

**GOALS & PROGRESS**2011 Global Citizenship Goals & Progress Update

## Review: FedEx 2011 Global Citizenship Report - Not entirely delivering

### Some data omissions and introspection detract from FedEx's clear achievements

The 2011 FedEx report is fully online, with a 40-page download headed Goals and Progress, which combines separate sections on economics and access, environment and efficiency, community and disaster relief, and people and workplace. These are the four focus areas of the FedEx citizenship programme.

It's mainly about FedEx actions; there is no input from stakeholders, nothing about materiality, and not so much about impacts or outcomes. It's rather introspective.

Nonetheless, FedEx reports some admirable achievements in all areas. Environmental advances include "carbon neutral envelope shipping", with annual carbon emissions offsets equivalent to planting more than 2m seedlings; a 16.6% fuel efficiency improvement in FedEx Express vehicles in five years; almost 500 hybrid and electric vehicles in the current fleet; strong investment in six solar energy facilities including a 5,700 panel array in California; expanding Leed certification for different FedEx structures; and, an increase of 10% in recycling of waste and recycled packaging materials.

In the area of community and disaster relief, FedEx Express has transported the equivalent of 87 Boeing 757Fs in donated aid and invested in relief efforts in Haiti, Japan, Africa, the US and more.

FedEx's "safe kids walk this way" programme to prevent pedestrian-related injury to children has reached more than a million participants in 320 cities in nine countries. In the workplace, FedEx, a regularly cited "best company to work for", has an 89.4% employee engagement score and supports a diverse workforce.

FedEx's online report opens up with a video of the company chairman who invites us to "see how well we are doing in corporate citizenship", introducing the new "digital scorecard which will make every one of us at FedEx very proud". He goes on to give examples, such as, "we have reduced global aircraft emissions by almost 14% since 2005", and ends up repeating that FedEx is, indeed, proud of what it has accomplished.

That the chairman is happy, and proud, perhaps is a good sign. However, there is a small

but significant error in his presentation. A look at FedEx's "digital scorecard" shows that carbon emissions data since 2005 are not disclosed; only three years are disclosed. The chairman actually means to refer to carbon emissions intensity (ton CO2 per available ton mile) that is indeed reported as almost 14% lower than 2005. Confusing emissions with emissions intensity may be nitpicking, but it is misleading all the same. In fairness, though, in the three years reported (FY09-FY11), FedEx decreased absolute emissions by 3% while revenues increased by 13%, so the story is still positive.

Despite good presentation of several metrics, the FedEx report contains gaps. A rather gaping omission, for example, is reporting about road safety. FedEx invests in driver safety training programmes and writes that "the FedEx Express safety programme, Safety Above All, has driven a nearly 56% reduction in vehicle accidents and employee injuries over the past 16 years".

### Data gaps

With road safety a core material issue, for any transportation company, and one which FedEx identifies as a focus area in its community engagement initiatives, this should be comprehensively reported. But, FedEx is surprisingly vague on this issue. No data on collisions, accident rates, lost time injuries, or fatalities is provided.

There are more gaps. FedEx makes no mention of water consumption: water is key to cleaning processes, for example, and with a fleet of 90,000 vehicles, 660 aircraft and thousands of office and depot locations, water consumption at FedEx must be significant. FedEx talks about electronic documentation and sustainably sourced paper, but does not disclose actual paper consumption or reductions achieved.

Customer satisfaction, not reported, is surely material: while FedEx eco-efficient transportation options help customers reduce their own carbon emissions, no less critical is the dependability of FedEx's delivery solutions and services.

A lesser known but important impact is biosecurity – the risk of transmission of infectious diseases through transportation – and is not mentioned by FedEx. These omissions, and the fact that there is no external verification of FedEx data, negatively impact the report's credibility.

FedEx's core citizenship focus area of "access" is underplayed in this report. FedEx says: "By increasing access to the marketplace and innovation, FedEx promotes business opportunities that facilitate trade and economic growth ... by opening the global marketplace to everyone, we help bring prosperity."

This is an interesting core "social mission" and while there is some explanation on the FedEx website, it would be better for FedEx to disclose more detailed impacts on access in emerging economies, cross-border trade restrictions, small business development and social entrepreneurship. If FedEx is truly delivering access, this report is not its best articulation.

Snapshot:

Follows GRI? No

Assured? No

Materiality analysis? No

Goals?	Emissions only.
Targets?	Emissions only.
Stakeholder input?	No
Seeks feedback?	No
Key strengths?	Good online scorecard – clear data presentation.
Chief weakness?	Lack of transparency on important issues.
Pleasant surprise?	Customer-facing environmental initiatives.