

U.S. Postal Service Strategic Sustainability Performance Plan Overview

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Introduction

The U.S. Postal Service is committed to being a sustainability leader and building on its long history of environmental innovation and social responsibility. With a presence in towns and cities across the nation, USPS is especially mindful of the impact that today's actions can have on future generations. By working toward the goals outlined in this plan, we make the best use of resources, reduce financial costs and benefit our employees, customers and the communities we serve.

Our green practices and successes are widely recognized — recycling and mail-back programs, vehicles powered by electricity and alternative fuels, environmentally certified mailing and shipping supplies, and more. Recent USPS sustainability leadership efforts include these achievements:

- The first federal agency to have a sustainability officer.
- The first federal agency to publish a third-party-verified greenhouse gas (GHG) emissions inventory and commit to absolute GHG reductions.
- One of the first federal agencies to issue Global Reporting Initiative-based public sustainability performance reports (2008 and 2009).
- Along with other posts, became the first industry sector to commit to GHG reductions at the 2009 United Nations Climate Conference in Copenhagen.
- Named “most trusted government agency” for six consecutive years.
- The first mailing or shipping company to achieve Cradle-to-Cradle certification for our packaging envelopes and stamps.

This plan describes our strategic sustainability framework, including our performance goals and implementation initiatives.

Achieving these sustainability goals will be extremely challenging as we face the most significant financial crisis in our history. Mail volume and revenue are rapidly declining, while the number of delivery points we serve continues to increase.

In addition, there are restrictions on closing Post Offices and we are nearing our statutory debt limit, which in turn limits our capital investments and increases our long-term debt.

Because of these challenges, we are focusing our near-term efforts on implementing low-cost, high-benefit initiatives that achieve our goals, increase operational efficiencies and have a shorter return on investment. A key element of our plan is engaging our employees to help us adopt a culture of conservation. This includes creating Lean Green teams that will help promote energy- and resource-efficient practices nationwide.

Despite our significant near-term financial challenges, we are committed to sustainability and delivering on our mission of providing affordable, universal mail service.

Our sustainability vision

Our vision is simple — be a sustainability leader. This vision builds on our long history of leadership in implementing environmental and socially responsible operations and services.

Our vision of leadership requires that we maintain both an inward focus on culture change and an outward focus on championing the adoption of more sustainable practices among our customers and stakeholders.

Build a conservation culture among all employees

We will engage our nearly 600,000 employees in our efforts to reduce both energy use and our impact on the environment. And we will take advantage of improved measurement systems, advances in renewable energy sources and comprehensive employee education to help us meet our goals.

We will focus first on facility and fleet energy use, and then extend our efficiency practices to water and other resources. And we are incorporating new efficiency standards into mail processing equipment and facility designs.

Lead adoption of sustainable business practices

We will take a comprehensive life-cycle approach that incorporates environmental responsibility from creation to disposal of mail pieces. We will expand our already robust green supply chain, facility management and IT purchasing practices, and redesign networks to provide sound environmental benefits and contribute to cost reductions.

We will expand efforts to help customers be more sustainable by providing more in-lobby recycling containers and expand product mail-back programs for small electronics and other materials. We will measure our greenhouse gas emissions to serve as a baseline for a long-term strategy to reduce our carbon footprint.

Our sustainability strategy

Our sustainability strategy connects the vision of being a sustainability leader with traditional enterprise value drivers of cost and efficiency, brand, and revenue improvement.

Our strategy contains 15 sustainability performance goals across 10 focus areas that will help us demonstrate progress toward achieving this vision.

Focus Area	USPS Sustainability Goals	
Greenhouse gas	1	Reduce scope 1 and 2 GHG emissions 20% by FY 2020 (FY 2008 baseline).
	2	Reduce select scope 3 GHG emissions 20% by FY 2020 (FY 2008 baseline).
Facility energy	3	Reduce total facility energy use 30% by FY 2015 (FY 2003 baseline).
Owned-vehicle fuel	4	Reduce owned-vehicle petroleum fuel use 20% by FY 2015 (FY 2005 baseline).
	5	Increase owned-vehicle alternative fuel use 10% annually by FY 2015 (FY 2005 baseline).
Waste	6	Reduce waste to landfill 50% by FY 2015 (FY 2009 baseline).
Materials	7	Reduce spend on consumables 30% by FY 2020 (FY 2008 baseline).
	8	Increase % of identified environmentally preferable products (EPP) available for purchase on-catalog by 50% by FY 2015 (FY 2010 baseline).
Water	9	Reduce water use 10% by FY 2015 (FY 2007 baseline).
Employees	10	Deploy "Lean Green Teams" to 100% of USPS districts and network distribution centers by FY 2012 (FY 2009 baseline).
Suppliers	11	Reduce contract transportation petroleum fuel use 20% by FY 2020 (FY 2008 baseline).
	12	Require suppliers with current contract commitments of over \$500,000 to provide sustainability data by FY 2015 (FY 2011 baseline).
	13	Include standard USPS sustainability clauses in new contract actions by FY 2015 (FY 2011 baseline).
Customers	14	Offer customers a range of sustainable products and services by FY 2012, including at least two new customer offerings (FY 2009 baseline).
Peers	15	Outperform the international postal sector's average annual carbon management performance score, as calculated by the International Post Corporation (IPC).

All of these goals contribute to USPS scope 1, 2 and select scope 3 GHG emission reduction goals, and are described below.

Summary of goals

These goals will help us integrate sustainability with performance management systems, engage employees to implement low- and no-cost initiatives, optimize our network and processes, partner with our suppliers and engage our customers with new green products and services, and communicate our progress to key stakeholders.

Greenhouse gas

Our goal is to reduce scope 1, 2 and select scope 3 GHG emissions 20 percent by FY 2020. Each year, we will measure, third-party verify, publically report and benchmark these emissions. We also want to outperform the international postal sector's average annual carbon management performance (CMP) score.

With 33,000 facilities and the largest civilian fleet in the nation, our efforts can make a positive impact on the environment. That's why we're working to reduce direct emissions from our facilities and postal-owned vehicles, and indirect emissions from electricity use at our facilities.

We also are committed to reducing GHG emissions from USPS contracted mail transport, employee business travel and commuting, transmission and distribution losses for electricity and contract waste disposal.

In 2009, we became the first federal agency to publish a third-party-verified GHG emissions inventory. In 2010, we were able to demonstrate a 200,000 metric tons carbon equivalent scope 1 and 2 GHG emissions reduction.

When it comes to reducing emissions that are responsible for climate change, we are taking a leadership role in efforts to "green the government."

Facility energy

USPS is taking a total network energy efficiency approach. Our goal is to reduce total facility energy use as well as facility energy intensity 30 percent by FY 2015, and we're on track to meet that goal. As of FY 2009, we have reduced facility energy use by nearly 24 percent. From advanced metering and energy management systems to focusing on HVAC repair to informing employees through videos about good energy conservation practices, our actions have shown positive results.

USPS has facilities throughout the country, and has a longstanding commitment to operate them with the lowest possible energy cost and impact to the environment. Guided by an established energy management policy, the Postal Service regularly acts to reduce energy, water and waste.

The focus of our efforts over the next few years will be to reduce facility electricity purchases from the grid. Additional initiatives include energy audits, consolidating facilities to minimize overall inventory consumption and operating facilities in a way that follows high-performance sustainable building and LEED-EBOM (Leadership in Energy and Environmental Design-Existing Building: Operations and Maintenance) principles and guidance, where cost-effective.

It should be noted that two broad strategies outside the immediate scope of energy and sustainability have a significant influence on our energy reduction efforts. These are efforts to consolidate underutilized facilities across our network and the use of automation to improve our network operational efficiencies.

Additionally, USPS pursues increased use of renewable energy through projects that both reduce the use of fossil fuels and have a favorable return on investment.

Owned-vehicle fuel

Our goals here are straightforward — reduce petroleum fuel use 20 percent by FY 2015 and increase alternative fuel use 10 percent annually over the next five years.

The Postal Service owns and operates more than 217,000 vehicles. In FY 2009, our fleet used about 147 million gallons of gasoline equivalent (GGE), including 145 million GGE of petroleum fuel and 2 million GGE of non-petroleum fuel. This equates to about 16 percent of the Postal Service's total energy use.

We recognize the environmental and financial benefits from reducing our fleet's petroleum fuel use and dependency. We're committed to employing a range of

strategies to achieve that, and to identifying and using non-petroleum fuel alternatives that are cost-effective.

Over the past few years, USPS has been able to reduce a small portion of its petroleum fuel use through several initiatives, such as optimizing carrier routes and reducing the number of owned vehicles in our fleet. But we also face unique challenges in meeting our goals for FY 2015. Although mail volume is decreasing, the number of homes and businesses we serve continues to increase, resulting in our delivery vehicles using more fuel.

Our proposed initiative with the largest fuel reduction potential is to reduce delivery days from six to five to better match declining mail volumes. Congressional approval is needed for this initiative to be implemented. We will continue our focus on reducing average fuel costs and implementing low- and no-cost projects to reduce total petroleum use, such as having drivers eliminate idling and deviations from routes, and evaluating technologies to retrofit the engines of our familiar long-life vehicle delivery vans to reduce fuel.

In addition, we'll keep improving our performance when it comes to alternative fuels. From FY 2005 to FY 2009, the Postal Service's use of alternative fuels increased 114 percent. Among many initiatives, we're working with the Department of Energy on electric vehicle prototypes, biodiesel tractors and cargo vans, and fuel economy reporting for fuel cell vehicles.

Waste

USPS generates more than 400,000 tons of solid waste every year. Reducing waste sent to landfills is good both for the environment and for our finances, since much of the material we send to landfills has a recycling value. And, we help lower our GHG emissions related to USPS operations.

We are working to reduce waste to landfill 50 percent by FY 2015, with a goal of achieving a zero-waste footprint.

USPS is on track to achieve this goal. In FY 2009, USPS generated a total of 424,000 metric tons of municipal solid waste, diverted approximately 50 percent and sent the remaining 209,000 metric tons of solid waste to landfills. To achieve our FY 2015 goal, we will need to continue to decrease solid waste to landfills by 8 percent per year.

A big part of creating a culture of conservation at the Postal Service is fostering a zero waste ethic — we encourage employees to reduce, reuse and recycle. Ongoing waste reduction initiatives include eliminating paper personnel files, expanding lobby mail recycling, using recyclable mail bags and fiberboard managed mail trays, and extending use of vehicle batteries. Our future plans include offering customers more ways to mail and ship green and expanding the volume and types of commodities that are recycled at our facilities.

Materials

We buy sustainable materials, and where possible, reduce the number of materials — or consumables — we buy, to reduce our overall footprint. Our goal is to reduce spending

on consumables 30 percent by FY 2020 using a FY 2008 baseline. We also will work to increase the percentage of environmentally preferable products (EPP) available for purchase from our national catalogs by 50 percent by FY 2015 using a FY 2010 baseline.

The Postal Service defines consumables as office, custodial and maintenance supplies used in USPS offices or facilities. USPS annual consumable spending increased from FY 2005 to FY 2007, but has decreased each year since. We had a 16 percent reduction in FY 2009.

Environmentally preferable products are identified in the USPS online catalog purchasing system. They are listed by whether a product is chemical free, bio-based, recycled content, eco-labeled, renewable resource, energy efficient or water efficient. USPS employees responsible for purchases are encouraged to buy EPP products when price and quality are the same as a non EPP product.

USPS first developed a "buy green" policy more than a dozen years ago. A more comprehensive green purchasing plan was introduced in 2008. It outlines a long-term, proactive approach to preventing pollution, minimizing waste and promoting green management.

Water

The Postal Service's longstanding water conservation objective continues to be using the minimum amount of water necessary to support our delivery service obligation and operations. We plan to reduce water use 10 percent by FY 2015.

USPS requires relatively small volumes of water to operate. Our water consumption is primarily limited to restrooms, cooling towers that reduce energy use at our larger processing facilities and controlled water use at a small number of vehicle maintenance facilities.

USPS has had policies and procedures for two decades to meet all federal storm water and other applicable water-related requirements, and to standardize sound water management practices.

Our water use in recent years has been relatively flat, about 5.5 million gallons annually, but we're working to fine-tune our tracking of water use to identify additional water conservation opportunities. And as USPS consolidates underused facilities and streamlines processing operations, we will have fewer facilities in active use, and therefore, less water consumed.

Employees

USPS encourages employees to work greener and take everyday conservation steps at home as well. Our employees can make a positive impact on the communities in which they live and work, and that includes sustainability. The overall goal is to create a conservation culture at the Postal Service.

To enable employees to make sound sustainability decisions, we'll deploy Lean Green teams to 100 percent of USPS districts and network distribution centers in the next two years. These teams are part of the Lean Green Initiative, a program that focuses on

broad-based employee education and engagement, allowing employees to take steps individually and collectively to reduce energy and preserve resources. The teams will help USPS achieve corporate and facility goals of improved sustainability performance.

In April 2009, locations that piloted the Lean Green Initiative generated an average \$500,000 in annual savings across the five areas of focus — facility energy, owned-vehicle fuel, waste, materials and water. Deployment to districts is now under way. The teams will encourage low-cost, or no-cost, ways to make the Postal Service even more sustainable by improving use of resources and minimizing impact on the environment.

Suppliers

The Postal Service has identified three supplier-focused sustainability goals to drive the continued expansion of sustainability throughout the extended supply chain supporting USPS. These goals are to reduce contract transportation petroleum fuel use 20 percent by FY 2020, require suppliers with current contract commitments of more than \$500,000 to provide sustainability data and include standard USPS sustainability clauses in new contracts.

Nearly 79 percent of the Postal Service's petroleum fuel use and 60 percent of its total energy use is associated with contract transportation providers. In FY 2009, USPS suppliers consumed approximately 569 million GGE of petroleum fuel at a cost of more than \$1 billion. Contract transportation is a significant portion of our organization's total GHG emissions (scope 1, 2, and select scope 3), accounting for 36 percent of our total GHG footprint of 14.7 MMT CO₂-e in FY 2008.

In FY 2009, contract transportation fuel use decreased by nearly 2 percent compared to the previous year. USPS must reduce annual fuel use by another 18 percent over the next 10 years to meet its FY 2020 reduction goal. We currently are implementing a number of initiatives to meet this goal, including building and network consolidations and replacement of private vehicles on rural routes along with encouraging suppliers to use more efficient vehicles. However, USPS may not meet this goal without identifying additional initiatives in partnership with the supplier community.

The Postal Service is committed to help external stakeholders adopt and improve their sustainability business practices. Sustainability data creates transparency and visibility into what sustainable products USPS is purchasing from its suppliers, along with visibility of the sustainable practices suppliers are implementing in their supply chains. We will engage suppliers and ultimately encourage improved supplier sustainability performance.

Customers

Customers want their products to be environmentally and socially responsible, and the Postal Service delivers on that expectation, providing eco-friendly products and services as well as expanded access. We will continue to offer customers a range of sustainability products and services, introducing new greener postal solutions in the years to come.

We are creating a more customer-friendly *usps.com* and new mobile applications that offer immediate access to postal information and services. We design mailing and

shipping services that are environmentally responsible and enable our customers to green their shipping and mailing operations.

Examples of existing USPS services that are more sustainable include online services such as Click-N-Ship, change of address and Post Office Box management. Our carrier pickup services enable our customers to skip the trip to the Post Office by having packages picked up at their homes or businesses, eliminating the need to use their own vehicle and gas.

Customers can view our annual GHG and sustainability performance reports online at usps.com/green. There's also a calculator that lets customers see their GHG emissions savings by ordering postal products online, estimate their individual lifestyle carbon footprint and track pledges to reduce it.

We enable our customers to mail and ship it green — across country or around the world.

Peers

Given our size and unique position as the only organization that provides mail service to every address in America, it's challenging to identify appropriate peers for benchmarking our sustainability performance.

Based on employee headcount, Wal-Mart is among the Postal Service's closest corporate peers, while customers typically view UPS and FedEx as our primary mailing industry peers. Although USPS is also often compared to other federal government agencies, our organization is different because we charge customers for our products and services and do not receive tax dollars to fund our operations. Therefore, gauging sustainability performance against any one group of industry or governmental peers is difficult.

However, in 2008, USPS joined the International Post Corporation (IPC) and 16 other member postal organizations to create and launch the postal sector Environmental Measurement and Monitoring System (EMMS), a transparent, scientific, sector-specific carbon measurement and monitoring system developed for the postal industry in collaboration with sustainability experts at IPC member postal operators. The IPC is a cooperative association of 24 member postal operators in Europe, North America and the Asia-Pacific region, which is dedicated to improving service quality, promoting cooperation among posts and providing information about postal and related markets.

The EMMS serves as a common framework for members to measure and benchmark their carbon management proficiency across 10 areas — principles and standards, policies and procedures, management, strategies, targets, activities and programs, employee engagement, measurement and verification, disclosure and reporting, and value chain management.

Our primary goal is to outperform the annual IPC EMMS carbon management proficiency (CMP) sector-wide average score from the preceding calendar year. An additional goal is to improve our CMP goal each calendar year.

Keeping track of our progress

The Postal Service is committed to achieving the goals outlined in this plan. We will report each year on our progress through a variety of public forums, including the USPS Sustainability Annual Report. This report, as well as the latest news and information about USPS green activities, is posted at usps.com/green.

We also will continue to report our third-party-verified GHG emissions inventory through The Climate Registry and the IPC EMMS.

By achieving our goals, the Postal Service continues to meet the needs of the present without compromising the future, and attains its vision of being a sustainability leader.

To read USPS's detailed FY 2010 Strategic Sustainability Performance Plan, visit http://www.usps.com/green/sspp/2010/sspp_2010.pdf