A letter to the authorized officer:

The Annual Compliance Certification (ACC) process is quickly approaching. Therefore, I'd like to take this opportunity to reflect on your commitment to your business and FedEx Ground, allowing both sides of the partnership to prosper.

All businesses agree to complete the ACC process, allowing businesses that contract with FedEx Ground to demonstrate their continued compliance with agreed upon contracting standards. Authorized officers agree to complete an online form, have it reviewed, verified, and signed by a qualified third party. The form must be submitted to FedEx Ground by April 28, 2017.

Additional compliance verification processes will be executed by FedEx Ground throughout 2017, which may or may not require your attention. Various businesses will be randomly selected by FedEx Ground to provide additional documentation to demonstrate that they are in compliance with employer tax obligations and wage and hour laws.

FedEx Ground will also validate that a business is in good standing in the state(s) in which it is incorporated and performs business at least once per year. A safety and compliance program in line with contracting standards and the Federal Motor Carrier Safety Administration regulatory requirements are required and FedEx Ground will also be confirming these programs.

These compliance checks strengthen both FedEx Ground and your business by supporting each company’s reputation. Forging or falsifying proof of compliance or providing falsified documentation is a material breach of the business’s agreement with FedEx Ground. Honesty and integrity during the ACC and any additional assessments is a top priority. FedEx Ground thanks your business for its hard work and dedication to work with integrity and in accordance with state and federal laws at all times.

I encourage you and your business advisors to thoroughly review the materials for additional details, and direct any questions regarding the ACC or FedEx Ground’s additional compliance programs to station management and/or Contractor Relations.

Sincerely,

Sean O’Connor
Vice President, Contractor Relations
annual compliance certification

under addendum 16 to the operating agreement (contractor as a corporate entity and employer), and per section 6 of the independent service provider agreement (isp as a corporate entity and employer), businesses contracting with fedex ground agree to provide documentation demonstrating compliance with fedex ground’s contracting standards upon request.

annual compliance certification

the annual compliance certification will request information concerning a CSP’s federal and state payroll taxes, unemployment insurance and other compliance-related issues. the 2017 annual compliance certification will be available on MyGroundBizAccount beginning on Feb. 27, and sample certification statements are available in the appendix of this document.

To complete the certification process, each company’s authorized officer will complete the questionnaire on MyGroundBizAccount, verify accuracy, preview it, electronically acknowledge and sign the document, print it, and take the certification to a qualified third party for verification and signature. Qualified third parties include Certified Public Accountants, Enrolled Agents, and Independent Public Accounting Firms. (See FAQs for more information.)

The 2017 Annual Compliance Certification is due to the station senior manager by April 28, 2017. If a CSP fails to meet the submission deadline or fails to satisfactorily demonstrate compliance with the contracting standards, FedEx Ground will take appropriate action in accordance with the Agreement.

MyGroundBizAccount Technical Guide – Annual Compliance Certification

To assist authorized officers in completing the Annual Compliance Certification, FedEx Ground has developed an Annual Compliance Certification to the MyGroundBizAccount Technical Guide. This guide will provide users with information on how to access, complete, and print the certification, and it is available for authorized officers on MyGroundBiz.com and MyGroundBizAccount now.

Note: FedEx Ground implemented higher security standards for accessing MGBA. Only those web browsers that support higher security standards will be able to connect to MGBA. All major desktop browsers should work, such as:

- IE 11
- Firefox latest version
- Chrome latest version on Windows 7 or higher
- Apple Safari 9.0 on MAC OS X or higher
- The latest Safari on iOS and Chrome on Android browser

MGBA users can visit the following site: https://www.ssllabs.com/ssltest/viewMyClient.html to test whether your current browser used supports the security standards. Users should see TLS 1.2 Yes under Protocol Features.

Compliance Programs

FedEx Ground has various contracted service provider (CSP) compliance programs. Strong compliance is mutually beneficial; it helps CSPs protect their business, and it protects the FedEx brand.
Compliance programs range from filling out the Annual Compliance Certification (ACC) to in-depth discussions and assessments with a company representative regarding your business’s compliance practices. Some of the mechanisms that may be used to assess vendor compliance are as follows:

- Signed certification of compliance
- Submitting a questionnaire describing a CSP’s compliance practices
- Producing records to corroborate compliance; and
- Discussing CSP’s compliance practices with a FedEx Ground representative

### Tax Withholding

CSPs agree to the contractual standard that all personnel who provide service under an agreement are treated as employees and subject to appropriate tax withholding. This means every person who provides service should be paid on a W-2 with appropriate federal, state, local, and unemployment tax being withheld and remitted.

This standard applies regardless of the duration of time the employee provides service, even if it is only one day. This includes helpers, jumpers, drivers, business contacts, officers, family members and shareholders, or owners.

CSPs agree to maintain good standing in the state that it is incorporated and where it conducts business and to ensure its employees are authorized to work in the U.S. and e-verified as able to work in the U.S. In some limited cases, FedEx Ground will be assessing some CSPs’ practices to ensure that all CSPs are meeting these contractual standards.

### Wage and Hour compliance

Wage and hour compliance aims to ensure that CSPs comply with laws concerning minimum wage, overtime (when appropriate), rest and meal periods, paid time off, paystub compliance, and abide by other applicable laws. There are federal, state, and local laws that apply to how a CSP compensates its employees and documents and records such as compensation and hours worked. The best practice for any CSP is to seek out professional advice and to retain a knowledgeable and sophisticated payroll service that understands the CSP’s business and the trucking industry.

Some important questions to ask when engaging professional assistance include:

- Does the state or local government that a CSP operates in have a minimum hourly wage different from the federal minimum wage?
- Do state laws require the payment of overtime for working over 40 hours per week (or in some instances over eight hours per day)? Does the Federal Motor Carrier Exemption that affects some drivers and helpers apply or not apply to payment of overtime to employees located in the CSP’s state(s)?
- Are there state and local laws that require a CSP to provide paid time off, paid sick leave, and rest and meal periods that may be different from any applicable Federal requirements?
- Are there state or local laws that require a CSP to provide paystubs that contain specific information?

CSPs will need to certify on the Annual Compliance Certification that they have established a system and method for recording and maintaining records of the hours worked by its employees and is complying with laws and regulations governing wage payment, overtime, rest and meal periods, and pay stub compliance.

It’s important to note that hours-of-service tracking is different from tracking compensable time or the time for which CSP employees are paid under the Fair Labor Standards Act and state and local laws. Hours-of-service records do not contain all of the information necessary to satisfy the recordkeeping requirements under the Fair Labor Standards Act. It is up to the CSP to keep its own records of its employees’ compensable time.
Some CSPs will be selected for a compliance assessment and will need to provide documents demonstrating it tracks compensable time by a method of its choosing without relying upon FedEx Ground daily settlement records or hours-of-service records. The selected CSP will also need to establish it is paying its employees in compliance with wage and hour laws including minimum wage and overtime requirements.

It is the CSP’s responsibility to seek appropriate, independent, professional guidance to ensure that it is in compliance with all applicable tax, wage, and other laws and regulations. A knowledgeable payroll company familiar with the trucking industry can also assist a CSP with compliance.

**Safety / Hours-of-service**

CSPs agree to maintain a safety and compliance program to ensure that safety related contractual standards are met and that CSP employees are trained with respect to safe operation of vehicles in accordance with the law and the applicable agreement. You may recall communications related to CSP safety and compliance programs. One of those communications made available on MyGroundBiz was the Safety and Compliance Program handout. Attached is a copy for your reference. This communication provides additional safety and compliance program information your business may find useful.

As discussed previously, FedEx Ground will be assessing some CSPs to confirm the existence and parameters of its safety and compliance program.

**PEO/Staffing Agency Use**

CSPs will need to certify on the Annual Compliance Certification (ACC) their use of employee leasing companies, professional employment organizations (PEOs), temporary employee arrangements, and temporary staffing agencies. Under the Operating Agreement and during a limited timeframe as set forth on Schedule K of the ISP Agreement, CSPs may use the services of a third party vendor such as an employee leasing company, a professional employment organization, and/or a temporary staffing agency as a source for qualified personnel to provide services under the Agreement. This does not refer to the CSP’s accountant, financial advisor, or Payroll Company but to third party companies with which the CSP contracts to provide workers to the CSP.

CSPs using PEOs or staffing agencies will also need to certify that the third party vendor is/are registered as an employer, in good standing, compliant with applicable state laws, a member of the American Staffing Association (“ASA”), the National Association of Professional Employment Organizations (“NAPEO”) or are members of another staffing organization with equivalent standards, and treats all personnel provided as employees per the Agreement.

In the certification, CSPs will also need to certify and list, as applicable, if the CSP has used the services of a third party vendor for each quarter of the year.

**CSP Profile**

CSPs acknowledge that the CSP Profile accurately discloses all compliance and other information related to the CSP including officers, shareholders, and contact information such as mailing address and email address and information with respect to its state Employer Tax ID Number (withholding tax) and state Unemployment Insurance Number.

CSPs should update its state Employer Tax ID Number (withholding tax) and state Unemployment Insurance Number as future action from an authorized officer may be required as CSP Profiles are reviewed and verified.
It is also important to ensure CSP contact information is correct as FedEx Ground communicates with each CSP via various means.

Any questions regarding the CSP Profile can be directed to a Contractor Relations Specialist.

Good Standing Verification

At least once annually, FedEx Ground will confirm a CSP is in good standing in its state of incorporation, state of station domicile, and in any state(s) in which it has indicated it conducts business. As a reminder, under Addendum 16 of the Operating Agreement and Section 6 of the ISP Agreement, CSPs have agreed to register as a foreign corporation in states other than its state of incorporation in which it does business.

Additionally, if a CSP seeks to acquire additional service areas or execute a new Operating or ISP Agreement, FedEx Ground will confirm good standing status before proceeding. If an ISP seeks to renegotiate changes to its current ISP Agreement, FedEx Ground will confirm the ISP’s good standing status before proceeding.

The Good Standing Verification process should require no action from an authorized officer or other personnel.

Questions and Answers

Annual Compliance Certification

1. **Does the Annual Compliance Certification process affect all CSPs?**
   Yes, all CSPs in the U.S. agree to complete and submit the Annual Compliance Certification each year to demonstrate continued satisfaction of the contracting standards agreed upon in Addendum 16 of the Operating Agreement and Section 6 of the ISP Agreement.

2. **Why is there an annual process?**
   FedEx Ground has developed the Annual Compliance Certification process to ensure the businesses with which it contracts continue to satisfy FedEx Ground’s key compliance-related contracting standards.

3. **Can a CSP submit its Annual Compliance Certification before the deadline?**
   Yes, a CSP authorized officer can submit a completed Annual Compliance Certification (signed by a qualified third party) any time after the form is available on MyGroundBizAccount and on or before the due date indicated on the certification. This process will open on Feb. 27 and the due date for the 2016 Annual Compliance Certification is April 28, 2017.

4. **Whose third party signature will FedEx Ground accept to verify the accuracy of information on the Annual Compliance Certification?**
   FedEx Ground will accept confirmation that information provided on the Annual Compliance Certification is accurate only from independent, professional, licensed individuals such as Certified Public Accountants, Enrolled Agents and/or Independent Public Accounting Firms. Employees and shareholders of a CSP are not acceptable third party representatives.

5. **Will the Annual Compliance Certification need to be notarized?**
   No. A qualified third party reviews and signs the Annual Compliance Certification, but notarization is not necessary.
6. **Will a reprinted Annual Compliance Certification require a new third party signature?**
   If the authorized officer has changed information on the Annual Compliance Certification, the confirmation code at the top of the document will change, and the reprinted form will require a new third party verification and signature. The station/hub senior manager will use the updated confirmation code when verifying the company has submitted its Annual Compliance Certification.

7. **Does the Annual Compliance Certification include a certification that businesses are legally compliant with paying minimum wage and overtime where and when applicable?**
   Yes. On the last two pages of the Annual Compliance Certification businesses are asked to certify compliance with wage and hour laws. Businesses should consult with their legal and financial advisors to confirm they are complying with legal requirements related to tracking and maintaining records of the hours worked by their employees and paying the applicable minimum wage. Businesses should also confirm with their advisors whether they are legally required to pay overtime with respect to each of their employees. More information about these topics can be found at http://is.gd/wageandhour and http://is.gd/wageandhourpdf.

8. **What if my state’s minimum wage laws are different from the federal minimum wage law?**
   Not all state minimum wage laws are the same as the federal minimum wage. It is the responsibility of your business to comply with all federal, state, and local laws. If the state in which your business operates has a minimum wage that is higher than the federal minimum wage, your business is legally and contractually obligated to comply with the higher minimum wage.

9. **Is my business required to pay overtime to its employees?**
   There are a number of factors that may impact whether your business is required to pay overtime to its employees including, but not limited to, the state and local laws applicable to your business and the size and weight of the vehicles operated by your employees. It is the CSP’s responsibility to seek appropriate, independent, professional guidance to ensure that it is in compliance with all applicable tax, wage, and other laws and regulations.

10. **Is my business required to provide paid time off or paid sick leave to its employees?**
    Several state and local governments have recently enacted laws that may require your business to offer paid time off and/or paid sick leave to its employees. It is the CSP’s responsibility to seek appropriate, independent, professional guidance to ensure that it is in compliance with all applicable tax, wage, and other laws and regulations.

11. **Is my business required to provide rest and meal periods to its employees?**
    Some states may have requirements for breaks or meal periods. It is the CSP’s responsibility to seek appropriate, independent, professional guidance to ensure that it is in compliance with all applicable tax, wage, and other laws and regulations.

12. **What is paystub compliance?**
    Some states may require your business to provide a detailed statement of pay information to its employees. It is the CSP’s responsibility to seek appropriate, independent, professional guidance to ensure that it is in compliance with all applicable tax, wage, and other laws and regulations.

13. **Why can’t my business rely on hours-of-service records for its recordkeeping obligations under the Fair Labor Standards Act and applicable state law?**
    Hours-of-service records are different from the recordkeeping obligations under the Fair Labor Standards Act. According to the Fair Labor Standards Act, employers must maintain complete records of, among other things, all hours worked, wages paid, rate of pay, and other information (such as deductions) related to time worked. These records -- which do not have to be kept in any particular form -- must be made...
available to the Department of Labor upon request. It is up to the CSP to keep its own records of its employees’ compensable time. Again, more information about these topics can be found at the DOL links referenced above.

14. How will I be notified if my business is selected for a compliance assessment?  
Starting in calendar year 2017, any CSP selected for a compliance assessment will be notified via the MyGroundBiz Message Center. You will receive a notice that includes a request for documents as well as a link to two documents that will need to be completed and returned along with the requested documents.

15. What components should be included in a Safety and Compliance Program?  
While the details and administration of a Safety and Compliance program are up to the CSP, a basis for driver qualification, training, or procedures that may be a part of a program are provided in the Federal Motor Carrier Safety Regulations (FMCSR sections 391.11, 390.3(e)(2), 392.1). For more detailed information, refer to the Safety and Compliance Program Appendix.

16. Will FedEx Ground accept a CSP’s Annual Compliance Certification if it has been altered (either by its authorized officer or its CPA, Enrolled Agent or Independent Public Accounting Firm)?  
FedEx Ground will not accept an Annual Compliance Certification that has been materially altered; the third party is verifying the information provided electronically is correct to the best of his/her knowledge.

17. Does the Good Standing Verification process affect all CSPs?  
Yes, FedEx Ground will confirm each CSP’s good standing status at least once annually. This process should require no action from an authorized officer or other personnel if FedEx Ground is able to confirm good standing.

18. Why does FedEx Ground need to confirm good standing status at least once each year?  
FedEx Ground will confirm good standing status to ensure it continues to have a contractual relationship only with CSPs that are considered by the state to be in good standing and to ensure the CSP continues to satisfy agreed upon contracting standards.

19. How will FedEx Ground verify a CSP’s good standing status if it is not required to submit any documentation?  
A FedEx Ground representative will confirm a CSP’s good standing directly with the state using publicly available information.
Appendix

Sample Annual Compliance Certification Statements*

AC Group ID and Description: AC2016 Annual Compliance 2017

Confirmation Code:

To be completed by CSP representative:
Date Presented to FedEx: ____________
Presented by (print name): ______________
Presented by (signature): ______________

To be completed by FedEx representative:
Date Received by FedEx: ____________
Received by (print name): ______________
Received by (signature): ______________

CONTRACTED SERVICE PROVIDER
ANNUAL COMPLIANCE DISCLOSURE AND CERTIFICATION

Contracted Service Provider (“CSP”) Name:
CSP Address:

FedEx Ground CSP ID:
Federal Employer Identification Number (“FEIN”):

Pursuant to CSP’s applicable Agreement with FedEx Ground Package System, Inc. (“FedEx Ground”), each CSP agrees to submit documentation to FedEx Ground, or to FedEx Ground’s designee, establishing that all personnel are treated as employees for all payroll tax, withholding, insurance and other purposes under applicable law. Additionally, each CSP agrees, upon request, to provide FedEx Ground, or its designee, documentation showing registrations as a corporate business entity (in good standing), and as an employer, proper filings and reports have been made and are being maintained. Under the Agreement, to confirm compliance, FedEx Ground has the right to a copy of any of the above returns or filings; however, copies of the returns or filings are not being requested at this time. Any such request will be made separately by FedEx Ground.

This Certification Form is to verify compliance for the calendar tax year 2016 (January 1, 2016 – December 31, 2016) AND to confirm continued compliance as of the date this Certification is executed. Each question below is to be answered. This Certification Form is to be signed by the Authorized Officer to the Agreement and a third party Certified Public Accountant (“CPA”), Enrolled Agent (“EA”), or Independent Public Accounting Firm (“IPAF”) (collectively “Accountant”) for the CSP. The completed Certification Form is to be returned to FedEx Ground, as indicated below, by April 28, 2017 or the Agreement with FedEx Ground will be at risk. This Certification is NOT used to confirm the correctness of any amounts reported and payments with respect to any government filings or returns. The accuracy of the amount reported on any return or filing made with taxing authorities is solely the CSP’s responsibility.

Below is a record of the CSP’s electronically submitted answers to compliance questions on FedEx Ground’s portal. Please review and confirm that, to the best of your knowledge after reasonable inquiry, all information and responses are current and accurate.

Confirmation Code:
A. Legal Entity Documentation:

1. The CSP remains a state law corporation in good standing in its state of incorporation and continues to be qualified and registered to do business in the State(s) in which it provides services (including, but not limited to its State(s) of station or hub domicile). **YES, NO, or N/A**

   If not yes, please explain:

B. Federal Tax Filings / Returns:

1. For tax year 2016, the CSP has filed its federal payroll tax returns (e.g., Form 940 and Form 941 or Form 944 in lieu of Form 941 as applicable); and all of the CSP’s personnel were reported on its federal payroll tax returns as employees. **YES, NO, or N/A**

   If not yes, please explain:

2. For tax year 2016, all personnel who provided services for the CSP under an Agreement with FedEx Ground have been issued IRS Form W-2 by the CSP or, if permitted under the CSP’s Agreement, the CSP has confirmed that a third party vendor used in accordance with its Agreement has issued an IRS Form W-2. **YES, NO, or N/A**

   If not yes, please explain:

3. For tax year 2016, the CSP has withheld and remitted federal payroll taxes for wages paid to its personnel. (For example, FICA, FUTA, and Withholding Tax). **YES, NO, or N/A**

   If not yes, please explain:

C. State Tax and Unemployment Insurance Filings / Returns:

1. For tax year 2016, the CSP has filed State(s) payroll related returns (for example, withholding tax, unemployment insurance, worker’s compensation) and those reports reflect all of its personnel as employees. (Note: Please note that this refers to payroll related returns and not the corporation’s income tax return; and as such, an extension would not be likely for payroll related returns). **YES, NO, or N/A**

   If not yes, please explain:
2. For tax year 2016, the CSP has remitted state payroll taxes for wages paid to its personnel.

(Note: This question relates to C1, above, which asks if the CSP filed its payroll related tax returns. This question asks if the CSP has submitted the proper payment for the payroll taxes. This question is applicable in all states, even those that do not have personal income tax withholding). YES, NO, or N/A

If not yes, please explain:

3. For tax year 2016, all CSP personnel were issued an IRS Form W-2 with applicable state tax withholding information. (Note: This is not applicable in the following states which do not have personal income tax requirements: Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming). YES, NO, or N/A

If not yes, please explain:

4. The CSP has filed, or will timely file, its corporate state income tax return(s). (Note: This is not applicable in the following states: Florida (N/A only if the CSP is established as an S-Corporation for tax purposes), Nevada, South Dakota, Washington, and Wyoming. Additionally, the name of this tax and the applicable return(s) may vary by state. This is intended to confirm the CSP’s compliance with its corporate level state income tax obligations; e.g., in Texas, this is referred to as the Texas Franchise Tax and/or the Texas “Margins” Tax and in Ohio this is referred to as the Commercial Activity Tax or CAT tax). YES, NO, or N/A

If not yes, please explain:

D. Use of employee leasing companies, professional employment organizations ("PEOs"), temporary employee arrangements and temporary staffing agencies:

1. For tax year 2016, has the CSP used the services of a third-party vendor such as an employee leasing company, a professional employment organization, and/or a temporary staffing agency as a source for qualified personnel to provide services under the Agreement? (Note: This is not referring to the CSP’s accountant, financial advisor, or payroll company. Rather, this only refers to third party companies with which the CSP contracts to provide workers to the CSP, and where such third party vendors are commonly referred to as PEOs, employee leasing companies, or temporary staffing agencies and where the third party vendor is responsible for reporting the worker as its employee.) YES, NO or N/A

If yes, please provide the name(s) of the third party vendor:

2. If the answer to the previous question is "No," answer "N/A" to this question and the Confirmation Code:
rest of the questions in this section D.

For tax year 2016, has the CSP confirmed that this third party vendor or vendors is/are registered as an employer, in good standing, compliant with applicable state laws, a member of the American Staffing Association (“ASA”), the National Association of Professional Employment Organizations (“NAPEO”) or are members of another staffing organization with equivalent standards, and treats all personnel provided as employees per the Operating Agreement? (Note: Both the ASA and NAPEO have websites where all members are listed to confirm membership.) YES, NO or N/A

If no, please explain:

3. Has the CSP used the services of a third-party vendor during the first quarter of 2016 (January – March). YES, NO or N/A

If yes, please provide the name(s) of the third-party vendor:

4. Has the CSP used the services of a third-party vendor during the second quarter of 2016 (April - June). YES, NO or N/A

If yes, please provide the name(s) of the third-party vendor:

5. Has the CSP used the services of a third-party vendor during the third quarter of 2016 (July - September). YES, NO or N/A

If yes, please provide the name(s) of the third-party vendor:

6. Has the CSP used the services of a third-party vendor during the fourth quarter of 2016 (October - December). YES, NO or N/A

If yes, please provide the name(s) of the third-party vendor:

This Certification form is a critical component of the CSP's Agreement with FedEx Ground and must be completed and returned to FedEx Ground by April 28, 2017. Submit all documentation to local station or hub management.

Verification of CSP compliance with state and federal laws and regulations is a condition to contracting with FedEx Ground. Failure to fully and accurately complete and submit this Certification form, as well as failure to comply with federal and state requirements may result in termination of the Agreement. This Certification form must be completed and returned to FedEx Ground.

If the CSP’s authorized officer or the CSP’s advisors have any questions about this Certification, Confirmation Code:
please contact the local Contractor Relations Specialist. This form may also be turned over to governmental agencies upon request.

I, ____________________________, hereby authorize the accountant named below to discuss these matters with FedEx Ground representatives. If you have any questions, please contact:

Accountant’s Name:
Business Name:
Address:

Telephone:

We verify that we have read and reviewed the above Compliance Certification Form and verify that the representations set forth above are true, correct, and complete to the best of our knowledge, information, and belief.

This document has been signed electronically on
for ____________________________, and the electronic signatures shall for all purposes be considered equal to manual signatures, as set forth in the Electronic Signatures in Global and National Commerce Act, the Uniform Electronic Transactions Act, and applicable state statutes.

Name:
Title:
FedEx ID:
Telephone:
CSP Name:

Accountant’s Name:
Business Name:
Address:
Telephone:
Direct Telephone:

[Accountant’s Signature]

Date Signed: ____________________________

Confirmation Code: ____________________________
COMPLIANCE CERTIFICATION FOR AUTHORIZED OFFICER OF CSP ONLY

In addition, the CSP’s Authorized Officer on behalf of CSP certifies as follows:

1. As of the date of this certification, the CSP has accurately updated its CSP Profile with FedEx Ground to accurately disclose all compliance and other information related to the CSP including officers, shareholders, and contact information such as mailing address and email address and information with respect to its state Employer Tax ID Number (withholding tax) and state Unemployment Insurance Number. If not, please update the CSP Profile and return to this question so that it can be answered as Yes. YES or NO

2. The CSP is registered for E-Verify and has verified all of its current employees through the E-Verify system to ensure all personnel are authorized to work in the United States. YES or NO

3. The CSP has an established system for recording and maintaining records of the hours worked by its employees as required by federal, state, and local law and for the purpose of complying with applicable laws including laws governing wage payment, overtime, and rest and meal periods. CSP further confirms its understanding that it is required to keep its own records of hours worked by its employees and that relying on records maintained by FedEx Ground as a motor carrier does not satisfy the CSP’s recordkeeping obligations under the Fair Labor Standards Act. YES or NO

4. CSP confirms its understanding that it is required to comply with applicable federal, state, and local laws with respect to wage payment, overtime, rest and meal periods, paid time off, and paystub compliance and confirms that is in compliance with such applicable laws. YES or NO

5. CSP maintains and administers a safety and compliance program to ensure that its personnel providing services under its Agreement with FedEx Ground meet the standards set forth in the Agreement and are trained with respect to safe operation of commercial motor vehicles in accordance with applicable state, federal and municipal laws, rules, and regulations and CSP’s obligations under the Agreement. YES or NO

6. To the extent the CSP has or will continue to employ or utilize persons to assist it in performing the obligations specified in the Agreement, the CSP has and will continue to ensure those persons are treated as employees for all payroll, tax, withholding and other purposes and to ensure that those persons are covered by unemployment insurance and workers’ compensation insurance;

7. The CSP has and will continue to be in compliance with all applicable laws, rules, regulations, and orders respecting payroll deductions and maintenance of payroll and employment records;

8. The CSP has and will continue to be in compliance with all applicable federal, state, and local laws, including without limitation, wage payment, final payment of wages, deductions, overtime, and rest and meal periods;

9. The CSP employs and will continue to employ only persons who are legally authorized to work in the United States and maintains and will continue to maintain an I-9 employment authorization form for each person utilized. The CSP understands and agrees that such persons are not and shall not be considered employees of FedEx Ground and that it is the CSP's Confirmation Code: 

Page 6 of 7
responsibility to ensure that such persons conform fully to the applicable obligations the CSP has undertaken pursuant to the Agreement; and the CSP will continue to E-Verify its new employees in accordance with federal regulations to ensure all personnel are authorized to work in the United States;

10. The CSP understands that a false certification of any provision of this Certification is a material breach of the Agreement and is grounds for termination of the Agreement;

11. The CSP agrees to submit documentation in support of the above certifications upon request; and

12. The CSP understands that failure to provide requested relevant information and/or documentation is a material breach of the Agreement and may be grounds for Agreement termination.

I verify on behalf of the CSP named below that I have read and reviewed the above certification and verify that the representations set forth above are true, correct, and complete. This document has been signed electronically on for and the electronic signature shall for all purposes be considered equal to manual signatures, as set forth in the Electronic Signatures in Global and National Commerce Act, the Uniform Electronic Transactions Act, and applicable state statutes.

Name:
Title:
FedEx ID:
Telephone:
CSP Name

*These examples pertain only to the 2017 Annual Compliance Certification.
Sample Compliance Assessment Letter

This is a sample of the letter CSPs will receive if selected for a Compliance assessment:

![Request for Documentation Image]

**FedEx Ground**

To: V0000000

Example Trucking, Inc.

Authorized Officer: Smith, John

Telephone: (000) 000-0000

Pursuant to FedEx Ground Package System, Inc.’s (“FedEx Ground”) Operating Agreement with CSP, CSP agrees, upon request of FedEx Ground, to provide documentation establishing that CSP is legally compliant and that all of CSP’s Personnel are treated as employees for all payroll, tax, withholding, insurance and other purposes under applicable law.

FedEx Ground requests that CSP provide the following documentation:

<table>
<thead>
<tr>
<th>Document(s) Type</th>
<th>Description</th>
<th>Dates Requested</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 W-2s for all CSP Personnel</td>
<td>CSP Personnel includes all of the CSP’s personnel (full-time, casual, temporary, etc.), or any other person who provided services for the CSP under its Agreement with FedEx Ground.</td>
<td>2016</td>
</tr>
<tr>
<td>2 I-9s Issued to any CSP Personnel</td>
<td>Summary of each employee’s earnings for the dates requested. This summary can be provided in a weekly, monthly, or quarterly format. The last completed four weeks of payroll and time records should include: the name and occupation of each employee, hours worked each day and week per employee, employee’s regular hourly rate of pay, wages paid (exclusive of overtime), overtime paid, date of payment, and pay period covered by the payment.</td>
<td>2016, and 2017 YTD</td>
</tr>
<tr>
<td>3 Summary Payroll Records for all CSP Personnel</td>
<td>Federal Employer Quarterly Tax Statement</td>
<td>Form 941</td>
</tr>
<tr>
<td>4 Detailed Payroll Records and Time Records for all CSP Personnel</td>
<td>Quarterly Unemployment Insurance Report</td>
<td>Include itemized list of personnel filed with the unemployment insurance report.</td>
</tr>
<tr>
<td>5 Federal Employer Quarterly Tax Statement</td>
<td>E-Verify confirmation for all CSP Personnel</td>
<td>All presently employed personnel including the Authorized Officer.</td>
</tr>
<tr>
<td>6 State Quarterly Tax Statement</td>
<td>Wage and Hour Compliance Questionnaire</td>
<td>Click Here for a copy of the form</td>
</tr>
<tr>
<td>7 Quarterly Unemployment Insurance Report</td>
<td>Safety Compliance Questionnaire</td>
<td>Click Here for a copy of the form</td>
</tr>
</tbody>
</table>

This documentation is being reviewed for the purpose of determining contractual compliance with CSP’s Agreement with FedEx Ground. The financial information will be kept strictly confidential and used only for the purpose of the compliance assessment. However, if the CSP is not compliant, certain information may need to be reviewed by others during the termination process.

**NOTE:** IN ORDER TO ENSURE STRICT COMPLIANCE WITH APPLICABLE DATA PRIVACY AND RELATED LAWS, PLEASE REDACT (i.e., DELETE) EACH EMPLOYEES’ SOCIAL SECURITY NUMBER BEFORE SUBMITTING THE REQUESTED DATA TO FEDEX GROUND. DO NOT SEND ORIGINAL DOCUMENTS (ORIGINAL DOCUMENTS WILL NOT BE RETURNED); SEND COPIES OF ORIGINALS ONLY.

The CSP may consult with its financial advisor or attorney prior to responding to this Request for Documentation.

FedEx Ground requests this documentation be submitted electronically by 7/1/2016 using one of the following methods:

Attention: John Doe

1) Facsimile (Secure): (000) 000-0000
2) Email: example@example.com

Note: Please ensure the total number of pages were transmitted

If CSP is unable to provide the requested documents through electronic means, please e-mail the assigned Compliance Specialist.
## Sample Compliance Questionnaire

### Compliance Questionnaire

<table>
<thead>
<tr>
<th>CSP Name:</th>
<th>___________________________</th>
</tr>
</thead>
<tbody>
<tr>
<td>FedEx/Contract ID:</td>
<td>___________________________</td>
</tr>
<tr>
<td>Authorized Officer:</td>
<td>___________________________</td>
</tr>
<tr>
<td>Preferred Contact Method</td>
<td>Phone: ___________________________</td>
</tr>
</tbody>
</table>

In addition to providing the requested documents, please also describe the following information related to the CSP's compliance:

1. How are the CSP employees paid (e.g., hourly, salary, daily rate, piece rate)?

2. How long is the CSP’s normal payroll period (e.g., weekly, every other week, bi-monthly, monthly, etc.)?

3. What day of the week/month does payroll period begin and end (e.g., begin on Monday and ends on Sunday, begins on the first day of the month and ends on the 15th of the month, etc.)?

4. Describe how the CSP obtains the information to track the start time, end time, and any lunch breaks for each employee’s work day?

5. How has the CSP chosen to record and maintain its employees’ hours worked (e.g., timecards, smartphone app, excel spreadsheet, etc.)?

6. Do any CSP employees work more than 40 hours per week?

7. Do any CSP employees receive overtime pay?

8. How many vehicles does the CSP operate?

9. Of these vehicles, how many are 10,000 lbs. GVWR or under?

10. Is CSP accurately and timely completing Form I-9, Employment Eligibility Verification paperwork for all of its new hire employees as required by the U.S. Citizenship and Immigration Services?

11. Is the CSP aware of and complying with all state and local laws with respect to whether it must issue paystubs and, if so, is it including all required information on its employee(s) paystubs?

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Sample Safety and Compliance Program Assessment Questionnaire and Affirmation Statement

Safety and Compliance Program Assessment Questionnaire and Affirmation Statement

The below-named Contracted Service Provider (CSF), through its Authorized Officer, hereby certifies that as of the below date it maintains and administers a safety and compliance program to ensure that personnel assigned by it to provide services under its agreement (Addendum 11, Section 5.9 of the P&D Operating Agreements, Addendum 13, Section 5.9 of the Home Delivery Operating Agreement, Addendum 10, Section 5.9 of the Linehaul Operating Agreement or Schedule I, Section 5.7 of the ISP agreement) with FedEx Ground are continuously qualified and trained with respect to safe operation of Commercial Motor Vehicles in accordance with applicable state, federal and municipal laws, rules, and regulations and Contracted Service Provider’s agreement with FedEx Ground.

CSF further certifies that the information provided in response to the questions below is correct and accurate to the best of its knowledge and belief.

1. CSF maintains and administers a safety and compliance program to ensure compliance with applicable safety and compliance-related obligations, including the Federal Motor Carrier Safety Regulations ("FMCSR").
   - [ ] YES  [ ] NO

2. CSF’s safety and compliance program is formally documented.
   - [ ] YES  [ ] NO

3. CSF’s safety and compliance program includes documented policies and procedures.
   - [ ] YES  [ ] NO

4. CSF periodically reviews its safety and compliance program and updates it as appropriate.
   - [ ] YES  [ ] NO

5. Check all the elements below that are included in your company’s safety and compliance program (see http://mygroundbiz.com/Articles/Safety-and-Compliance-Program.aspx)
   a. [ ] Accident reporting protocol
   b. [ ] Safe Operating Procedures (i.e. seat belt, texting/mobile devices, speed limits, backing, etc.)
   c. [ ] Vehicle/equipment inspection and maintenance
   d. [ ] Driver selection and driver review process (i.e. medical certificate, driver’s license, etc.)
   e. [ ] Driver training/communication
   f. [ ] Regulatory compliance (i.e. Hours of Service, Alcohol/controlled substances, etc.)
   g. [ ] Hazardous materials transportation

DM #96610
Safety and Compliance Program

A number of CSPs have inquired about safety and compliance program coverage.

Regulatory foundation for Safety and Compliance Program
While the details and administration of a program are at CSP discretion, a basis for driver qualification, training or procedures that may be a part of a program are provided in the Federal Motor Carrier Safety Regulations (FMCSR sections 391.11, 390.3(e)(2), 392.1): a person is qualified to drive a commercial motor vehicle (CMV) if he/she can safely operate it by reason of experience, training, or both.

The FMCSA points to federal safety regulations as a basis for safety policies, procedures, practices and driver instruction about and compliance with the regulations, including as below. CSPs should consult with their business/legal advisors about regulatory compliance, training and employment-related matters.

<table>
<thead>
<tr>
<th>Safe operating</th>
<th>For example:</th>
<th>FMCSR §</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMV operator training and ongoing awareness and understanding with respect to safe operating</td>
<td>Safe/defensive driving, including seat belt compliance</td>
<td>391.11</td>
</tr>
<tr>
<td></td>
<td>Texting/mobile devices</td>
<td>392.80, 392.82</td>
</tr>
<tr>
<td></td>
<td>Speed limits, space cushions and backing</td>
<td>383.111, 392.2</td>
</tr>
<tr>
<td></td>
<td>Assembly of combination equipment</td>
<td>383.115, 391.11, 392.7, 393.70, 396.13</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other compliance</th>
<th>For example:</th>
<th>FMCSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMV operator training and ongoing awareness and understanding of federal, state and local safety and transportation laws and regulations</td>
<td>Hours of service</td>
<td>Part 395</td>
</tr>
<tr>
<td></td>
<td>Equipment inspection and maintenance</td>
<td>Parts 393, 396</td>
</tr>
<tr>
<td></td>
<td>Pre- and post-trip inspections</td>
<td>383.111, 113, 392.7, 396.11, 13</td>
</tr>
<tr>
<td></td>
<td>Hazardous materials transportation</td>
<td>Parts 170-177, 397</td>
</tr>
<tr>
<td></td>
<td>Accident reporting and investigation</td>
<td>383.31</td>
</tr>
<tr>
<td></td>
<td>Annual Motor Vehicle Record review</td>
<td>391.25</td>
</tr>
<tr>
<td></td>
<td>Medical Certificate compliance</td>
<td>391.41</td>
</tr>
<tr>
<td></td>
<td>English proficiency</td>
<td>391.11</td>
</tr>
<tr>
<td></td>
<td>Alcohol/controlled substances</td>
<td>Part 382; 392.4, 392.5</td>
</tr>
<tr>
<td></td>
<td>Notification of suspended, revoked, canceled, expired, downgraded licenses/medical certificates</td>
<td>391.27</td>
</tr>
<tr>
<td></td>
<td>Valid and current driver’s licenses</td>
<td>383.21, 383.51, 391.11, 391.15</td>
</tr>
</tbody>
</table>
Resources
Other resources for safety and compliance programs are available at:

- FMCSA Safety Management Cycle (csa.fmcsa.dot.gov) — provides a framework for companies to identify and address safety compliance
- NETS/NHTSA/OSHA Plan (www.osha.gov) — provides information on building a driver safety program
- FMCSA Education and Technical Assistance Program (fmcsa.dot.gov) — provides basic guidance on FMCSRs

Contracted service provider responsibility and authority for personnel
As stated in the agreements, subject to legal and regulatory requirements, CSPs have sole discretion in personnel-related matters in connection with their safety and compliance programs and training. This includes but is not limited to hiring, supervision, discipline, termination, compensation and scheduling.

Safety 9/2015