United States Postal Service

2015 ANNUAL SUSTAINABILITY REPORT

UNITED STATES
POSTAL SERVICE®

2015 U.S. Postal Service Key Performance Indicators

Performance Targets						
Indicators	Units	2011	2012	2013	2014	2015
Revenue	$ Billions	$65.71	$65.22	$67.32	$67.83	$68.93
Net profit (loss)	$ Billions	($5.07)	($15.91)	($4.98)	($5.51)	($5.06)
Mail volume	Billion pieces	168.3	159.84	158.22	155.38	154.2
Delivery points	Million points	151.49	152.15	152.92	153.89	154.95
Career employees	Number of employees	557,251	528,458	491,017	488,300	491,863
Post Offices, plants and administration	Number of facilities	33,260	32,604	32,709	32,528	32,124
GHG emissions Scope 1, 2 and 3[1]	Million $MTCO_2e$	12.15	12.06	11.77	11.59	11.71
Facility energy use[2]	Trillion Btu	24.16	22.30	22.57	23.14	22.89
Postal fleet petroleum use	Million GGE	154.24	150.18	156.69	160.72	171.62
Solid waste recycled	Short tons	215,879	253,908	228,250	231,700	239,282

[1] Total GHG reported in metric tons of carbon dioxide equivalents ($MTCO_2e$).

[2] Total facility energy use reporting in British thermal units (Btu).

2015 Sustainability Target Snapshot					
Focus	Objective and Target	Baseline	FY 2015	Progress	Status
GHG emissions	Reduce Scope 1, 2 and 3 GHG emissions 20% by FY 2020 (million $MTCO_2$)	13.38 FY 2008	11.71	(12.40%)	On target
Facility energy use	Reduce total facility energy use 30% by FY 2015 (trillion Btu)	33.72 FY 2003	22.89	(32.1%)	On target
Transportation fuel	Reduce total postal vehicle petroleum fuel use 20% by FY 2015 (million GGE)	144.31 FY 2005	171.62	19%	Off target
	Reduce total contract transportation petroleum fuel use 20% by FY 2020 (million GGE)	580.13 FY 2008	579.7	(0.1%)	Off target
	Increase postal vehicle alternative fuel use 100% by FY 2015 (million GGE)	0.51 FY 2005	0.81	59.88%	Off target
Solid waste diversion — recycling	Divert 50% of solid waste from landfill to recycling by FY 2015	44% FY 2008	41%	(6.82%)	Off target
Water reduction	Reduce water use 10% by FY 2015 (million gallons)	5,456 FY 2007	3,719	(31.8%)	On target
Reduce consumables	Reduce spending on consumables 30% by FY 2020 ($ million)	323.3 FY 2009	288.6	(10.7%)	Off target

Statement from the Postmaster General and Chief Sustainability Officer

During 2015 the Postal Service continued our commitment to invest in the future of the organization, our employees, our customers, and the industries we serve. We made this commitment to ensure that we focus relentlessly on anticipating and preparing for tomorrow's marketplace, and that we embrace the challenge of continuous change and improvement to best serve the American public.

The Annual Sustainability Report is an opportunity to highlight our commitment to create a culture of conservation throughout the Postal Service by engaging key stakeholder groups, providing greater transparency for customers and suppliers, strengthening our commitment to environmental stewardship, reaffirming our social outreach initiatives, and encouraging a diverse and productive workplace environment. We continue to strive for progress in these areas, setting an example for leadership among our peers, customers, employees, and suppliers with an overall goal to deliver mail at the lowest cost with minimal impact on the environment.

We're investing in our employees. The demands of tomorrow's marketplace require a renewed commitment to customer-centricity and customer service. Our mail processing, delivery, and retail networks are also being transformed. The efficiencies we're creating today will ensure the long-term affordability of the delivery services we provide to the nation.
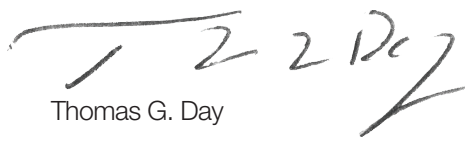
As a result, the Postal Service has established a core set of enduring goals that provide a guide for all our strategic initiatives and continuous improvement efforts:

- Deliver high-quality services.
- Provide excellent customer experiences.
- Ensure a safe workplace and an engaged workforce.
- Sustain controllable income.

These goals serve to guide how we measure corporate performance and define corporate values, and provide focus for achieving success in sustainability initiatives. Many environmental goals expired in 2015 and, based on historic trends, we have generated realistic sustainability goals for the future. This approach is in-line with Executive Order 13693, Planning for Federal Sustainability in the Next Decade. We're proud to be a sustainability leader. We're striving to incorporate sustainability into our operations, programs, and policies.

In this report you'll learn about our efforts to become more sustainable and innovative. Working together, we can make a difference. We can be good neighbors and take steps now to protect our environment for future generations.

Megan J. Brennan
*Postmaster General
and Chief Executive Officer*

Thomas G. Day
Chief Sustainability Officer

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About Us

For more than two centuries, the United States Postal Service has delivered on our promise to provide every person in the nation access to secure, efficient and affordable mail service. Headquartered in Washington, DC, the Postal Service has more than 600,000 career and non-career employees and operates over 32,000 facilities across the United States and its territories. Using innovative, cutting-edge equipment and technology, our employees sort, distribute and deliver hundreds of millions of letters and packages each day, serving both households and businesses. Operations are funded by revenue from sales of postage, products and services — the Postal Service receives no tax dollars for operating expenses — and USPS serves as the core of a $1.4 trillion mailing industry.

More than 32,000 facilities

The Postal Service voluntarily sets specific goals and adopts internally binding policies to meet federal sustainability requirements. Our statutory mandate to provide universal service means that our employees drive more than 1.4 billion miles every year. Our goal is to deliver mail at the lowest cost with minimal impact to the environment and better serve our customers, our bottom line and our planet. At the same time, we're committed to complying with all applicable federal, state, tribal, regional and local environmental/ energy laws and regulations.

As the face of public service in communities across the country, we recognize that we can lead by example and nurture a culture of social and environmental responsibility. The Postal Service regularly engages employees, customers, suppliers and federal peers in sustainability efforts, working to improve energy efficiency, reduce water consumption and limit waste production from postal operations.

Continual improvement in sustainability performance is important to the long-term health and competitiveness of the Postal Service. As an organization we're always looking forward, innovating and investing to meet evolving customer needs, as we work to ensure a sustainable future for us all.

About the Report

We report annually our accomplishments on sustainability, effects on stakeholders and associated challenges and opportunities. This year we engaged our internal stakeholders to capture important topics that impact our operations while considering risks, opportunities and long-term prospects. We also provide program updates and highlight new initiatives that support sustainability.

This report is prepared in accordance with the Global Reporting Initiative (GRI) G4 Guidelines. These guidelines focus on economic, social and environmental aspects of our operations that further our efforts toward transparency. This year we focused on the following aspects: Data Security, Customer Satisfaction, Workplace Environment, Financial Impact, Operations, Impact of Terrorism on Mail, Business Preparedness and Resiliency, and Diversity and Equal Opportunities. Later in this report we'll discuss the GRI reporting process in more detail.

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Our Business

The Postal Service offers a fundamental service to the American people — everyone can use the U.S. Mail. And everyone pays the same postage for a First-Class letter no matter where they live in the country.

> The United States Postal Service provides the nation with a vital delivery platform that sustains and propels U.S. commerce, serves every business and residential address and binds the nation together, as it has for more than 240 years.

USPS delivers to approximately 155 million delivery points, year-round, six days a week — and even on Sundays to meet e-commerce needs. Our products and services are available at thousands of Post Office locations, through a network of contract postal units, online at *usps.com* and elsewhere.

The mail embarks on a journey backed by a team of hundreds of thousands who process, sort, transport and deliver it. Each leg in the process of getting a letter or package to its destination commits resources including workers, equipment, transportation and energy. No single operation in the world comes close to this level of connectivity to so many households and businesses.

SENDERS · ENTRY · PROCESS · TRANSPORT · PROCESS · DELIVER · RECEIVERS

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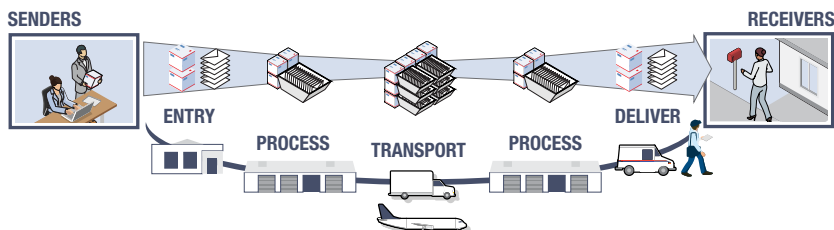
154 billion
mailpieces processed and delivered

It begins with the bins: Clatskanie, OR, Post Office

With a goal of eliminating trash hauling to reduce costs and environmental impact, the Clatskanie, OR, Post Office seized on a simple solution — add more recycling bins for employees and customers to use. In small rural towns like Clatskanie, curbside recycling isn't always available. Customers can appreciate an environmentally responsible alternative to bringing home or discarding their mail. As the bins have filled up, costs for trash hauling have gone down. The Clatskanie Post Office has reduced garbage pickup to every other week instead of weekly resulting in decreased costs of 15.8 percent. But the cost savings don't tell the whole story. Through its commitment to reducing waste that ends up landfills, Clatskanie Post Office employees are leading by example, letting the community know that the Postal Service is looking out for residents and their families, and the environment we all share.

Environmental Responsibility

The Postal Service is committed to operating in a way that protects the environment. We're developing sustainable best practices that enable us to use resources in ways that minimize impacts on the environment — reducing the consumption of resources at rates that don't exceed the capacity of our ecosystem to replenish them. We're eliminating waste and improving the efficiency and productivity of these resources.

The Sustainability department at USPS is a dedicated team that develops programs and policies as well as ensures environmental laws and regulations are followed at facilities across the organization.

Environmental Compliance

Environmental compliance is the cornerstone of a successful sustainability strategy. We comply with all applicable federal, state and local environmental laws and regulations, as well as voluntarily follow certain executive orders. Continuous improvement drives our management systems approach to environmental compliance. We regularly perform both organizational and site-level reviews to make sure regulations and industry best practices are being followed. These compliance reviews provide the foundation for our national program strategies and support training and other sustainability initiatives.

Continuous improvement drives our approach to environmental compliance.

Environmental Compliance Reviews

Environmental compliance reviews are conducted on a three-year cycle at high environmental-risk facilities. These sites have operations such as mail processing, vehicle maintenance, regulated underground storage tanks (USTs) and other significant permits or plans. In 2015, we conducted nearly 130 reviews. In addition to assessing compliance and reducing potential liabilities, these reviews provide hands-on site-level employee training and assistance in data management, record keeping and other vital environmental functions. It's also an opportunity to distribute policies and provide guidance and tools.

Underground Storage Tank Program Initiative

We own and operate federally regulated USTs that are used for fueling. We're working to modernize tank infrastructure to reduce environmental risks, improve emergency fueling planning and reduce overall fueling costs. In 2015, the second year of a five-year tank removal/replacement program, the Postal Service:

- Strategically removed and/or replaced 23 USTs.
- Deployed and managed a centralized remote monitoring system for over 100 locations.
- Conducted over 1,500 UST compliance inspections and 1,000 UST equipment compliance tests.

Other Compliance Initiatives

Standardized guidance, training and record keeping are part of our electronic management systems approach to maintain compliance. We continue to enhance our centralized data management system, which provides easy access to environmental data indicators. In 2015, we expanded and improved our electronic library of nearly 150 environmental compliance guidance documents and implementation tools.

We also continue to implement improvements to our hazardous and regulated waste program. Key 2015 initiatives included:

- A joint policy by the Office of Sustainability and Supply Management prohibiting procurement and use of products containing 13 targeted chemicals. This policy supports our pollution prevention goals to minimize the use of hazardous chemicals, reduce hazardous waste generation and encourage the purchase of environmentally preferred products.
- A national parts washing contract providing environmentally friendly cleaners to reduce hazardous waste generation.
- A national aerosol can waste management strategy that is now implemented.

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Waste and Recycling

Our facility operations generate a wide variety of waste streams that require responsible disposal. The majority of waste consists of recyclable materials such as undelivered Standard Mail, discarded lobby mail, cardboard and plastic. We set high standards for recycling and solid waste diversion. This process is managed through the National Recycling Operation which utilizes our existing transportation network to backhaul recyclables to central collection points. In 2015, we recorded 341,952 tons of municipal solid waste sent to landfills and 239,282 tons were recycled, including electronics, batteries and tires.

Goal: Divert 50 percent of solid waste from landfills to recycling by 2015 relative to a 2008 baseline.

*Result:* 41 percent landfill diversion rate.

Future Goals

Goal 1: Divert at least 50 percent of solid waste from landfills.

Goal 2: Divert at least 50 percent of non-hazardous construction and demolition materials and debris from landfills.

Greenhouse Gases

Reducing greenhouse gas (GHG) emissions is the right thing to do. We believe in it so strongly that we prepare three GHG inventories each year. The first inventory is reported to the federal government in compliance with Executive Order 13693. We also report to the International Post Corporation in concert with our postal peers. Lastly, we report to The Climate Registry, a nonprofit that assists organizations in reporting emissions in order to reduce them. By completing these inventories, we're transparent and can develop strategies to reduce our emissions.

Scope 1, 2 and 3 GHG Emissions

Greenhouse gases cut since 2008 **12.4%**
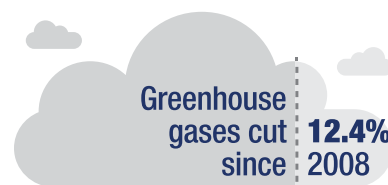
We maintain two GHG reduction goals.

Goal 1: Reduce Scope 1 and 2 emissions 20 percent by 2020 from a 2008 baseline.

Result 1: 15.8 percent decrease.

Goal 2: Reduce Scope 3 emissions 20 percent by 2020 from a 2008 baseline year.

Result 2: 10.2 percent decrease.

We define Scope 3 GHG emissions boundaries to include contract transportation fuel use, employee travel, contract waste disposal, transmission and distribution losses from electricity purchases, buildings with fully serviced leases, and wastewater treatment operations. We include contracted transportation emissions in our inventory to track this important and large emissions source.

Future Goals

Goal: By 2025, reduce Scope 1 and 2 emissions by 25 percent and Scope 3 GHG emissions by 30 percent relative to a 2008 baseline.

GHG Emission Scope Categorization

USPS categorizes GHG emissions as Scopes 1, 2 or 3.

Scope 1 includes direct GHG emissions from postal-owned sources, such as our facilities and vehicle fleet.

Scope 2 emissions includes indirect emissions from purchased supplied electricity and steam.

Scope 3 includes other indirect sources, such as contracted transportation, leased facilities, employee commuting and others.

Facility Energy

We maintain over 32,000 facilities, providing the necessary infrastructure that enables us to move the mail. Accordingly, facility energy is one of our largest sources of energy use.

Total Facility Energy Use

2003   **33.7 trillion Btu**

2015   **22.9 trillion Btu**

32.1% REDUCTION from 2003 to 2015
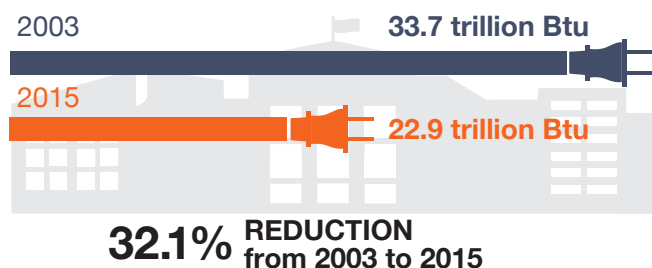
Goal: Reduce energy intensity (energy use per square foot) 30 percent by 2015 based on a 2008 baseline.

Result: 29.5 percent reduction.

Future Goals

Goal: As our goal expires, we plan to continue our work on reducing energy consumption with the intention of reducing energy intensity 25 percent by 2025 relative to a 2015 baseline.

Energy Measurement and Reporting

We utilize two systems, the Enterprise Energy Management System (EEMS) and the Utility Management System (UMS), to collect, analyze, quantify and report our energy use.

EEMS is our corporate data warehouse where we consolidate facility related energy data that are used in our efforts to reduce energy consumption costs. Performance data are used to verify building and equipment performance, and identify opportunities for improvement. In 2015 the EEMS network was expanded by installing digital communicating control and monitoring devices at 88 facilities, bringing the total of real-time monitored sites to 341 out of a goal of 923 facilities.

UMS monitors utility usage and has made reporting and utility bill management more transparent. In 2015 there were enhancements to the process of reporting data captured by UMS to the Energy Star Portfolio Manager to meet federal energy reporting requirements. Energy Star Portfolio Manager is an analytical and benchmarking tool that enables USPS to reduce energy consumption; track energy intensity, energy cost and greenhouse gas emissions; and monitor changes in buildings over time. By tracking energy use, we're able to identify under-performing buildings, set investment priorities and track improvements.

Exploring Emerging Technology: Hydrogen Fuel Cells

In 2015 the Postal Service began a pilot project to replace lead-acid batteries used in powered industrial vehicles with a hydrogen fuel cell system. This pilot at the Washington, DC, Network Distribution Center will test the efficacy of the technology and measure the potential impact of national deployment. Hydrogen fuel cells are considered an industry best-in-class alternative to lead-acid batteries as a power source for material handling equipment, particularly in busy distribution centers. The only byproducts of hydrogen fuel cells are heat and water, making them a safer and more environmentally friendly energy source compared to lead-acid batteries. The switch to fuel cells will increase plant and equipment productivity, significantly decrease costs associated with fueling and provide environmental and safety benefits.

Water Use

Water consumption at the Postal Service is primarily through employee use. Though water is not a major input for us, promoting a sustainable culture includes setting goals to reduce water consumption at our facilities.

Reduced potable water intensity **22.7%**

Goal: Reduce potable water use 10 percent per square foot by 2015 from a 2007 baseline.

Result: 22.7 percent reduction.

Future Goals

Goal: Continue to manage water consumption, decreasing potable water use per square foot by 36 percent by 2025 from a 2007 baseline.

Rain Garden Training

We care not only about water conservation but also water quality. In a joint effort with EPA, we hosted stormwater management training at Hinsdale, NH, that included installation of a rain garden next to the town's Post Office. The rain garden is intended to pre-treat storm water runoff from the facility's roof before it makes its way into the soil and area rivers.

Next Generation Vehicles

Vehicles are an essential part of our operations. With an aging fleet and increasing delivery points, we're planning for the next generation delivery vehicle. In 2015, the Postal Service began preliminary steps to inform prospective suppliers about USPS requirements and begin the process to develop a prototype that addresses new safety related technologies, ergonomics, delivery efficiency improvements, fuel efficiency and emissions reductions, and greatly improves on the current Long Life Vehicles purchased between 1987 and 1994. With deployment of the next generation vehicles still several years away, we're actively making investments to modernize our current fleet.

Vehicle Fuel Consumption

Postal Fleet

The Postal Service connects the nation using one of the largest civilian vehicle fleets in operation. We're always looking for the most economical modes of transportation. In 2015, more than 212,000 postal vehicles drove nearly 1.4 billion miles, a 9.6 percent increase over 2014. Our vehicles used more than 171 million gasoline gallon equivalents (GGE), a 6.8 percent increase over 2014.

Goal: Reduce petroleum use 20 percent by 2015 from a 2005 baseline.

Result: 19 percent increase.

This increase is a result of adding postal vehicles to rural routes, a growing number of delivery points and providing Sunday delivery service in select locations.

We also drive alternative fuel vehicles, which in 2015 used 814,146 GGEs. In addition we acquired 4,428 new alternative fuel vehicles, bringing the total to 46,352.

Goal: Increase alternative fuel use 100 percent by 2015 relative to a 2005 baseline.

Result: 60 percent increase.

Future Goal

Goal: 30 percent reduction in fleet-wide per-mile GHG emissions by 2025 relative to a 2014 baseline.

Postal Fleet Petroleum Use (Million GGEs)

144.31

171.62

2005 total postal fleet petroleum use

2015 total postal fleet petroleum use

19% **INCREASE from 2005 to 2015**
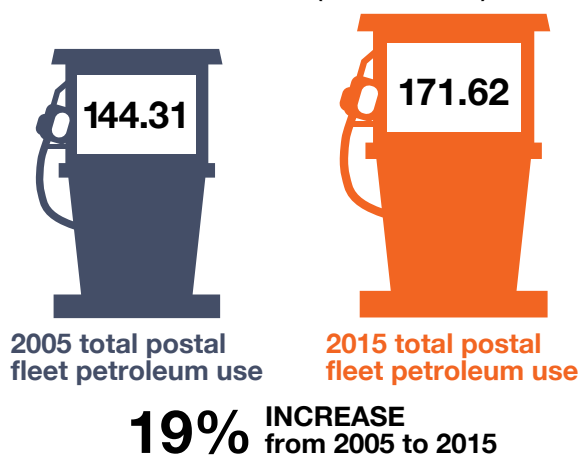
Contract Transportation

The Postal Service tracks the fuel used by its contractors to move the mail. This contract transportation includes highway contract routes and employee-owned vehicles used on rural routes, as well as air, rail and ship transport. Though technically outside our typical boundaries, we choose to track and report contractor fuel as it's our largest source and essential to our operations.

Goal: Reduce contract petroleum fuel use 20 percent by 2020.

Result: 0.1 percent reduction.

We are currently off target for this goal but continue our efforts to reduce this number. Supply Management and the Office of Sustainability are actively working with Highway Contract Route (HCR) suppliers to promote alternative fuel use, implement fuel-efficient technology equipment and ensure a best value determination process in HCR negotiations.

Financial Impacts and Risks

As the Postal Service speeds the pace of innovation, stays competitive by offering new products, and works to lower costs, we still face financial challenges. Our organization continues to work with Congress and key stakeholders to develop legislation that would provide us with the financial stability to invest in our future and continue to be an engine of growth. Our revenue increased in 2015 compared to the prior year, although mail volume continues to decrease and our deficit continues to grow. This is due in part to customers transitioning from mail to digital correspondence, and rising operating expenses.

Annual revenue of $68.9 billion

In 2015, we invested $15.7 billion in other operating expenses to include the purchase of property and equipment, an increase of $632 million from 2014. This funding supports building improvements, vehicles, equipment and other capital projects that will modernize and make our operations more sustainable. We've established initiatives to improve operations and bolster financial security while effectively fulfilling our mission. The USPS FY 2015 Integrated Financial Plan includes efforts to concentrate capital spending on aging mail processing equipment and vehicles as well as customer service, consumables, support equipment and facilities.

Business Preparedness and Resiliency

Our financial planning takes into account being prepared for natural and man-made disasters that can delay and disrupt mail delivery. In the wake of a disaster or crisis, we work to restore a sense of normalcy in affected communities by resuming mail service as quickly as possible. We take a proactive approach to address the impact of natural disasters or acts of terrorism.

We're more than just a business — we're a federal entity with an obligation to provide consistent mail service while adhering to sustainability and resiliency objectives of the U.S. government. While we're not required to meet all of the federal sustainability requirements in executive orders, the Postal Service voluntarily complies with Executive Order 13693, Planning for Federal Sustainability in the Next Decade and Executive Order 13653, Preparing the United States for the Impacts of Climate Change. We have many voluntary initiatives that support resiliency such as climate change adaption and energy reductions.

Climate Change Adaptation

Climate change could potentially disrupt our ability to provide consistent mail service. To better manage emerging risks and ensure effective operations and resiliency, the Postal Service works to incorporate climate into strategies, plans, business processes and programs. In 2015, the Postmaster General

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2015 Sustainability Report

reaffirmed this commitment in a memorandum. Internal steering and working groups track and manage climate change considerations in appropriate actions and policies. They also work to identify ways that long-term planning and collaboration can reduce or avoid costs associated with natural disasters, rising sea levels and temperature extremes. The groups take into account rebuilding costs, downtime, equipment loss, employee safety and other significant cascading effects resulting from climate change.

Impact of Terrorism on Mail

We pride ourselves on the safe and reliable delivery of mail. We not only plan for disruptions due to climate change and natural disasters but also prepare for the possibility of terrorism attacks on the mail, a topic that was identified by our internal stakeholder group as important and significant. We've taken steps to make sure we're prepared in such an event, instituting emergency preparedness, bioterrorism preparedness and response plans. Additionally, the Postal Inspection Service works to ensure customers can safely use the mail and postal employees can work in a safe environment.

Data Security

The Postal Service takes the safeguarding of customer and employee data seriously, with preserving the privacy of American citizens a top priority. We made significant improvements to our ability to defend against advanced persistent threats in 2015. The Postal Service will continue to make investments in our infrastructure and technical capabilities to identify and protect against the most immediate threats. We recognize data security is expected by our customers. To help meet this expectation, we developed an option for secure destruction of certain mailpieces as part of our suite of USPS BlueEarth services.

USPS BlueEarth Secure Destruction

Designed to promote sustainability with customers and employees, USPS BlueEarth services were expanded in 2015 to include the Secure Destruction Mail Service Program, which enhances privacy protections while at the same time benefits the environment.

More than 1.4 billion First-Class Mail pieces are returned to mailers each year. The Secure Destruction program offers business mailers using the Intelligent Mail barcode the option — at no additional fee — to have undeliverable letter-size First-Class Mail automatically incercepted then securely shredded and recycled. This mail contains personal protected information that would otherwise be returned to the sender, adding cost to both our operations and our customers. The process takes place within secure USPS facilities by postal employees, reducing risks of information exposure. All securely destroyed mail is recycled.

In 2015, this program intercepted and destroyed over 23.1 million mailpieces, recycled 590 metric tons of paper and surpassed our target of 21.7 million pieces. We estimate that for every 25,000 pieces of mail intercepted and destroyed, carbon emissions are reduced by 1 metric ton of carbon dioxide.

USPS BlueEarth®
♻ Secure Destruction

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Product Stewardship and Customer Service

We care deeply about our customers and their opinions of our products and services. This year we expanded our definition of sustainability to include social, economic and environmental impacts. This includes viewing our customers' perspectives on our products and services through a sustainability lens.

We're strengthening our commitment to provide responsible products and services. This is demonstrated through new sustainability principles, practices and contract clauses developed by the Office of Sustainability and Supply Management. Our initiatives include development of strategies to expand the number of sustainable products offered through our internal supply catalog — eBuy2 — so employees can select items that are both best value and good for the planet. Additionally, we offer two USPS BlueEarth products that provide our customers with mechanisms to achieve their sustainability goals.

USPS BlueEarth Product Carbon Accounting

Our USPS BlueEarth Product Carbon Accounting Service assists customers with accounting for their Scope 3 emissions. It calculates GHG emissions associated with business customers' mailing and shipping activities. Customers are provided with an online report they can use to analyze their carbon emissions and better understand the carbon impact of their supply chain.

USPS BlueEarth
Carbon Accounting

USPS BlueEarth Federal Recycling

We support our customers' waste reduction efforts through our USPS BlueEarth Federal Recycling Program. This innovative mailing solution makes it easy for federal agencies to recycle ink cartridges and unwanted electronic devices free of charge using the postal network. It enables federal agencies to manage these wastes in a secure and environmentally safe manner. Twenty-three federal agencies are currently enrolled, including USPS. Federal agencies receive a recycling activity report with data to assist them in meeting sustainability requirements. Additionally, this effort is recognized as an example of "federal government leading by example" under the National Strategy for Electronic Stewardship.

USPS BlueEarth
Federal Recycling Program

Customer Satisfaction

We measure customer satisfaction across all touch points through efforts that include the Retail Customer Experience (RCE) program and surveys of residential and business customers. The RCE program uses mystery shoppers to conduct mailing transactions across the country and data collected from these transactions are analyzed and evaluated, allowing us to identify how to improve the customer experience.

We're expanding customer input through digital means, such as asking customers to provide feedback by using the web address circled on their receipts. A new customer satisfaction survey was introduced on *usps.com* in 2015, and customers also can tell us about their mobile experience. Expanding ways in which customers respond to surveys increases opportunities for them to share their experiences — and for USPS to respond to their concerns.

Shining the lights on service: Albany, NY, Post Office

Customers at the Albany, NY, Premier Post Office now can see the great service they're getting better than ever. That's thanks to a lobby remodeling project that achieved showroom quality lighting while reducing energy use. The project began with a fresh coat of paint for the 24-hour lobby and installation of new counters and carpets. But who could tell? The lighting was awful. New LED lighting panels were installed in the customer lobby and PO Box section to positive customer reviews. As that work was being done, retail associates pointed out other lighting issues, including the area behind the PO Box section. That led to installation of suspended fluorescent light fixtures controlled with occupancy sensors for improved energy savings. The estimated cost to operate the new LED and upgraded fluorescent fixtures is $2,390 annually, a savings of $5,910 over previous costs. It's all about lighting the way to better customer service.

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Acquisitions and Suppliers

Our suppliers play a vital role in helping the Postal Service grow business by delivering quality products and services, innovation and exceptional value. We work with our vendors to deliver innovative supply-chain solutions and promote sustainability.

Purchasing

A key element of our sustainability efforts is helping customers and suppliers adopt more sustainable practices. We set procurement guidelines to advise supply chain management decisions. In addition to new sustainable supplying principles, practices and contract clauses launched in 2015, we have plans and policies that focus on maintaining strong, trusted relationships with internal business partners. As we build deeper collaboration and engagement on programs, these partnerships strengthen our relationships in key business areas, bolstering our commitment to financial stability by balancing revenue growth initiatives, cost controls and investments in the future.

Spending on Consumables

Reduced spending on consumables by 10.7% since 2009

Through training and information efforts, we strive to reduce overall spending on consumables each year. We encourage employees to use reusable products in place of one-time disposable items and explore new ways to conserve resources and reduce waste at the source. We plan to implement socially responsible and sustainable supply chains where cost effective, feasible and functionally practical to meet the requirements of the business. Our free recyclable packaging meets Sustainable Forestry Initiative or Forest Stewardship Council certification standards. In 2015 we spent $288.6 million on consumables, a 10.7 percent reduction from a 2009 baseline.

Environmentally Preferred Products

Purchased $273 million of environmentally preferable products

In 2015 we purchased more than $273 million of environmentally preferable products (EPP) weighing over 180,935 tons. We not only reached but also exceeded our goal of achieving by 2015 a 50 percent increase in the number of identified EPP available through eBuy2.

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We rely on products and services from suppliers to support our mission of universal delivery at an affordable cost. We've established acquisition principles that ensure product quality and reliability — and support sustainable supplying principles.

Suppliers

We're committed to the highest levels of inclusion in the delivery of products and services. We maintain joint memberships with premier multicultural business and trade associations such as the National Minority Supplier Development Council, Women's Business Enterprise National Council, U.S. Hispanic Chamber of Commerce, U.S. Pan Asian American Chamber of Commerce and the National Congress of American Indians.

During 2015, we evaluated proposals and solicitation criteria to ensure the consideration of small and minority- and women-owned business participation. The Postal Service also served as chair of the procurement committee of the Capital Region National Minority Supplier Development Council.

Supplier Diversity and Sustainability

We recognize the efforts of our suppliers to improve access and opportunities for small and minority- and women-owned businesses. In April 2015, the Postal Service recognized 16 suppliers for outstanding performance in supplier performance, excellence, innovation, diversity and sustainability. Among other prestigious awards, we honored Hollingsworth Logistics Group with the Supplier Diversity Award and Southern Mail Service Inc. with the Supplier Sustainability Excellence Award. This latter award category recognizes excellence in implementing environmentally preferred business practices that help USPS achieve sustainability goals and reduce its carbon footprint. Southern Mail Service partnered with USPS for a compressed natural gas vehicle pilot that saved approximately $1.57 per gallon of diesel fuel.

Contract Clauses

While we base sourcing and management decisions on best value we understand that socially responsible behavior is good for business. We hold suppliers to high standards that include sustainable practices and environmental responsibility, and encourage suppliers to improve their sustainability practices during contract performance. We seek suppliers offering EPP when practicable and cost effective, and help suppliers identify opportunities to improve their sustainability.

Employees, Workplace and Community

When we think of our community, we think nationally. We're one of the largest employers in the United States, relying on more than 491,000 career and 130,000 non-career employees to fulfill our mission. We strive to provide a diverse and engaged work environment, and we provide career employees with benefits including health insurance, annual leave, retirement and recognition opportunities.

Diversity and Equal Opportunity Initiatives

We prioritize diversity and inclusion in the workplace by cultivating a diverse workforce. Here are highlights of 2015 initiatives:

- Multicultural Awareness Day — employees at exhibit booths share information about their cultures, traditions, values and more.

- Exploring diversity through film — popular films teach diversity and inclusion.

- Executive Diversity Council — members work to foster a workplace that values diversity and inclusion.

- Diversity and Inclusion Summit — brings together area and district Diversity and Inclusion professionals.

- Diversity resources — training courses address diversity related topics, such as unconscious bias and gender and cultural sensitivity.

- Cultural/Heritage Resource Kits — information available to employees for individual learning and cultural awareness. The kits include notable historical facts and trends, contributions of the Postal Service and other relevant information.

- Lunch and Learn Series — held monthly, sessions highlight postal innovations, professional development and internal initiatives, including diversity.

- Book club — held quarterly, participants read a book at their leisure and then reconnect for a discussion. Selections are typically related to self-improvement, career enhancement, business strategies and similar topics.

- Take Our Sons and Daughters to Work — annual event enables young people to visit the Postal Service and explore various postal occupations. It also provides an opportunity for students to engage in team-building exercises.

The Postal Service stamp program provides an opportunity to educate and inform the world about the achievements and contributions of notable women, African Americans, Hispanics, Asian Americans and others. The following were stamps issued during FY 2015:

- Edna Lewis — Sept. 26, 2014

- Wilt Chamberlain — Dec. 5, 2014

- Robert Robinson Taylor — Feb. 12, 2015

- Martin Ramirez — March 26, 2015

- Maya Angelou — April 7, 2015

- Special Olympics — May 9, 2015

Workplace Environment

A dynamic, highly engaged workplace where employees work with passion, perform at consistently high levels and drive innovation provides benefits to our business. Health, safety and welfare are integral to our operations and culture. Improving employee engagement is a top priority. We aim to continuously improve

GRI

G4-27
G4-LA2
G4-LA12

In October we sponsor our annual Energy Action Month event at USPS Headquarters in Washington, DC. It promotes energy conservation and resource efficiency. In 2015 the theme was "Actions Speak Louder than Words." Business System Analyst Tim Gerling won the "Reducing Your Footprint Challenge" by demonstrating how he's done just that. Since the inception of Energy Action Month events in 2008, Gerling has been collecting energy reduction tips and practicing them at home. Some of his projects include changing compact fluorescent bulbs to LEDs, installing 5 kilowatt solar arrays and putting heat shields in the attic. His electric bill dropped by 22 percent in 2015 compared to the year before as a result of his efficiency efforts. Gerling did his part and is saving money – and that's energy smart!

the experiences of our employees by supporting career growth and development, providing a competitive benefits package and supporting diversity initiatives. We have strategies as well as programs to recognize employees' personal and professional growth, promote multicultural awareness, assist veterans and highlight sustainability innovation from our employees.

Health, Safety and Welfare

In order for us to meet current and future business objectives, we maintain a skilled and ready workforce that's diverse, engaged, efficient and safe. The Employee and Labor Relations Manual (ELM) describes programs and processes that contribute to this goal. The ELM is available online and presents information about our organizational structures, employee benefits, training and development, and health and safety. It also includes a list of recognized organizations that help provide supportive and productive work environments for our employees.

In terms of customer health and safety, we take into consideration the contents of mail products and services to protect customers. The Postal Inspection Service ensures the safety, security and integrity of the U.S. Mail. It enforces laws governing the mail system and preventing illegal or dangerous use of mail products and services. Postal inspectors investigate postal-related crimes such as identity theft, mail bombs, postal robberies and burglaries. They also protect against the use of the mail to launder drug money, defraud customers, traffic in illegal drugs and exploit children.

GRI

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G4-LA2
G4-LA5
G4-LA6
G4-LA8

Employee Engagement

We care about employee satisfaction. In 2015, the Postal Service replaced the Voice of the Employee survey with the Postal Pulse to measure employee engagement and encourage feedback on improving work environments. The goal of the Postal Pulse is to gauge workers' job satisfaction, establish executive level oversight of the survey and determine a performance baseline. It's designed to:

- Identify workplace perceptions and how they impact business unit performance.

- Train our leadership on the principles of employee engagement and creating an environment that fosters high levels of engagement.

- Provide postal leaders with a reporting platform that enables them to assess and act on survey results.

- Promote engagement and foster collaboration among leaders within the organization.

Managers can access survey results online and communicate results to their employees. More than 400 employee engagement leaders and champions have been trained at every level of the organization, and USPS has established an executive director of employee engagement who reports directly to the chief human resources officer.

Employee Training and Development

The Postal Service ensures that employees have the opportunity to develop and advance their careers. A variety of resources are available. These include:

- Sustainability in Practice — online suite of sustainability courses tailored to the needs of postal employees. These courses provide just-in-time information and practical guidance on topics that include an overview of USPS sustainability, Green Team orientation, lifecycle analysis, National Recycling Operation deployment and green information technology.

- Training courses — online and classroom training designed to help employees in different parts of the country comply with national and local environmental laws and regulations.

- National Center for Employee Development — training offered to employees who manage and maintain high-technology postal systems, vehicles and mail processing equipment using computer, video and Internet technology.

- Supervisory and Leadership Development — Supervisory, leadership and executive development courses integrate sustainability principles for participants in the New Supervisor Program, Managerial Leadership Program, Advanced Leadership Program and the Executive Leadership Program. These programs focus on a curriculum that develops Postal Service leaders.

Lean Green Teams

Lean Green Teams build on our efforts to create a culture of sustainability. This program encourages employees to mobilize at more than 1,400 facilities across the country to work on low- and no-cost projects to reduce consumption of facility energy, vehicle petroleum fuel and water, and decrease solid waste to landfills by diverting it to recycling.

Postmaster General Sustainability Excellence Awards

Outstanding Lean Green Team efforts and other informal employee initiatives gain recognition annually through the Postmaster General Sustainability Excellence Awards. These awards recognize teams at facilities, districts and areas, and at Headquarters, that contribute to a sustainable workplace. The award recipients demonstrate how their initiatives reduce energy consumption, vehicle petroleum use, waste sent to landfills, purchase of consumables or water use. In 2015, several teams were honored:

- We brake for inefficiency — an award for development of efficient, cost-effective and sustainable solutions surrounding logistics challenges: Headquarters — Vice President Network Operations Management.

- All to one, and one for all — an award for collaboration in enhancing recycling and sustainability practices: Great Lakes Area — Chicago Network Distribution Center.

- Still coming up ACEs — an award for enhancing electronic waste management and IT equipment recycling: Western Area — Remote Encoding Center.

- Your state thanks you — an award for positive environmental impact on local communities: Great Lakes Area — Detroit District.

- Welcome to the haul of fame — an award for increasing recycling quantities through transport efficiencies: Pacific Area — Sacramento District.

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- LEDing the way with lighting — an award for innovation in lighting systems that have positive environmental impacts: Western Area — Grand Forks, ND, Post Office.

- Accelerating environmental benefits and cost savings — an award for leveraging existing infrastructure and sustainability practices for greater return on investment: Western Area — Rapid City, SD, Post Office.

- Shining the lights on service — an award for enhancing customer experiences through expressive sustainable lighting solutions: Northeast Area — Albany, NY, Post Office.

- Soaking up the savings — an award for environmentally beneficial operational solutions, that also had unexpected cost savings: Northeast Area — Northern New Jersey Metro Processing and Distribution Center.

- If it can be recycled, it will — an award for reducing landfill waste through enhanced waste collection practices: Western Area — Clatskanie, OR, Post Office.

Serving the Community

We give back to the communities we serve in many ways. We participate in a broad range of national and local activities.

Combined Federal Campaign

The Combined Federal Campaign is the world's largest annual workplace charity drive and enables postal employees and other federal workers to donate to more than 20,000 nonprofit charitable organizations.

> I don't know what my family would have done without the help we received from one of the CFC charities. My nephew is alive and well today thanks to this organization. I encourage everyone to donate. Donations help enrich the lives of everyone.
>
> *- Product Information Specialist Yvette Wong*

Food Drive

During the 2015 Stamp Out Hunger Food Drive, our letter carriers collected 70.6 million pounds of food donations for local food banks, pantries and shelters.

Semipostal Stamps

The Postal Service offers two semipostal stamps that help raise funds for important causes authorized by Congress. The Breast Cancer Research stamp was issued on July 29, 1998, and through 2015 has raised over $81 million for breast cancer research. The Save Vanishing Species stamp was issued on Sept. 30, 2011, and through 2015 has raised nearly $2.9 million to help protect threatened and vanishing species.

Dog Bite Awareness

We support National Dog Bite Prevention Week, an annual public safety campaign designed to raise awareness and provide information on how to be responsible pet owners.

Be The Match Registry

The Postal Service is the nation's leading organization in increasing the number of potential marrow donors on this national registry. USPS and the National Marrow Donor Program created the "Delivering the Gift of Life" campaign 19 years ago. As of September 2015, there are 60,474 Postal Service employees and family members signed up as donors on the Be The Match registry.

BE THE MATCH®

Operation Santa

Children of all ages write and send letters to "Santa Claus, North Pole, Alaska" every year. As time and resources permit, our offices provide a written response to letters received, recognizing that this letter is often a child's first written correspondence. In 2015, we proudly celebrated the 103rd anniversary of the Operation Santa program.

Carrier Alert Program

Through our Carrier Alert Program we work with a local sponsoring agency to offer an alert mechanism to elderly and disabled customers. A decal is placed in the participant's mailbox as a signal to letter carriers to be alert to an accumulation of mail that might signify a sudden illness or accident.

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G4-EC1

Stakeholder Engagement

This year our Annual Sustainability Report incorporates GRI G4 Guidelines and focuses on a new, repeatable reporting process on a small scale. We used the guidelines, including a stakeholder engagement pilot process, to solicit sustainability input from our internal stakeholder group. Through this stakeholder engagement, we consider social, economic and environmental impacts to report on what matters and where it matters.

Sustainability Stakeholder Engagement Process

In a pilot test of a sustainability engagement process, we surveyed a small focus group to identify areas of concern relevant to our operations. Each group member listed issues facing the Postal Service, generating a list of aspects, also known as key issues or topics that serve as the foundation of this report.

Aspect rankings were based on the likelihood and/or severity of an impact, risks or opportunities arising from the issue, how critical it is for our long-term success, and opportunities to gain advantages or ability to influence outcomes within our organization.
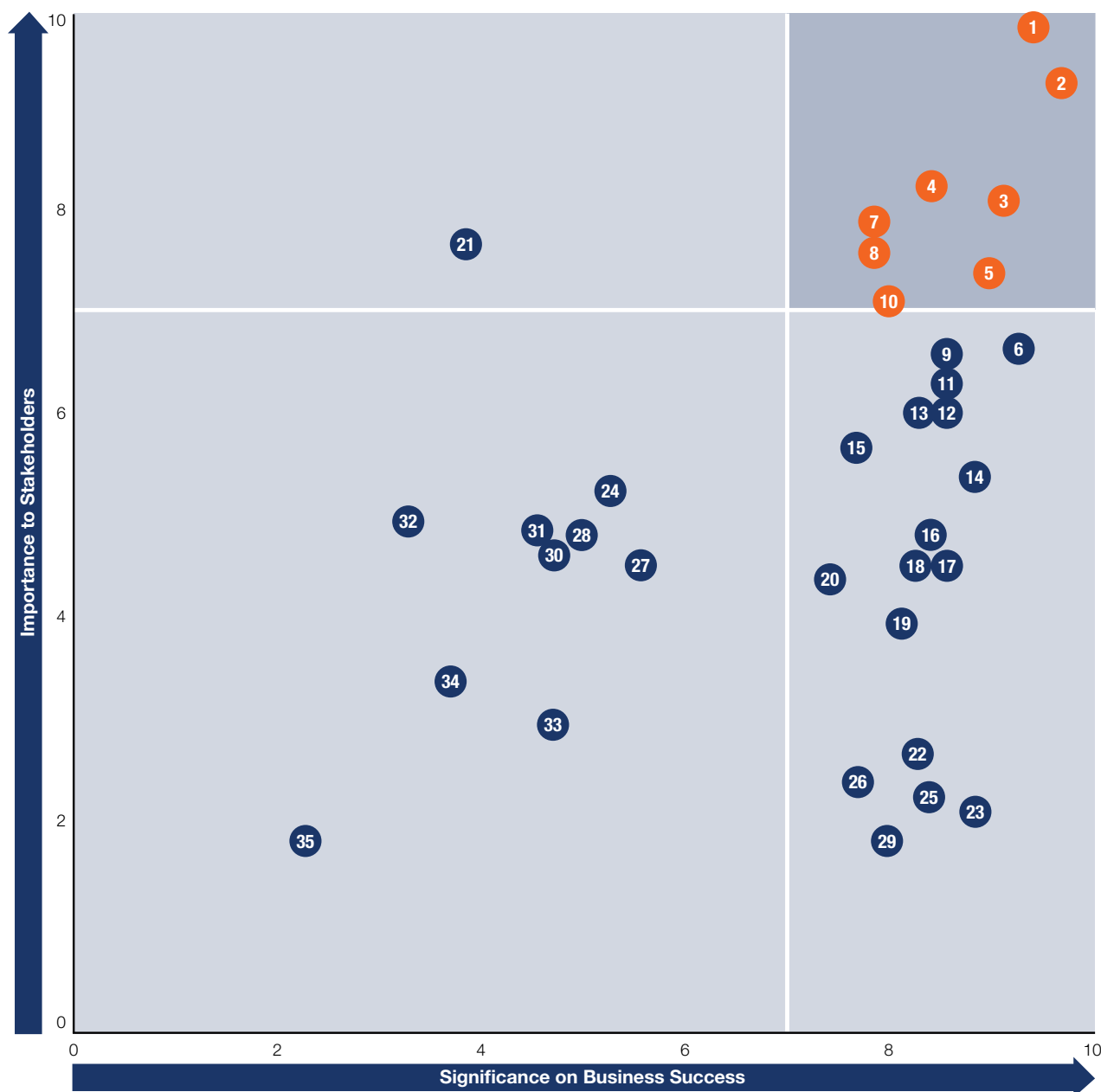
Materiality Matrix

The materiality matrix displays all 35 aspects identified by the stakeholder group and how they ranked. While each aspect is important to our operations, only those that ranked as significant for 2015 were discussed in this report. The x-axis represents the economic, environmental and social impacts on our operations, and the y-axis represents how importantly these issues are viewed by customers. Eight aspects were ranked significant: Data Security, Customer Satisfaction, Workplace Environment, Financial Impact, Operations, Impact of Terrorism on Mail, Business Preparedness and Resiliency, and Diversity and Equal Opportunities. Delivery operations was included in financial impacts, and impact of terrorism on mail was incorporated into two other significant aspects — business preparedness and resiliency and workplace environment.

Our Annual Sustainability Report also focuses on addressing the significant material aspects as identified by the initial stakeholder engagement process, and additional core sustainability topics reflected in this report.

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2015 Materiality Matrix

Importance to Stakeholders (y-axis, 0 to 10)

Significance on Business Success (x-axis, 0 to 10)

1. Data Security
2. Customer Satisfaction
3. Employee Health, Safety and Wellness
4. Economic Impact and Access
5. Delivery Operations
6. Surface Vehicle Fleet Usage
7. Global Terrorism Impact on Mail Security
8. Business Preparedness, Resiliency and Disaster Response
9. Leverage Technology and Data to Drive Business Value
10. Workforce Diversity and Equal Opportunities
11. Overall Brand Image
12. Strategic Project and Service Innovation
13. Digital Communications
14. Network Efficiency
15. Transport of Restricted or Hazardous Goods
16. Road Safety and Transport Infrastructure
17. Aging Infrastructure
18. Government Regulation/Congressional Reform
19. Energy Usage
20. Climate Risks
21. Community Involvement
22. Employee Healthcare Costs
23. Employee Culture
24. Supplier Diversity
25. Talent Acquisition and Knowledge Retention
26. Labor Relations
27. Revenue Visibility
28. Waste Management and Recycling
29. Employee Engagement
30. Environmental Compliance
31. Sustainable Purchasing
32. Water Use and Impact
33. Contracted Aircraft Fuel Usage/Pollution
34. GHG Policy, Reporting and Climate Change
35. Controversial Stamps

Future Stakeholder Reporting

We will use this methodology and others to identify and prioritize sustainability aspects in the future, striving to improve the process and engage a wider range of stakeholders to obtain more diverse input. Aspects may be ranked differently in the future as a result of different stakeholder participation.

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GRI Content Index

This GRI G4 content index contains supplemental information about our organization and services. We report data in accordance with GRI G4 Core, which means we disclose information on the general organization and strategy indicators, as well as select indicators on economics, environment, human rights, labor, society and product responsibility based on those significant aspects identified through our stakeholder engagement group. We use only publicly available resources to prepare this report and include information that improves the transparency of our sustainability reporting against GRI.

GRI guides users to evaluate disclosures that reflect the organization's significant economic, environmental and social impacts that influence stakeholders and are material to the organization. The following table contains the GRI G4 content for our sustainability report, including the recommended core general disclosures as well as the economic- and social-specific standard disclosures that aligned with the eight material aspects ranked significant by our stakeholder group. For each GRI G4 disclosure, the table provides a reference (page number, website or description) to the source of our data.

GRI #	Description	Reference/Response
STRATEGY AND ANALYSIS		
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Page iii, *Statement from the Postmaster General and Chief Sustainability Officer* section. (Page 6 of 72, *USPS 2015 Annual Report to Congress*)
ORGANIZATION PROFILE		
G4-3	Report the name of the organization.	United States Postal Service (Page 1 of 83, *USPS 2015 FORM 10K*)
G4-4	Report the primary brands, products, and services.	The Postal Accountability and Enhancement Act of 2006, Public Law 109-435 (PAEA), made revisions to the Postal Reorganization Act of 1970 (PRA) and established the Postal Regulatory Commission (PRC), endowing it with regulatory and oversight obligations. We operate and manage a very extensive and integrated retail, distribution, transportation and delivery network. Although PAEA divides our services into market dominant and competitive services, we monitor revenue by mail classes and weights, and we operate as a single segment throughout the United States and its possessions and territories. (Page 3 of 83, *USPS 2015 FORM 10K*)
G4-5	Report the location of the organization's headquarters.	475 L'Enfant Plaza SW Washington, DC 20260 202-268-2000 (Page 1 of 83, *USPS 2015 FORM 10K*)
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Priority Mail Express International and Priority Mail International services provide an affordable option for our retail and business customers for much of their shipping needs to over 180 countries. (Page 5 of 83, *USPS 2015 FORM 10K*) In 2015, the Postal Service expanded our Commercial Outbound ePacket service to Brazil. It's now available to 28 countries. Ongoing bilateral agreements for 2015 exist with Canada Post, Australia Post, PostNL (Netherlands), China Post Group, Hong Kong Post and KoreaPost. (Page 60 of 72, *USPS 2015 Annual Report to Congress*)
G4-7	Report the nature of ownership and legal form.	The Postal Service is established under the provisions of the PRA, Public Law 91– 75, 84 Stat. 719, as amended by PAEA, Public Law 109–435, 120 Stat. 3198, as an independent establishment of the executive branch of the government of the United States (39 Code of Federal Regulations [CFR] 221.1), under the direction of a Board of Governors, with the Postmaster General as chief executive officer. In accordance with the provisions of the PRA, the Postal Service has a mandate to offer a "fundamental service" to the American people "at fair and reasonable rates." (Page 3 of 83, *USPS 2015 FORM 10K*)

GRI #	Description	Reference/Response
G4-8	Report the markets served (including geographic breakdown, sectors served and types of customers and beneficiaries).	Page 1, *Our Business* section. Additionally, the Postal Service serves individuals and commercial customers in the communications, distribution and delivery, advertising and retail markets throughout the nation and internationally. As a result, we maintain a very diverse customer base and are not dependent upon a single customer or small group of customers. (Page 3 of 83, *USPS 2015 FORM 10K*) Although USPS operates as a single segment, we monitor revenue by mail classes and weights. Market dominant services account for approximately 76 percent of our annual operating revenues. Such services include, but are not limited to, First-Class Mail, Standard Mail, Periodicals and certain parcel services. Price increases for these services are generally subject to a price cap based on the Consumer Price Index for All Urban Consumers. (Page 57 of 72, *USPS 2015 Annual Report to Congress*) Competitive services, such as Priority Mail, Priority Mail Express, Parcel Select and Parcel Return Service, and some types of international mail, have greater pricing flexibility and are commonly referred to as "Shipping and Package Services." Prices for competitive services are set by our Board of Governors, which has responsibilities comparable to the Board of Directors of a publicly held corporation, and reviewed by the PRC for legal compliance. Prices for competitive services increased an average of 3.5 percent in May 2015, 2.4 percent in January 2014 and 8.1 percent in January 2013. (Page 4 of 83, *USPS 2015 FORM 10K*)
G4-9	Report the scale of the organization	Page 1, *Our Business* section. Additionally, USPS products and services are sold by approximately 32,000 Post Offices, stations and branches, plus a large network of Contract Postal Units, Community Post Offices, Village Post Offices, commercial outlets that sell stamps and services on our behalf, and through our website *usps.com*. Mail deliveries are made to approximately 155 million city, rural, PO Box and highway delivery points. Operations are conducted primarily in the domestic market, with international revenue representing approximately 4 percent of operating revenue for the year ended Sept. 30, 2015. (Page 4 of 83, *USPS 2015 FORM 10K*)
G4-10	Total workforce by employment type, employment contract and region.	The Postal Service tracks this information; however, data is not publicly available. Additional information concerning specific strategies and progress toward strategic goals are also not publicly available.
G4-11	Percentage of employees covered by collective bargaining agreements.	Chapter 9 of the ELM is dedicated to labor relations and discusses labor organizations in detail. The ELM discusses that each employee has the right to form, join or assist a labor organization, and that no interference, restraint, coercion or discrimination to encourage or discourage membership in such an organization shall be effected. (Pages 819 – 866, *Employee and Labor Relations Manual, Chapter 9 – Labor Relations*) Collective bargaining agreements cover approximately 91 percent of career employees and include provisions governing work rules while providing for general wage increases plus cost of living adjustments linked to the Consumer Price Index – Urban Wage Earners and Clerical Workers. The agreements include provisions limiting USPS ability to reduce the size of the labor force and restrict the number of non-career employees. (Page 6 of 83, *USPS 2015 FORM 10K*)
G4-12	Describe the organization's supply chain.	Page 10, *Acquisitions and Suppliers* section. Additionally, the Postal Service measures service performance in terms of speed and reliability as part of our commitment to deliver high quality service to customers. Of particular focus are First-Class Mail overnight, two-day and three-to-five-day services, which are among the most widely used mail categories. Individual consumers, small businesses and larger commercial firms all rely on First-Class Mail, which comprises nearly all parts of the Postal Service's operations and supply chain, from collection boxes and retail counters to final delivery. (Page 17 of 72, *USPS 2015 Annual Report to Congress*) Supply Management identifies strategies to expand supply chain sustainability. The details of these new initiatives, plans and policies are not publicly available.

GRI #	Description	Reference/Response
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership or its supply chain.	Page 10, *Acquisitions and Suppliers* section. Additionally, no significant changes during the reporting period occurred regarding the Postal Service's size, structure or ownership. In terms of our supply chain, we awarded 2,000 air transportation service lanes in nine international regions while reducing the overall cost of these services in 2015. While the United States accounts for 45 percent of the global market in cross-border shopping, our offerings are limited. Supply Management and Global Business are working together to bring the Global eCommerce Marketplace online, positioning the Postal Service to become more competitive in providing these services. The Postal Service is recognized as a leader in multicultural business opportunities and the Supplier Diversity program continues to strengthen our competitiveness in the marketplace. (Page 54 of 72, *USPS 2015 Annual Report to Congress*) In 2015, the Postal Service had contract commitments that exceeded $4.5 billion with small businesses, $527 million with minority businesses and $766 million with women-owned businesses. (Page 54 of 72, *USPS 2015 Annual Report to Congress*)
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	The Postal Service adheres to a precautionary approach when it comes to the environment. While USPS is not required to meet all of the federal sustainability requirements in Executive Order 13423 and Executive Order 13514, we voluntarily comply when organizationally beneficial. (Page 24 of 28, Strategic Sustainability Performance Plan) Environmental compliance reviews are also the foundation of our compliance programs and the mechanism to implement several national strategies. These reviews are conducted at our high-environmental-risk facilities (sites with mail processing, vehicle maintenance, regulated underground storage tanks [USTs] and other significant permits/plans) on a three-year cycle. (Page 63 of 72, *USPS 2015 Annual Report to Congress*) The Postal Service also has a Strategic Sustainability Performance Plan and Climate Change Adaptation Plan in place, along with many environmental related initiatives through the Office of Sustainability, to respond to environmental related challenges.
G4-15	List externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or which it endorses.	The Postal Service prepared three GHG inventories, each in one of the following protocols: ■ Exective Order 13693 — Planning for Federal Sustainability in the Next Decade, along with our federal peers. ■ International Post Corporation Environmental Measurement and Monitoring, with our postal peers across the world. ■ The Climate Registry — a North American nonprofit that sets standards for GHG reporting in a single registry of private and public entities. This information is available online at *https://about.usps.com/what-we-are-doing/green/news/wearegreen.htm.*
G4-16	List memberships of associations (such as industry associations) and/or national/ international advocacy organizations.	Universal Postal Union International Post Corporation The Climate Registry This list is just a representative sample of memberships and associations.
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report. The organization can report on this Standard Disclosure by referencing the information in publicly available consolidated financial statements or equivalent documents.	§ 221.1 39 CFR Ch. I (7–1–14 Edition) 221.2 Board of Governors. 221.3 Office of Inspector General. 221.4 Corporate officers. 221.5 Headquarters organization. 221.6 Field organization. AUTHORITY: 39 U.S.C. 201, 202, 203, 204, 207, 401(2), 402, 403, 404, 409, 1001; Inspector General Act of 1978 (Pub. L. 95–452), 5 U.S.C. App. 3. (Page 30 – 33 of 338, *GFR 2006, Title 39, Vol I, Chapter I*)

GRI #	Description	Reference/Response
G4-18	Explain the process for defining report content and the Aspect Boundaries.	Page iv, *About The Report* section. Additionally, the stakeholder engagement section of this report further describes the determination of materiality, prioritization of aspects identified and ranking of aspects, and identifies the stakeholders engaged in the reporting process. The scope of the report is defined broadly by operational control. Operational controls include sorting, processing, moving mail, maintaining mail delivery vehicles and conducting administrative tasks within the United States and its territories. Unlike previous versions of the framework, GRI G4 does not include ratings or in accordance levels. GRI G4 also emphasizes materiality; G4 Guidelines require organizations to disclose all material aspects of operations and provides a generic set of disclosures on management approaches. USPS employs the G4 Guidelines to disclose our impacts on climate change, health, safety and other issues while introducing goals and disclosing pertinent information.
G4-19	List all the material Aspects identified in the process for defining report content.	Starting on Page 15, *Materiality Matrix* section identifies all material aspects identified in this report.
G4-20	For each material Aspect, report the Aspect Boundary **within** the organization. Report any specific limitation regarding the Aspect Boundary within the organization.	Starting on Page 15, *Materiality Matrix* section. All aspects identified in this report are material within the organization.
G4-21	For each material Aspect, report the Aspect Boundary **outside** the organization. Report any specific limitation regarding the Aspect Boundary outside the organization.	All aspects identified are not considered material outside of the organization.
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Not applicable for this report period.
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Page iv, *About The Report* section. This is the initial year for Postal Service reporting under GRI G4; therefore, there are no updates from previous GRI G4 submissions. In the future, the Postal Service will disclose significant changes from previous reporting periods. The remainder of this report investigates key topics according to USPS long-term organizational and financial strategy initiatives in accordance with the G4 Guidelines.
STAKEHOLDER ENGAGEMENT		
G4-24	Provide a list of stakeholder groups engaged by the organization.	Page 13, *Employee Engagement* section and Starting on Page 15, *Stakeholder Engagement* section. In addition to stakeholders group identified in this report, we are dedicated to transparency and effectively communicating to our numerous stakeholders in everyday operations. Key among these stakeholders are the commercial and residential customers whom we serve, legislators and regulators who provide oversight and ensure transparency and performance, and employees who deliver world-class service. The Postal Service works closely with our mailing industry partners through many venues because their success is also the Postal Service's success. (Pages 14, & 37 of 72, *USPS 2015 Annual Report to Congress*)
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	Page 13 *Employee Engagement* section and Starting on Page 15, *Stakeholder Engagement* section. The Postal Service Consumer and Industry Affairs group is responsible for USPS customer interaction and support for individual consumers, small businesses, large corporations and commercial mailers. Postal Service management also interacts with industry professionals through the National Postal Forum. (Pages 37, 38 of 72, *USPS 2015 Annual Report to Congress*)
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Starting on Page 15, *Stakeholder Engagement* section. Additionally, USPS engages stakeholders specifically on supplying practices. After identifying the key supplier stakeholders, the Postal Service performs a stakeholder mapping exercise using an influence/impact matrix. This is available online at: *https://about.usps.com/manuals/spp/html/spp1_010.htm.*

GRI #	Description	Reference/Response
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	Starting on Page 11, *Workplace Environment* section and Page 13, *Employee Engagement* section and Starting on Page 15, *Stakeholder Engagement* section. Additionally, the Postal Pulse survey is also used as part of communications on how USPS is responding to employees' views, thoughts and suggestions, although they are not available to the public. Survey questions are research-based and have proven to be statistically valid and reliable over time for measuring employee engagement and the relationship to key business indicators. (Page 20 of 72, *USPS 2015 Annual Report to Congress*)
REPORT PROFILE		
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	Fiscal year 2015 performance beginning Oct. 1, 2014, and ending Sept. 30, 2015.
G4-29	Date of most recent previous report (if any).	May 2015
G4-30	Reporting cycle (such as annual, biennial).	Annual
G4-31	Provide the contact point for questions regarding the report or its contents.	United States Postal Service Office of Sustainability, Room 2801 475 L'Enfant Plaza SW Washington, DC 20260-4233 sustainability@usps.gov
G4-32	Report the 'in accordance' option the organization has chosen. Report the GRI Content Index for the chosen option. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.	The Postal Service is reporting in accordance with G4 Core content index. External assurance is not being pursued for 2015.
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report.	This report was prepared in accordance with the GRI G4 Guidelines. In defining the content, USPS followed a process of establishing priorities based on determining material sustainability aspects for USPS (includes economic, social and environmental impacts) and reporting against aspects that are determined as significant to USPS.
GOVERNANCE		
G4-34	Report the governance structure of the organization, including committees of the highest governance body. dentify any committees responsible for decision-making on economic, environmental and social impacts.	USPS is governed by an 11-member board composed of nine governors appointed by the president of the United States with the advice and consent of the U.S. Senate, the Postmaster General and the Deputy Postmaster General. (Page 64 of 83, *USPS 2015 FORM 10K*)
ETHICS AND INTEGRITY		
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Our mission is to provide a reliable, efficient, trusted and affordable universal delivery service that connects people and helps businesses grow. Our vision is dedicated to improving our services, products and capabilities to adapt to the changing needs of customers in the digital age. (Page 14 of 72, USPS 2015 Annual Report to Congress) All USPS employees must comply with the Standards of Ethical Conduct for Employees of the Executive Branch. The standards are published in 5 CFR Part 2635 and cover prohibitions and restrictions on acceptance of gifts, conflicting financial interests, the obligation of all employees to perform their duties impartially, restrictions on the misuse of government positions, restrictions on certain outside activities and other ethical obligations. Certain high-level employees are also subject to the Senior Financial Managers' Code of Ethics. Both codes can be found on the Postal Service's website at: *https://about.usps.com/manuals/elm/html/ elmc6_026.htm & https://about.usps.com/who-we-are/financials/senior-financial-managers- code-of-ethics-2010.pdf.*

GRI #	Description	Reference/Response
ECONOMIC		
G4-EC1	Direct economic value generated and distributed.	Page 6, *Financial Impacts and Risks* section and
		Page 14, *Serving the Community* section.
		Additionally, USPS 2015 operating costs totaled $73.83 billion and compensation and benefits expenses totaled $47.52 billion. The Postal Service has significant transactions with foreign countries via payables and receivables, with $498 million in payables and accrual expenses to foreign countries. Financial transactions broken down by country are not publicly available. Operations are conducted primarily in the domestic market, with international revenue representing approximately 4 percent of operating revenue for the 2015 fiscal year. The total revenue for the Postal Service was $68.93 billion in 2015, while employing more than 491,000 career employees and 130,000 non-career employees. (Pages 21, 39 of 83, USPS 2015 FORM 10K)
		The Postal Service incurred a net loss of $5.06 billion in 2015 and has incurred net losses of $56.8 billion since 2007. Major factors contributing to losses include USPS requirement to prefund retiree health benefit obligations and the ongoing decline in First-Class Mail volume caused by changes in consumers' and businesses' uses of mail. As a result, the Postal Service does not have sufficient funds to meet our existing legal obligations, pay down debt and make critical investments in its infrastructure. (Page 46 of 83, *USPS 2015 FORM 10K*)
		USPS debt consists of fixed-rate notes and two revolving credit facilities with various maturities with an aggregate principal balance of $15.0 billion as of Sept. 30, 2015, and Sept. 30, 2014. The two revolving credit facilities have interest rates determined by the U.S. Department of Treasury each business day and enable the Postal Service to draw up to $4 billion annually. As of Sept. 30, 2015, these facilities were fully drawn, have maturity dates of April 19, 2016, and are included in the current portion of debt in the balance sheets. Net cash used in financing activities for FY 2015 was $62 million, consisting primarily of cash payments on capital lease obligations. (Page 33 of 83, *USPS 2015 FORM 10K*)
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Page 2, *Environmental Compliance* section and
		Starting on Page 6, *Climate Change Adaptation* section.
		Additionally, the Postal Service's climate change adaptation steering and working groups consider rebuilding costs, downtime, equipment loss, employee safety and other significant cascading effects resulting from climate change. While the Postal Service recognizes the potential increased operating expenses associated with climate change (increased infrastructure, fleet, weather-related costs, etc.), we currently do not provide quantitative estimation of those impacts across the organization. However, the steering and working groups prioritize climate change risks, opportunities and associated costs during decision-making processes. (Pages 7, 11-15 of 17, *2014 Climate Change Adaptation Plan*)
		There may be future opportunities for the Postal Service to assist federal, state, and local climate change resiliency efforts across the nation via a wide range of products and services. For example, our Every Door Direct Mail® product could be utilized to assist community efforts to communicate with specific neighborhoods on climate change issues. (Page 16 of 17, *2014 Climate Change Adaptation Plan*)

GRI #	Description	Reference/Response
LABOR PRACTICES AND DECENT WORK		
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	Starting on Page 11, *Workplace Environment* section.
		Additionally, employees can reference the ELM for a full description of their benefits. USPS employee benefits are equal for full-time and part-time career employees, except in the category of leave practices. The Postal Service offers annual and sick leave — 13 days of annual leave per year for the first three years, increasing to 20 days per year after three years of service, and to 26 days per year after 15 years of service. In addition, full-time employees earn three hours per pay period as insurance against loss of income due to illness or accident. Annual and sick leave is prorated based on paid hours for part-time employees. Postmasters, supervisory and managerial employees, and non-career employees converted to those positions who have no prior federal or USPS service that is creditable toward the leave computation date, receive 10 days of annual leave per year for the first five years, increasing to 15 days per year after five years, and to 20 days per year after 15 years. In addition, employees earn three hours per pay period as insurance against loss of income due to illness or accident. Annual and sick leave is prorated based on paid hours for part-time employees. This information is available online at *https://about.usps.com/careers/working-usps/benefits.htm.*
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Page 12, *Health, Safety, And Welfare* section.
		Additionally, USPS takes initiatives to ensure a safe work environment for its employees. For example, the Postal Service National Joint Labor Management Safety Committee established a methodology for assessing the effectiveness of district safety committees during the test period, and provides quarterly evaluation reports and recommendations to the American Postal Workers Union president and the Postal Service vice president of Labor Relations. Additionally, there is a Joint Labor-Management Safety Committee and Joint Labor-Management Ergonomics Committee at USPS Headquarters, and a Joint Labor-Management Safety and Health Committee at each postal installation with 50 or more employees. These installation committees are monitored by the local area and district Executive Safety and Health Committees, which assist in implementing safety initiatives and facilitating communication. (Pages 90, 91 of 534, APWU Contract 2010-2015)
		A list of recognized organizations include National Postal Professional Nurses, Rural Letter Carriers Association and International Association of Machinists. Supervisory and managerial organizations include National League of Postmasters of the United States and National Association of Postal Supervisors. These groups help USPS employees organize ideas and help provide supportive and productive work environments for Postal Service workers. This information is available online at: *https://about.usps.com/strategic-planning/cs08/chpt3-pg29.htm.*
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities, by region and by gender.	Page 12, *Health, Safety, And Welfare* section.
		Additionally, USPS not only works to create a safe and secure workplace environment, but also strives to ensure the health, safety and wellness of our employees. The Postal Service sets injury and illness rate goals each year using an industry-wide formula recommended by the Occupational Safety and Health Administration (OSHA). This formula is: total number of OSHA injuries and illnesses multiplied by 200,000 hours (representing 100 employees working 2,000 hours per year) divided by the number of exposure hours worked by all employees. According to our annual report, in 2015 USPS set a target OSHA illness and injury rate of 5.10 per year, with a 2015 actual rate of 6.55 injuries/illnesses per year. (Page 16 of 72, *USPS 2015 Annual Report to Congress*)
		The Postal Service Safety Performance Management division uses the Safety Toolkit to track minor injuries, injury rate, occupational disease rate, lost day rate, absentee rate and fatalities for USPS employees and contractors. However, the data from the safety toolkit is not publically available.

GRI #	Description	Reference/Response
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	Page 12, *Health, Safety, And Welfare* section.
		Additionally, the USPS and the American Postal Workers Union, American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), agree that it is in their mutual interest to have an effective health and safety program. To that end, the parties agreed to maintain district safety committees in each area. Under a 2010 pilot program, district safety committees were phased in with management members selected by the district manager or designee. Now a fully functional organization, district safety committees meet quarterly and may request special meetings. (Page 356 of 534, APWU Contract 2010-2015)
		A major component of the Postal Service workplace violence prevention program is the Headquarters, Areas and Districts Threat Assessment Teams (TAT). This workplace violence prevention program depends on a universal zero tolerance policy statement and a consistently implemented action plan for threat and assault management to provide the foundation for establishing a violence-free workplace. The Postal Service continuously revises the TAT program with advances in workplace violence prevention. TATs are also instrumental in preparing for and preventing a terrorist attack. While the likelihood of an attack is small, USPS works to ensure we're prepared for and can recover from an act of terrorism. USPS has instituted emergency preparedness plans, including bioterrorism preparedness and response plans, and employs the Postal Inspection Service to monitor mail and prevent safety threats. These measures help create a safe and secure workplace environment. For more information: *http://about.usps.com/postal-bulletin/2011/pb22312/html/updt_010.htm.*
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Page 11, *Diversity and Equal Opportunity Initiatives* section.
		Additionally, USPS tracks our employees' demographic metrics including age, race and percentage of employees with disabilities. However, this information is not publically disclosed. USPS governance workforce composition is not tracked in unique metrics. However, diversity has always been a shared value across the organization, demonstrated through the Diversity and Inclusion program applicable to all positions, including governance bodies.

PRODUCT RESPONSIBILITY

GRI #	Description	Reference/Response
G4-PR5	Results of Surveys Measuring Customer Satisfaction.	Page 9, *Customer Satisfaction* section.
		The Postal Service is dedicated to delivering excellent customer experiences as measured by the Customer Insights (CI) measurement system, which provides a view of customers' experience across frequently used contact channels. These channels or touch points include Business Service Network, point of sale, delivery (residential and businesses), and Customer Care Center. The experiences from all touch points are weighted and aggregated to develop a national composite score. USPS set a target CI score of 86.70 percent and ended FY 2015 with a composite score of 85.73 percent. Additional results of the CI survey include:

Touch Point	CI Score (Percentage)
Business Service Network	94.32
Point of sale	86.28
Delivery (residential)	80.32
Delivery (small/medium businesses)	74.65

(Page 19 of 72, *USPS 2015 Annual Report to Congress*)

GRI #	Description	Reference/Response
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Page 7, *Data Security* section.
		Additionally, data related to specific incidents of breaches of customer privacy is not publicly available.

Trademarks

The eagle logo, the trade dress of USPS packaging, the letter carrier uniform, trade dress of the round top collection box and the postal truck and the following word marks are among the many trademarks owned by the United States Postal Service®: First-Class™, First-Class Mail®, Forever®, Intelligent Mail®, P.O. Box™, Post Office™, Priority Mail®, Priority Mail Express®, Priority Mail Express International®, Priority Mail International®, Standard Mail®, United States Postal Inspection Service®, United States Postal Service®, U.S. Mail®, U.S. Postal Service®, USPS®, USPS BlueEarth™, USPS Mobile®, usps.com®, ZIP+4® and ZIP Code™.

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Year References: All references to a specific year refer to the Postal Service fiscal year (FY) ending Sept. 30. However specific month and year references pertain to the calendar date.

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