



VIA E-MAIL ([comments@pcaobus.org](mailto:comments@pcaobus.org))

August 7, 2023

Office of the Secretary  
Public Company Accounting Oversight Board  
1666 K Street, N.W.  
Washington, D.C. 20006-2803

**Re: PCAOB Rulemaking Docket Matter No. 051, Amendments to PCAOB Auditing Standards related to a Company's Noncompliance with Laws and Regulations and Other Related Amendments**

Dear Office of the Secretary:

On June 6, 2023, the Public Company Accounting Oversight Board (the "PCAOB") proposed amendments to its auditing standards related to an auditor's consideration of a company's noncompliance with laws and regulations in the performance of an audit (the "Proposed Amendments"). FedEx Corporation ("FedEx") has reviewed the Proposed Amendments and appreciates the opportunity to provide comments.

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 \$90 billion, we have approximately 530,000 employees, and we serve customers in more than 220 countries and territories. Our financial statements are prepared in accordance with accounting principles generally accepted in the United States and filed with the Securities and Exchange Commission (the "Commission"), and our common stock is listed on the New York Stock Exchange. We present our views from the perspective of a preparer of audited financial statements required to be filed with the Commission and as a large accelerated filer registered with the Commission.

At FedEx, we are committed to acting with integrity and in compliance with the law. Consistently proving our commitment to compliance and ethics demonstrates our reliability and builds trust with our customers, team members, and the communities we serve. In 2023 Ethisphere, a global leader in defining and advancing the standards of ethical business practices, named FedEx as one of the World's Most Ethical Companies®. We promote full and accurate disclosure in the financial statements, reports, and other documents we file with the Commission and other regulatory authorities so that our stockholders can make informed investment decisions. While FedEx supports the PCAOB's goal of improving audit quality and protecting investors, we are concerned that the Proposed Amendments are significantly broad in scope, task external auditors with responsibilities for which they do not have the requisite expertise and would come at a significant cost to public companies and their stockholders without a commensurate benefit.

The Proposed Amendments would fundamentally change the role of public company auditors by requiring them to perform a compliance function outside of the scope of their core competencies and expertise, duplicating and potentially conflicting with existing internal legal and compliance procedures and processes and other management functions. FedEx, like many other public companies, devotes significant corporate resources to legal and compliance functions. The FedEx Corporate Integrity and Compliance (“CIC”) department, led by our Chief Compliance Officer, provides program oversight and strategic direction to team members across the enterprise, conducts comprehensive risk assessments focusing on core compliance risks, and reports its findings to the Audit and Finance Committee of the FedEx Board of Directors, which oversees our compliance with legal and regulatory requirements. These findings are also included in our enterprise risk management process.

The CIC department reports significant fraud, any identified internal control deficiencies, and other compliance-related matters to our external auditor in connection with its review and audit of our quarterly and annual consolidated financial statements, respectively. Additionally, our Executive Vice President, General Counsel and Secretary and Chief Compliance Officer regularly discuss significant legal matters and loss contingencies, FedEx’s compliance with legal and regulatory requirements, and the implementation and effectiveness of our CIC programs with the Audit and Finance Committee and our external auditor. Procedures and communications such as these help public company auditors satisfy what has long been understood to be their fundamental role: obtaining reasonable assurance that the client’s financial statements are free of material misstatement.

The Proposed Amendments would place undue burdens on external auditors to duplicate these existing compliance and legal processes and procedures and management functions. For FedEx and other complex global organizations, these processes, which involve lawyers and experts in a wide variety of subject areas, are complicated, time-consuming, and expensive. Auditors do not have the level of expertise needed to complete the expansive review of all laws and regulations that apply to a public company with global operations and would need to engage additional specialists to fulfill the requirements contemplated by the Proposed Amendments. Costs related to significant investments in legal capabilities by audit firms, along with those incurred by public companies in light of the increased procedures an auditor will be expected to perform, would ultimately be borne by stockholders, with little to no corresponding benefit given the material information regarding compliance and legal matters external auditors already receive from public companies such as FedEx.

Separately, the increased sharing of information required by the Proposed Amendments would increase risk to the attorney-client privilege by significantly expanding the sharing of information around sensitive matters. These and other considerations could deter companies from becoming or staying public and, as a result, reduce investment opportunities for non-high-net-worth individuals.

We believe that the auditing profession and the PCAOB inspection process must be subject to a continuous improvement model to address the constantly evolving needs of investors. We also believe that the capital markets and auditing firms will continue to be best served if an

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external auditor's primary responsibility is to obtain reasonable assurance that the financial statements of its clients are free of material misstatement. With respect to audit risks related to legal and regulatory noncompliance, the robust internal compliance functions in which FedEx and many other public companies have made significant investments, coupled with board-level oversight of compliance and legal matters and open channels of communication, allow auditors to effectively satisfy this obligation while maintaining the efficiency and integrity of the capital markets.

We appreciate the opportunity to comment on the Proposed Amendments and thank you for your consideration of our comments. If you have any questions, please contact Jennifer Johnson at 901-818-7828.

Sincerely,



Jennifer L. Johnson  
Corporate Vice President and  
Principal Accounting Officer



Guy M. Erwin II  
Staff Vice President and  
Corporate Controller

cc: Rajesh Subramaniam  
Mark R. Allen  
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