Mark R. Allen
Executive Vice President
General Counsel and Secretary
Member of the Executive Committee

942 South Shady Grove Road
Memphis, TN 38120

FedEx® Corporation

<u>VIA E-MAIL (*rule-comments@sec.gov*)</u>

June 17, 2022

U.S. Securities and Exchange Commission
Ms. Vanessa A. Countryman
100 F Street, NE
Washington, DC 20549-1090

Re: **The Enhancement and Standardization of Climate-Related Disclosures for Investors (File No. S7-10-22)**

Dear Ms. Countryman:

On March 21, 2022, the Securities and Exchange Commission (the "Commission") issued a request for public comment soliciting input on proposed rules regarding the enhancement and standardization of climate-related disclosures for investors (the "Proposing Release"). FedEx Corporation ("FedEx") appreciates the opportunity to provide comments in response to the Commission's request.

FedEx is a global company that provides customers and businesses worldwide with a broad portfolio of transportation, e-commerce, and business services. Our annual revenues total approximately $94 billion, we have approximately 550,000 employees, and we serve customers in more than 220 countries and territories. Our common stock, of which nearly 260 million shares are outstanding, is listed on the New York Stock Exchange. We present our views from the perspective of a preparer of disclosures required to be filed with the Commission and as a large accelerated filer registered with the Commission.

FedEx is committed to protecting the environment, and by using our global assets, expertise in efficiency, and commitment to innovation, we work to minimize our environmental footprint. We announced our first carbon emission reduction goals in 2008 and have reported our progress towards these goals in our annual corporate sustainability and environmental, social, and governance ("ESG") reports. As part of our longstanding mission to connect the world responsibly and resourcefully, in March 2021, we announced our goal to achieve carbon neutral operations globally by 2040 and our key focus areas to achieve this goal, including vehicle electrification, sustainable energy, and carbon sequestration. Further, in April 2021, we became the first North American transportation and logistics company to issue a sustainability bond, the proceeds of which are being used to fund projects that further our environmental and social sustainability goals. Our 2022 ESG Report, which can be found at *fedex.com/en-us/sustainability/reports.html,* focuses on key ESG topics, and includes a discussion of our progress towards our carbon neutral operations goal and additional information on the ways we are minimizing our impact on the environment.

As stated in our letter dated June 11, 2021 responding to the Commission's Request for Public Input on Climate Change (a copy of which is attached), we recognize that climate change matters are of significant interest to public company investors and are supportive of new and enhanced disclosure regarding climate change that provides investors with decision-useful information for understanding how companies are impacted by climate change and the steps they are taking to combat climate change, and we support the Commission's efforts to seek enhancements to climate change disclosures. In our June 11, 2021 letter, we urged the Commission to continue to rely on a principles-based approach tied to traditional concepts of materiality expressed by the Supreme Court[1] that generally guide disclosures under the federal securities laws and to avoid both overly broad and prescriptive disclosure requirements for climate-related disclosures. We also expressed our view that climate-related disclosures should be furnished, not filed, in one or more separate reports and on a different schedule from annual or quarterly reports due to the timeframe on which such information is available as well as liability considerations. We continue to have these concerns.

We are particularly troubled by the proposed Regulation S-X Financial Reporting Requirements set forth in the Proposing Release, which would require prescriptive disaggregated disclosures if any relevant line item exceeds a bright-line 1% absolute value threshold. In addition, the definitions used in the Proposing Release for "climate-related disclosures," "transition risks," and "severe weather event" are broad and will be difficult to apply, particularly in the context of financial metrics to be included in a registrant's audited financial statements. While some impacts of climate-related or severe weather events are readily determined (for example, destruction of property), broader impacts, including financial impacts such as "changes to revenue or costs from disruptions to business operations or supply chains" that are contemplated by the Proposing Release are far less certain and difficult to isolate, particularly if the reporting threshold is a mere 1% of any individual line item. Lost revenue, for example, is a "change in revenue" that would require issuers to make estimates and assumptions based, in large part, on actions of third parties, which are inherently speculative, rather than on a measurable and objective basis. "Transition activities" likewise is overly broad and would, as drafted, include investments and purchases not linked to climate-related activities or strategies but instead related to ordinary economic efficiencies. We do not believe that such overly broad disclosures are meaningful and decision-useful to investors.

If quantitative disclosures on these topics are ultimately required by the final rules, we urge the Commission to provide clearer guidance and precision for such disclosures. The Proposed Regulation S-X Financial Reporting Requirements will be subject to an issuer's internal control over financial reporting (ICFR) and will require extensive new controls to identify, track, and test the required information with the precision needed to include such information in a note to the audited financial statements. There is no currently existing audit standard or accounting guidance to provide issuers with clarity and certainty when establishing the controls and procedures necessary to prepare such disclosures or to enable management to opine on the effectiveness of such controls. In addition to the implementation difficulties, the financial

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[1] *See, e.g., TSC Industries, Inc. v. Northway, Inc.*, 426 U.S. 438 (1976); *see also Basic, Inc. vs. Levinson*, 485 U.S. 224 (1988).

statement metrics contemplated by the Proposing Release would also be extremely difficult to reliably audit. The contemplated Regulation S-X Financial Reporting Requirements would result in disclosure of immaterial information based on an artificial 1% disclosure threshold and substantially increase the complexity and costs related to preparation of audited financial statements without a commensurate increase in decision-useful information provided to investors. We believe Management's Discussion and Analysis of Financial Condition and Results of Operations, which has long required disclosure and analysis focused specifically on material events and uncertainties known to management, and also encompasses discussion and analysis of the financial statements, is the most appropriate location for climate-related disclosures, including severe weather events.

Additionally, we remain concerned by the timing of the disclosures contemplated by the Proposing Release. Much of the data required to prepare the disclosures is not within the control of the issuer and likely will not be available by the filing deadline for an Annual Report on Form 10-K. The Proposing Release would require issuers to make estimates and assumptions for GHG emissions based on the data available when a report is filed and then update these disclosures in a subsequent filing. We believe this will be confusing and subject issuers to undue additional liability. Further, the proposed audited financial statement footnote on climate metrics could not be prepared and audited, and ICFR for such metrics could not be developed, on the timeframe that would be required by the Proposing Release. As proposed, and assuming the December 2022 effective date stated in the release, issuers will have an extremely short time to fully implement new controls and procedures in order to comply with the new rules. Given the complexity of the Proposing Release and the limited safe harbor from liability, we are concerned that this timing is unworkable and recommend that issuers have a minimum of two fiscal years following the effectiveness of final rules to comply with such rules. We also continue to urge the Commission to permit issuers to include climate-related disclosures in a separate report, prepared on a different schedule than the Annual Report on Form 10-K. We believe this approach will result in more reliable disclosures for investors and less excessive and unnecessary liability risk for companies.

Finally, we urge the Commission to reconsider requiring climate-related disclosures to be filed with the Commission (whether in a Form 10-K or a stand-alone report) versus furnished. The disclosures contemplated by the Proposing Release are detailed and complex and would create undue liability given the uncertainty of estimates and assumptions and reliance on third-party data underlying the disclosures. The Proposing Release provides a limited safe harbor for Scope 3 emissions data and provides a general safe harbor to the extent any climate-related disclosures are forward-looking. These provisions would not be available for climate-related disclosures contained in the financial statement footnotes and do not limit the Commission's ability to bring enforcement actions. We are concerned that the safe harbor provisions included in the Proposing Release would not provide sufficiently robust liability protection and would instead arbitrarily subject companies to exposure even if their disclosures were undertaken in good faith. If the Commission determines that climate-related disclosures must be included in a Form 10-K or other report filed with the Commission, the final rule must include a more expansive safe harbor to have a meaningful effect.

We sincerely appreciate your consideration of our comments. If you would like more information, please feel free to contact me at your convenience.

Sincerely yours,

FedEx Corporation

Mark R. Allen

cc: Rajesh Subramaniam
Michael C. Lenz
Jennifer L. Johnson
Clement E. Klank III
Guy M. Erwin II
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June 11, 2021

The Honorable Gary Gensler
Chair
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Request for Public Input on Climate Change Disclosures

On March 15, 2021, the Securities and Exchange Commission (the "Commission") issued a request for public comment soliciting input on whether the current disclosure rules and regulations of the Commission appropriately address climate change (the "RFI"). FedEx Corporation ("FedEx") appreciates the opportunity to provide comments in response to the RFI.

FedEx is a global company that provides customers and businesses worldwide with a broad portfolio of transportation, e-commerce, and business services. Our annual revenues total approximately $79 billion. As of February 28, 2021, we have more than 570,000 team members, and we serve customers in more than 220 countries and territories. We present our views from the perspective of a preparer of disclosures required to be filed with the Commission and as a large accelerated filer registered with the Commission.

FedEx is committed to protecting the environment, and by using our global assets, expertise in efficiency, and commitment to innovation, we work to minimize our environmental footprint. We announced our first carbon emission reduction goals in 2008 and have reported our progress towards these goals in our annual corporate sustainability reports. As part of our longstanding mission to connect the world responsibly and resourcefully, on March 3, 2021, we announced our goal to achieve carbon-neutral operations globally by 2040 and our key focus areas to achieve this goal, including vehicle electrification, sustainable energy, and carbon sequestration. In April 2021, we became the first North American transportation and logistics company to issue a sustainability bond, the proceeds of which will be used to fund projects that further our environmental and social sustainability goals. Our 2021 ESG Report, which can be found at *fedex.com/en-us/sustainability/reports.html*, focuses on key environmental, social, and governance ("ESG") topics, including climate change, and contains additional information on the ways we are minimizing our impact on the environment.

FedEx recognizes that climate change matters are of significant interest to public company investors, and we appreciate that there is increasing interest in understanding how companies are impacted by climate change and the steps they are taking to combat climate change. Accordingly, we support the Commission's efforts to seek enhancements to climate change disclosures. In considering a rule proposal, we encourage the Commission to continue to rely on a principles-based approach tied to traditional concepts of “materiality” that generally guide disclosures under the federal securities laws and avoid prescriptive or generic requirements for disclosures on climate change and other ESG issues that may or may not apply to a company’s industry or circumstances. We believe a principles-based ESG disclosure framework that requires companies to perform company-specific materiality assessments to identify ESG issues most relevant to an individual company’s business and provide disclosure on the identified company-specific issues is most appropriate. A principles-based approach allows companies to report information about their material ESG risks and opportunities, including those related to climate change, share their progress on ESG issues, and ensure investors have decision-useful information for the long-term. Like many other issuers and interested parties that have responded to prior Commission requests for comment, FedEx believes that prescriptive disclosure requirements can elicit information that is not material to investors, obscure material information, and be costly to provide. Such consequences run counter to the Commission’s undertaking to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.

Additionally, the RFI solicits comment on whether climate-related disclosures should be filed with or furnished to the Commission. FedEx believes the goal of providing decision-useful, evolving information to investors on climate change and other ESG topics is best accomplished by furnishing this information in one or more separate reports and on a different schedule from annual and quarterly periodic reports filed pursuant to the Securities Exchange Act of 1934 (“Exchange Act Reports”). Much of the information on climate change and other ESG topics that FedEx and other companies already provide in their sustainability or other ESG reports is not available on the same timeframe as financial information and related disclosures required to be included in Exchange Act Reports. In addition, because the anti-fraud provisions of the federal securities laws apply more broadly, creating liability for fraudulent statements made to investors regardless of when or where the statements are made and not just to statements contained in Exchange Act Reports, companies that voluntarily disclose climate-related and other ESG information outside of Exchange Act Reports already do so with an existing obligation not to make materially misleading statements. We believe that mandating inclusion of climate change and other ESG disclosures in Exchange Act Reports rather than on an alternate reporting cycle will impose undue burdens on public companies and will not meaningfully enhance the quality of the disclosures provided.

We sincerely appreciate your consideration of our comments. If you would like more information, please feel free to contact me at your convenience.

Sincerely yours,

FedEx Corporation

Mark R. Allen

cc: Frederick W. Smith
Michael C. Lenz
John L. Merino
Clement E. Klank III
Alana L. Griffin
Mitch Jackson
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