



**WHEREAS:** Climate change poses a growing, systemic risk to the economy. If global climate goals are not met, workers face the likelihood of significant negative impacts to their retirement portfolios. Swiss Re estimates a 4% decline in global GDP by 2050 if global temperature increases are kept below 2 degrees Celsius, but up to an 18% decline without effective mitigation.<sup>1</sup>

FedEx has taken actions to address climate change by committing to delivering a more sustainable future, including a goal of carbon-neutral operations by 2040.<sup>2</sup> Yet, while it transitions its business away from fossil fuels, our Company's 401(k) retirement plan ("Plan") invests significantly in companies that contribute to climate change, jeopardizing workers' life savings.

FedEx offers plan participants Vanguard Target Retirement funds, which hold the largest segment of Plan assets.<sup>3</sup> These target retirement funds invest significantly in fossil fuel companies and companies contributing to deforestation.<sup>4</sup> By investing employees' retirement savings in companies with outsized contributions to climate change, FedEx is generating climate risk in workers' portfolios, including transition risk and long-term systemic risk.

Retirement plan fiduciaries must act in the best interest of their beneficiaries by considering all material risk, including climate risk. The federal government recently clarified that fiduciaries may appropriately consider climate risk in the selection of plan offerings.<sup>5</sup> FedEx's current 401(k) options risk compromising its obligation to select retirement plan investment options in the best interests of its plan participants, including those with retirement dates more than a decade out.

In the increasingly competitive employee recruitment and retention landscape, failing to minimize material climate risk in its 401(k) plan options may make it more difficult for FedEx to attract and retain top talent. Employee polling indicates that firms'

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<sup>1</sup> <https://www.swissre.com/media/press-release/nr-20210422-economics-of-climate-change-risks.html>

<sup>2</sup> <https://www.fedex.com/en-us/sustainability.html>

<sup>3</sup> <https://iyv-charts.s3.us-west-2.amazonaws.com/retirement-plans/fedex/fedex-corporation-retirement-savings-plan-form-5500-filing-2021.pdf>

<sup>4</sup> <https://investyourvalues.org/retirement-plans/fedex>

<sup>5</sup> <https://www.federalregister.gov/documents/2022/12/01/2022-25783/prudence-and-loyalty-in-selecting-plan-investments-and-exercising-shareholder-rights>



environmental records are an important consideration in choosing a job.<sup>6</sup> Employee polling also reveals increasing demand for climate-safe retirement plan options.<sup>7</sup>

Given the threat that climate change poses to employees' life savings, our Company can help ensure employee loyalty and satisfaction, and demonstrate that it is actively safeguarding all employees' retirement savings, no matter when they are set to retire, by minimizing climate risk in its Plan offerings.

**BE IT RESOLVED:** Shareholders request the Company publish a report, at reasonable expense and omitting confidential information, disclosing how the Company is protecting Plan beneficiaries with a longer investment time horizon from climate risk associated with its retirement plan options.

**SUPPORTING STATEMENT:** The report should include, at Board discretion, an analysis of:

- The degree to which carbon-intensive investments in the Company's current retirement options contribute to greater beneficiary risk and reduced Plan performance over time; and
- Whether carbon-intensive investments in Plan investment options put younger beneficiaries' savings at greater risk than participants closer to retirement.

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<sup>6</sup> <https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/climate-change-branding-can-lift-recruitment-and-retention.aspx>

<sup>7</sup> <https://www.cnbc.com/2019/04/09/workers-want-elusive-socially-responsible-investments-in-401k-survey.html>