculture, SEC, US AID

FedEx Government Services DC location 202-292-2238
Questions

Any questions?