KEY PERFORMANCE

Greenhouse gases cut 13.3% since 2008

Facility energy use reduced 31.4% since 2003

Americans rank USPS No. 1 of 13 federal agencies (according to a 2014 Gallup Poll)

USPS BlueEarth™
Recycling program provides federal agencies the ability to securely and efficiently recycle unwanted electronic devices, toner and ink cartridges.

Reduced spending on consumables by 35.9% since 2008

Climate Registered by The Climate Registry for leadership in greenhouse gas emissions accounting
We operate a fleet of long-life vehicles to deliver to 153.9 million addresses.

Our free packaging meets Sustainable Forestry Initiative or Forest Stewardship Council certification standards.

We recycled 223,796 tons of waste.

Exceeded water use reduction goal by 300%.

Purchased $236 million of environmentally preferable products.

We appointed the first woman Postmaster General.
Q. The Postal Service created the Office of Sustainability in spring 2008. What has the department achieved since then?

A. Megan Brennan: First, I would like to acknowledge the efforts of my predecessors, Jack Potter, who created the Office of Sustainability, and Pat Donahoe, who championed its efforts. I, too, am proud of and support the initiatives that promote a culture of conservation within the Postal Service. Given the scale and scope of our organization, we believe there is an obligation to be a sustainability leader. Since 2007 we have achieved a 15 percent reduction in our scope 1 and scope 2 greenhouse gas emissions. During the same period we reduced facility energy use by more than 31 percent. I would like to thank the employees who did their part and took action to make these accomplishments a reality.

Q. What are some key initiatives that are helping the Postal Service become more sustainable?

A. Thomas Day: Several initiatives have contributed to our success. Our belief is that in order to achieve change, one must measure, set targets and report results. We assemble and report three separate greenhouse gas inventories. The first is with our federal peers through Executive Order 13693: Planning for Federal Sustainability in the Next Decade. The second is with our industry peers at the International Post Corporation, and lastly with our business peers at The Climate Registry. In addition, we also report progress in a Strategic Sustainability Performance Plan, the Office of Management and Budget Scorecard and the Global Reporting Initiative index. Each of these efforts furthers our transparency.

Beyond measuring and reporting, we are committed to change by implementing specific programs that will make a difference. The national recycling operation will standardize the trash removal and recycling efforts of the Postal Service. When completed, we will move our diversion from landfill to recycling from less than 50 percent to over 90 percent. Our underground storage tank program is addressing the single greatest environmental risk of the Postal Service. We are conducting rigorous testing on the oldest tanks in our inventory and removing or replacing when appropriate to ensure we are properly storing gasoline and diesel fuel. Finally, we are addressing the issue of climate change through a cross-functional climate change adaptation plan to make sure our plans and policies account for the impact of climate risk.

Q. How does sustainability fit within the Postal Service?

A. Megan Brennan: The Postal Service’s mission is to provide trusted, affordable and universal mail service to the people of the United States. Delivering to every home nearly every day means doing our part to take care of communities in which we live and work. Sustainability initiatives are a great example of how we can reinvigorate the way we serve our customers and the public by constantly looking forward as an organization, anticipating the changing needs of our customers, and adapting as quickly as we can to an evolving world.

Q. Why is sustainability important for organizations today?

A. Thomas Day: Sustainability has become a requirement to compete in the business-to-business world. Large companies are requiring potential suppliers to report sustainability attributes and have programs in place to improve their performance. At the consumer level, there is a growing expectation that individuals want to do
business with companies that share their values. As a result, companies have reduced their own impact on the environment and, in turn, have taken the knowledge gained from this experience to create new products and services to help their customers reduce their own impact. Sustainability and environmental impact are part of a company’s brand. Besides, it’s the right thing to do.

Q. Are Postal Service products developed using sustainable attributes?

A. Megan Brennan: Our marketing and sustainability teams continue to collaborate on how we can strengthen and integrate sustainable initiatives into our products and services.

Large mailers, businesses and multinational corporations are increasingly asking their suppliers and service providers to be transparent about the impact of their activities. The Postal Service has a sustainability story, because we deliver the last mile of service for our competitors. We can provide door-to-door, six-days-a-week service more efficiently than anyone else.

A. Thomas Day: Our Priority Mail and Priority Mail Express service customers are provided with free packaging. This cardboard packaging is 100 percent recyclable and we require our packaging suppliers to adopt one of the following criteria — Forest Stewardship Council or Sustainable Forest Initiative. We also encourage Cradle to Cradle certification.

Q. What is the value of sustainability performance as a business case?

A. Megan Brennan: To move a letter from Long Island, NY, to Long Beach, CA, requires fuel, energy and physical infrastructure. Environmental stewardship means taking responsibility to ensure we do this as efficiently as possible. Being sustainable also offers an opportunity to engage our employees, who take great pride in our mission. As we are investing in our infrastructure, we are investing in opportunities to allow employees to implement more sustainable practices in their day-to-day work.

A. Thomas Day: Sustainability recognizes the value of people, planet and profit—the triple bottom line. By addressing environmental and social concerns organizationally, sustainability supports the business bottom line. Sustainability also includes identifying long-term strategies that integrate financial, social and environmental performance. An organization that is proactive about environmental stewardship is not only doing the right thing, it can help avoid costly consequences.

Q. Why is climate change adaptation important to the Postal Service?

A. Megan Brennan: The Postal Service is committed to climate change adaptation and formalizing the continued integration of the impacts of changing climate into the Postal Service’s decision-making. By making use of the data and technology available, we can help improve the efficiency and resiliency of our operations.

A. Thomas Day: Climate change adaptation represents the proactive planning that’s essential to risk management. We have created a climate change adaptation plan that looks to take steps in advance of these events to either significantly mitigate or even prevent the damage and disruption that might otherwise have occurred.
INTRODUCTION

For more than 235 years, the Postal Service has lived by its unofficial creed: “Neither snow nor rain nor heat nor gloom of night stays these couriers from the swift completion of their appointed rounds.” Today, we’re addressing our challenges and making big changes, but our core values remain the same.

USPS mission and vision

Our mission of providing universal delivery service to bind the nation together was established in the Constitution. It has been the foundation of postal policy for over 200 years. Our vision has always been focused on continually adapting to best meet the changing needs of the nation and our customers.

The Postal Service mission is to provide reliable, efficient, trusted and affordable universal delivery that connects people and helps businesses grow.

The Postal Service is dedicated to improving its services, products and capabilities to adapt to the needs of customers in the digital age.

We are committed to being a sustainability leader by creating a culture of conservation throughout the Postal Service and leading the adoption of sustainable business practices by engaging our employees, customers, suppliers, the mailing industry and our federal peers. As a foundation to this vision, we strive to ensure compliance with environmental regulatory requirements in all aspects of our operations.

Our call to action is to be “leaner, greener, faster, smarter” in support of the overall goal of delivering mail at the lowest cost with minimal impact on the environment.

“The Postal Service is not merely defined by what it does, but rather by the many people who have dedicated their careers to serving the American public.”

Megan J. Brennan, Postmaster General and Chief Executive Officer
2014 POSTAL TRENDS

155 billion mailpieces processed

19 billion stamps sold

153.9 million delivery points nationwide

Annual revenue of $67.8 billion

488,300 career employees

Delivers more mail in a larger geographic area than any other post in the world

208,182 vehicles deliver the mail

Shipping and package business continues to increase

More than 31,000 facilities

3.4 million visits to usps.com every day
EMPLOYEES AND THE COMMUNITY

We strive to support our employees and customers through a multitude of initiatives. We care about people, those who work for us and those we work for.

Employees
We want our employees to be engaged, encouraged and celebrated. We do this by supporting both diversity and inclusion. In a 2014 survey, 77 percent of employees said they were proud to work for the Postal Service and 75 percent feel personally responsible for helping the organization succeed.

Through diversity initiatives and a 2014 push to increase engagement and training, we are developing and fostering the workforce we will need to meet future needs.

“All human beings need to feel connected, to share their lives, strengthen friendships and to give thanks. The Postal Service enables us to send and share first-class experiences …”

-Mark D. Smith, Postmaster

Community
Postal Service employees go the extra mile for customers and communities every day. We have many initiatives to help our employees connect with the members of the communities they serve. We not only deliver the mail but give back to the customers we serve and support the causes they care about.

Charitable giving
Combined Federal Campaign
- The Combined Federal Campaign is a workplace giving campaign for the federal government and is the world’s largest.
- Postal employees can select to give to more than 22,000 charities.

“This charity helped save my family. I didn’t realize how much help those organizations actually can give until I was the one who needed help. Donating is so important.”

-William White, Information Systems Specialist

Diversity initiatives
Each year the Diversity and Talent Acquisition team hosts diversity events and participates in career fairs across the country.

In 2014, the team held eight heritage events, including educational assemblies on women’s history, African-American history and older Americans.

We evaluate the success of our outreach actions by measuring the number of new hires, demographics of these hires and number of applicants who apply. We believe that attending these events enhances our employment brand.
Semipostal stamps

- Eleven cents of every stamp sold benefits funds designated by Congress.
- The Breast Cancer Research stamp has raised $79.3 million since 1998 for breast cancer research.
- The Save Vanishing Species stamp has raised $2.6 million since 2011 for conserving species such as African and Asian elephants, great apes, marine turtles, rhinos and tigers.

Food drive

- The National Association of Letter Carriers Stamp Out Hunger Food Drive is the largest annual food drive in the United States.
- In 2014 the food drive collected more than 73 million pounds of food.

Giving back

Operation Santa

- Operation Santa helps individuals, businesses and charitable organizations respond to children’s letters to Santa received by USPS.
- Operation Santa has been making children’s dreams come true for more than 100 years.

“Over the years, I have read about thousands of wishes, some big, some small, some funny, some sad … and some that can even break your heart. But I can tell you that amazing things happen during this time of year, and many of those wishes and dreams are fulfilled right here.”

-Pete Fontana, Chief Elf of Operations, Operation Santa, New York

Be The Match Registry

- The Postal Service is a Be The Match Registry partner. Be The Match Registry’s goal is to provide marrow or umbilical cord blood transplants to all patients who need them.
- Since 1997, more than 59,320 USPS employees have registered.

 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 the USPS carrier to watch for an accumulation of mail that might signify a sudden illness or accident.
- Carriers show particular consideration for customers whose health or advanced age can make them more vulnerable.
By cultivating workplace knowledge about sustainability through training and information sharing, the Postal Service empowers employees to make a difference not only in their jobs, but in their personal lives by adopting green practices at home.

Employees who create new opportunities for conservation and more efficient use of resources are supported and their successes recognized. Employees are helping pave the pathway to a more sustainable future for the organization — and for us all.

**Lean Green teams**

Lean Green teams are created within a facility or district to build on the Postal Service’s efforts to create a culture of conservation.

The teams mobilize fellow employees to help the Postal Service reduce its carbon footprint and save money by finding low- and no-cost ways to decrease facility energy and vehicle petroleum use, improve water efficiency, buy fewer supplies, reduce solid waste sent to landfills and increase recycling.

**Climate change adaptation working group**

During 2014, subject matter experts from throughout the Postal Service met monthly to develop the climate change adaptation plan. This plan takes a proactive approach to address the impacts of climate change on the Postal Service.

Increased flooding, rising sea levels, more intense weather events and changes in temperature, precipitation and drought patterns could potentially disrupt our ability to provide service. This review will better position our organization to manage emerging mission risks, ensure effective operation and help us identify new opportunities to become more resilient.

While the Postal Service is not required to meet Executive Order 13653, *Preparing the United States for the Impacts of Climate Change*, we have chosen to voluntarily integrate the impacts...
of a changing climate into our decision-making.

**Energy Action Month**

USPS headquarters in Washington, DC, sponsors its annual Energy Action Month event in October. Our theme in 2014 was Back to Basics, reminding employees to commit to action, conserve energy and promote efficiency. An electric utility representative discussed the value of home energy assessments and highlighted ways consumers can save on energy costs, such as using programmable thermostats. The event also offered postal employees information about bike-share programs, commuting and carpools, battery returns and LED lighting.

In addition, a Take the Stairs challenge promoted a “back to basics” approach for cardio and strength building to increase physical energy.

**Tips for going green**

Big changes can start with small steps. Our employees have been conserving energy for years by taking simple actions, such as shutting off lights when leaving an empty room, reporting water leaks and ensuring that outside doors are tightly sealed and shut.

These small changes have helped the Postal Service reduce facility energy usage 31.4 percent from 2003 to 2014. These basic actions also can save energy at home and during everyday activities:

- Turn off lights when not in use.
- Adjust thermostats to appropriate temperatures when not at home.
- Keep outside doors and windows closed.
- Replace incandescent lights with LEDs.
- Clean or replace furnace, air conditioner and heat pump filters.
- Use energy-saving settings on refrigerators, washing machines, dryers and dishwashers.
- Use public transportation.
- Share rides.

- Properly maintain your car — including tire inflation.
- Don’t speed — most cars get their best fuel economy between 30 and 60 mph.
- Avoid excessive idling.
- Drive sensibly — aggressive driving, rapid acceleration and hard braking waste gas.

Beyond these basic ways to save energy, there are ways to amp it up through these steps:

- Wash your clothes in cold water.
- Bring a reusable mug to your local coffee shop.
- Trade in paper napkins for reusable cloth ones.
- Close the blinds and drapes on hot summer days, and open them up on cold winter days.
- Eat a plant-based meal once a week.
- Remove extra materials from your car trunk. That extra weight may be costing you at the gas pump!
- Print on both sides of the page.
- Use shredded waste paper for packing parcels at the holidays.
- Give your clothes dryer a rest by air drying clothes. As a bonus, this will help to humidify your home in the winter.
- Consider buying items second hand rather than new and give away or donate items that still have life in them.
Recognizing employee contributions
It takes a team effort to achieve our sustainability goals. Throughout the organization, employees have made recycling, reducing waste and saving energy a part of their daily routines. The Postal Service proudly honors employees who make outstanding contributions to achieving sustainability goals.

Sustainability Globe award
On a quarterly basis, outstanding postal stakeholders who support the Office of Sustainability’s green initiatives may be nominated for a Globe award. Government Relations representative Catherine Pagano was presented with this award in 2014 for her leadership in ensuring congressional staffers are up to date on the Postal Service sustainability program, our challenges in meeting goals, and our compliance with mandated laws, as well as voluntary adherence to executive orders.

Postmaster General Sustainability Excellence award
The Postmaster General Sustainability Excellence award recognizes postal teams and individuals contributing to a sustainable workplace. This program is sponsored by the Postmaster General and implemented by the Office of Sustainability in cooperation with officers from headquarters and the field.

An individual or team may apply for an award by demonstrating creative practices in these areas:
- Waste reduction, recycling and pollution prevention.
- Green purchasing and reduction of spending on consumables.
- Green facility operations and maintenance.
- Green transportation and reduction of vehicle petroleum use.

REDUCING, SAVING ON CUSTODIAL CLEANING CHEMICALS

Leaner, greener, cleaner
The Postal Service is cleaning up its cleanup products. With the our Network Operations team taking the lead, USPS is reducing the number of cleaning chemicals used in facilities and replacing them with safer and more environmentally friendly alternatives.

USPS also is standardizing chemicals and containers. Instead of 150 different cleaning chemicals, there are only 15 options today. Instead of chemicals stored in large bulk containers, risking hazardous spills, cleaning products come in small packages designed for individual use — and they’re Green Seal certified.

In addition, USPS has lowered costs by switching to concentrated cleaning products. It costs about 60 cents to create a 32-ounce bottle of a new cleaner when water is added. A similar pre-mixed product costs $5.50. A typical postal site uses about 30 packages of the cleaning product every week, which saves about $7,700 annually for each facility. USPS is staying clean — and seeing green as a result.

CARIBBEAN DISTRICT GREEN INITIATIVES

From sea to shining sea
No island is an island when it comes to USPS sustainability — everybody in the Postal Service is connected to this effort. But the Caribbean District’s islands of Puerto Rico, Vieques and Culebra, and the three major Virgin Islands, do have special concerns. Because space is limited and energy production is expensive, getting employees engaged in recycling, reducing waste and saving energy is crucial.

The Caribbean Green newsletter keeps employees informed about conservation and sustainability. Customers also are encouraged to recycle and optimize use of postal products and services. Among its many successes, the San Juan Processing and Distribution Center and Vehicle Maintenance Facility (VMF) recycled more than 4,000 pounds of electronic waste and nearly 16,500 pounds of other types of waste. The VMF reduced its hazardous waste from 1,550 pounds per year to 150 pounds.

The district also cut energy costs by replacing outdated lighting with LEDs, reducing gasoline and diesel consumption, and improving generators.
Green mail processing and delivery operations.
Green IT and electronics stewardship.
Employee engagement in sustainability.
Selling green value to our customers.

**Culture of conservation**

Our employees are committed to doing what's right for the planet. They recognize that the Postal Service benefits from recycling, saving energy and smart use of resources, and so do employees and the communities in which they work.

“**We want to give (employees) more flexibility and problem solving tools to deliver greater value for our customers.**”

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**CLARKSBURG POST OFFICE, MARYLAND**

**See the forest for the trees**

Small steps can make a difference — for the Postal Service and the planet. Taking a holistic view of sustainability resulted in a remarkable success story at the Clarksburg, MD, Post Office. Employees collectively decided to participate in greening their work environment.

They created a green project tree that listed ideas on next steps, including simple, day-to-day activities, such as minimizing office purchases, fixing leaky faucets, eliminating unnecessary vehicle washing and separating recyclables.

The final results are impressive: a 5.6 percent reduction in energy usage, 55.3 percent reduction in water usage, 6.1 percent reduction in waste to landfill and 47.2 percent reduction in consumables spending. That’s a big impact from taking simple steps. These employees are still engaged and motivated to do what’s right for the planet. A sustainable future for USPS is their future too.

**HARLAN POST OFFICE, IOWA – RECYCLING PARTNERSHIP**

**Return, recycle, repeat**

The Harlan, IA, Post Office saw tons of recycling opportunities — literally. A customer was discarding 72 tons of returned merchandise consisting of books, calendars and other paper products annually.

The office wanted to find a place they could send the unwanted merchandise where it wouldn’t wind up in a landfill. The solution: the Atlanta Mail Recovery Center. As a result of this partnership, the Harlan Post Office is saving $1,800 annually in waste disposal pickups.

The cost of implementation was zero and normal transportation routes are used to move the recyclables through the USPS network at no additional costs.

A successful recycling program benefits the environment and employees take greater pride in their workplace. They view commitment to recycling as an investment in them and the community.
Facilities and energy

The Postal Service has more than 31,000 buildings nationwide. Our network of facilities provides mail processing, retail services, vehicle maintenance, data management and administrative support.

We have two goals — reduce total facility energy use and energy intensity (use per square foot) 30 percent by 2015, starting from a 2003 baseline. We’re on track to meet our goals, notwithstanding a slight increase in 2014 energy consumption compared to the prior year. This was largely driven by increased demand for heating fuel from the severe winter of 2014.

Our facility energy use has decreased 31 percent since 2003. Our energy use per square foot (energy intensity) is also down 29 percent from 2003 — as a result of the day-to-day actions of our employees, investments in energy efficiency projects and use of enterprise data collection tools.

Total facility energy use

<table>
<thead>
<tr>
<th>Year</th>
<th>Energy Use (Trillion BTU)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>33.7</td>
</tr>
<tr>
<td>2014</td>
<td>23.1</td>
</tr>
</tbody>
</table>

31.4% REDUCTION from 2003 to 2014

The Postal Service consumed 23 trillion BTUs in 2014. Using all this energy was a large expenditure — $542 million — so saving energy also helps our bottom line.

In 2014, we continued to advance several facility energy management strategies, and continued energy-saving initiatives from previous years.

Energy measurement and reporting

We utilize two systems to quantify and examine our energy use. Our Enterprise Energy Management System (EEMS) underwent growth in 2014. This corporate data warehouse consolidates facility-related energy data and provides tools for analysis and decision-making to reduce energy consumption and costs. The data and findings are used to evaluate building equipment settings and performance, and identify opportunities for improvement.

Enhancements to EEMS in 2014 increased the quality, quantity and transparency of facility energy use data and improved how we identify and report energy conservation. The network was expanded to integrate an additional 27 large USPS mail processing facilities directly into EEMS, which provides real-time remote monitoring capabilities. We awarded contracts for the integration of another 34 large facilities.

Contracts also were awarded to connect 53 additional medium-sized buildings to EEMS to communicate and control the buildings’ energy conditions and consumption.

In addition, we continue to maintain a central utility bill verification and payment system that streamlines and captures energy consumption and cost data at more than 5,400 facilities. This system provides detailed utility consumption and cost profiles to EEMS and handles bill payment, auditing, rate optimization and tax recoupment.

This Utility Management System has made reporting and our utility bill management more transparent. The system monitors excessive utility usage for any particular site.

Type of accounts in the Utility Management System
Before After

A cross-functional Postal Service team worked with the local utility to maximize the energy efficiency incentives available at the Providence, RI, Processing and Distribution Center. As a result, the Postal Service developed a pilot project that incorporated our first widescale use of interior LED fixtures and wireless lighting controls. In all, we replaced over 1,000 interior and exterior fixtures with LEDs. The wireless control system includes daylighting, occupancy sensors and dimming to save energy and provide a comfortable work environment. These upgrades are expected to save approximately 2 million kilowatt hours of electricity per year, and produce a return on investment of 60 percent. Ongoing HVAC improvements will be completed in early 2015, resulting in a total project savings of 18 billion BTUs and $534,000 annually.

Building energy audits

USPS uses facility energy audits to determine which energy conservation opportunities offer the best return on our investments in energy reductions and cost savings. We select facilities for audits based on benchmarked data that is compiled in EEMS and weather normalized to determine the facilities that have a combination of highest total energy use and highest energy intensities.

In 2014, building energy audits were completed on 22.6 million square feet of space in 50 large facilities. These audits resulted in more than 200 projects that are projected to save 487,000 million BTUs and $12 million annually. The projects were awarded in 2014 and are scheduled to be completed in 2015.

Renewable energy

We continue to evaluate our renewable energy systems and ensure their effectiveness. In 2014, we brought over 700 kilowatts of renewable power back online, which should generate more than 1 million kilowatt hours of electricity annually. Additional improvements will be made in 2015, along with service contracts to keep these important assets operating at optimal efficiency.
Energy training

The Postal Service provided training for its facility repair and alteration team leaders in 2014. This training gave an overview of building energy model outputs and how they relate to our federal reporting requirements. New hires received training on postal energy standards and all facility employees were encouraged to explore new energy saving opportunities. USPS energy construction standards have resulted in energy-efficient and cost-effective building performance, especially for routine repair and alteration work.

Roof asset management

The Postal Service is responsible for approximately 195 million square feet of roofing that covers 8,300 postal-owned facilities — about $3 billion worth of infrastructure. Roofs are critical to building performance, safety and energy consumption.

The Postal Service continues to make progress with its Roof Asset Management Supplier program. We continue to reap positive results from preventive maintenance — roof life extension has accounted for savings of upwards of $40.5 million. In 2014, for USPS-owned buildings, projects to repair newly leaking roofs dropped by over 20 percent from 4,178 to 3,118.

The cost of leak repairs plummeted from a baseline high of $7.4 million to $2.4 million in 2014. Maintaining the R-value integrity (or thermal resistance) of facility roofs led to $1.1 million in energy savings in 2014 alone. The percentage of roofs classified as maintainable went from 29 percent in 2012 to just over 41.6 percent in 2014.

Vehicle fuel

To deliver 512.8 million pieces of mail a day, the Postal Service uses a wide range of transportation modes. We use vehicles owned by the Postal Service, including those that run on conventional fuels, as well as alternative fuels. We also use contracted transportation to move mail by air, highway and water. Postal Service employees also deliver mail using their own vehicles, and by foot, boat, bicycle — and, in the Grand Canyon, even by mule.

In 2014 it took 697,099,132 gallons of gasoline equivalent (GGE) to move the nation’s mail and packages. This includes fuel for both postal-owned and contract fleets. The largest amount of this fuel consumption — 535,598,383 GGEs, or roughly 76.8 percent — was consumed by contract transportation.

However, goals for reducing vehicle fuel use are focused primarily on postal-owned delivery, collection and service vehicles. Our long term goal has been to reduce petroleum fuel usage by 20 percent by 2015 from a 2003 baseline. Our efforts to do this have been challenged by an aging delivery fleet and an increased number of delivery points every year.

USPS released a request for information in January 2015 to replace more than 100,000 delivery vehicles. We also plan to increase the use of alternative fuels, which include E-85, biodiesel, propane, compressed natural gas (CNG) and electricity. Our goal is to increase use of these non-petroleum-based fuels by 10 percent from a 2005 baseline by the end of 2015.

This year we changed the way we track alternative fuel use. Our method follows federal reporting guidelines. Essentially, we split the biodiesel we use (also known as b20) into its two components: 20 percent biodiesel and 80 percent diesel. Though our fuel reduction goals have not changed, our base year numbers have been modified from previous Annual Sustainability Reports. These changes affect the reporting of both total fuel consumption and alternative fuel consumption.

Petroleum fueled vehicles

The Postal Service operates a fleet of 208,182 vehicles (not including trailers). In 2014, our fleet traveled roughly 1.27 billion miles to reach customers at nearly 153 million delivery points. That’s equivalent to circling the globe more than 51,000 times.
Alternative fuel vehicles

USPS operates a diverse fleet of alternative fuel vehicles and has been testing these types of vehicles since 1899. This past year, we added 234 new alternative fuel vehicles to the fleet. This includes six compressed natural gas (CNG), 218 E-85 and 10 hybrid vehicles — an increase of 31 percent from the previous year.

Alternative fuel use

<table>
<thead>
<tr>
<th>Fuel Type</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-85</td>
<td></td>
</tr>
<tr>
<td>Electric</td>
<td></td>
</tr>
<tr>
<td>Hybrid</td>
<td>2005: 509,231 GGE</td>
</tr>
<tr>
<td></td>
<td>2014: 782,485 GGE</td>
</tr>
<tr>
<td>Propane</td>
<td></td>
</tr>
<tr>
<td>Compressed natural gas</td>
<td></td>
</tr>
</tbody>
</table>

**53.7% INCREASE from 2005 to 2014**

The majority of our alternative fleet is comprised of E-85 flex-fuel vehicles that can operate on gasoline, E-85 or any mixture of the two fuels. However, most of these vehicles run on standard petroleum-based fuels because alternative fuel locations aren’t conveniently located or competitively priced — making it difficult to fuel this fleet with E-85. The other alternative fuel vehicles can run on CNG, electricity, propane and biodiesel.

Alternative fuel snapshot

<table>
<thead>
<tr>
<th>Fuel Type</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Propane</td>
<td>30</td>
</tr>
<tr>
<td>Hybrid</td>
<td>928</td>
</tr>
<tr>
<td>Electric</td>
<td>49</td>
</tr>
<tr>
<td>E-85</td>
<td>41,124</td>
</tr>
<tr>
<td>Compressed natural gas</td>
<td>583</td>
</tr>
</tbody>
</table>

Contract transport

Contract transportation includes highway contract routes (HCR), employee-owned vehicles on rural delivery routes, and air, boat and rail transport. It is the largest source of fuel use at USPS.

Since 2008, there has been a decrease of 7.70 percent in contract fuel use. The goal is to reduce this by 20 percent by 2020. Currently we have been working to modify our HCR contracts to require the use of alternative fuel vehicles as part of contract transportation fleets.

**Contract fuel petroleum use**

<table>
<thead>
<tr>
<th>Year</th>
<th>Fuel Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>580.1 million GGE</td>
</tr>
<tr>
<td>2014</td>
<td>535.6 million GGE</td>
</tr>
</tbody>
</table>

**7.70% DECREASE from 2008 to 2014**

SmartWay

The Postal Service continues to be a member of EPA’s SmartWay program, a partnership with transportation suppliers who commit to benchmark operations, tracking fuel use and improving performance. SmartWay also has a testing program to identify technologies that save fuel and reduce GHG emissions. This program creates incentives to reduce transportation-related emissions and improve fuel efficiency.

In 2014, USPS partnered with SmartWay and jointly presented SmartWay program information at the National Star Route Mail Contractors Association’s annual convention. We wanted to ensure our contract transportation service providers are aware of the program and its benefits, and encourage them to participate in it. When our trucking partners use improved fuel practices, everyone benefits from lower GHG emissions and decreasing dependence on foreign oil.

**Inflating tires to the recommended pressure helps reduce greenhouse gas emissions.**
Environmental stewardship

Improved sustainability performance is important to the long-term health and competitiveness of the Postal Service.

We also recognize that a commitment to environmental stewardship is simply the right thing to do — for our people, our customers and our planet. There are many steps we take to make sure we’re on the right path in this effort.

Environmental compliance

The Postal Service regularly performs reviews to ensure compliance with environmental regulations and adoption of industry best practices. These compliance reviews provide the foundation for implementation of national strategies and support training and other environmental compliance stewardship efforts.

Underground storage tanks project

The Postal Service owns or operates about 300 federally regulated underground storage tanks that are used for gasoline and diesel fueling. In 2014, USPS initiated a five-year national program for repair, removal and/or replacement, and remote monitoring of these tanks.

This program provides for a modern tank infrastructure that reduces environmental risk, improves emergency fueling planning and reduces overall fueling costs. In addition to strategically removing and replacing these tanks, the program will establish a centralized national monitoring system and provide on-site compliance support for all tank sites.

USPS is partnering with the Environmental Protection Agency to investigate the impact of ultra-low sulfur diesel on underground storage tank systems. As part of the study, sampling is being conducted at postal sites to measure the level of corrosion in our systems that store this type of fuel.

Program stats

- 12 underutilized bulk fuel underground tanks have been removed.
- 104 fueling sites are connected to a national, centralized, web-based automatic tank gauging platform and are monitored for regulatory compliance and operational issues.
- 143 sites receive monthly compliance inspections.
- 56 system repairs have been completed.

Environmental compliance reviews

Environmental compliance reviews are conducted on a three-year cycle at approximately 700 high-environmental-risk facilities — sites with mail processing, vehicle maintenance, regulated underground storage tanks and other significant permits/plans.

Each year we conduct over 200 of these reviews. Beyond assessing compliance, they provide hands-on training and assistance in data management, record keeping and other vital functions. The reviews also are an opportunity to distribute policies, provide guidance and tools, and collect records and data for corporate systems.

In 2015, USPS will perform a management review of its environmental compliance review program with an emphasis on evaluating potential new environmental risk factors and establishing a targeted facility review process.
Compliance improvements

- USPS continues to enhance its centralized data management system — the environmental tool kit — that provides easy access to key environmental data indicators.
  - In 2014, we added key compliance monitoring and tracking data fields, automated some data upload procedures, and initiated a process to deploy standardized automatic compliance monitoring reminders.
  - We will continue to enhance the system in 2015 by refining data elements and identifying program links.

- In 2014, USPS began a standardized national strategy for deploying and managing vehicle and mail processing equipment parts washing systems and cleaning solutions at 600 facilities.
  - The project supports USPS pollution prevention goals to minimize the use of dangerous chemicals and reduce hazardous waste.

- In 2015, the Postal Service issued a joint policy prohibiting the procurement and use of products containing 13 targeted chemicals in an effort to reduce environmental impacts and contribute to employee safety and health.
  - Employees are encouraged to purchase environmentally preferred products, which are identified in USPS product catalogs with a green leaf icon.

Waste and recycling

We continue to improve processes to reduce waste and to recycle a wide range of materials to support our commitment to be more sustainable.

Recycling — solid waste diversion

The Postal Service has set goals to reduce waste and recycle. In 2014, we recycled more than 223,000 tons of material and diverted about 37 percent of our solid waste to recycling. Our target is to divert 50 percent of our solid waste from landfill to recycling by 2015.

Environmentally preferable purchasing — green purchasing

This year the offices of Sustainability and Supply Management worked to develop several new sustainability principles, practices and contract clauses that have been incorporated into our agency supplying principles and practices. These internal guidelines provide advice and guidance to Postal Service professionals involved in supply chain management.

In 2014, USPS purchased more than $236 million of environmentally preferable products weighing over 285,903 tons.

National recycling operation: a five-year strategy for paper recycling success

USPS has launched a national recycling operation, which will start a standardized mixed paper backhaul recycling program in postal facilities over five years.

Recycling can no longer be considered an optional part of postal business operations. In many places, it’s now required by law. This initiative is the right thing to do and it will help mitigate our financial challenges.

- The national recycling operation could generate more than $133 million over five years in combined savings and revenue. Additionally, it could double current postal recycling rates.

- Backhaul recycling uses reverse logistics in which Post Offices transport their mixed paper recyclables, such as undeliverable Standard Mail, on existing transportation trips to a servicing hub.

- In 2014, the Postal Service recycled more than 223,700 tons of material, which generated important revenue and waste disposal savings. Increased recycling can expand on our efforts to generate revenue as well as increase savings by reducing waste disposal costs.

- During the rollout, facilities will receive new equipment and employees will be trained to implement the necessary steps.
Raising the bar even higher

If at first you succeed, then set the recycling bar even higher. The Ft. Myers, FL, Processing and Distribution Center had reason to cheer about its total waste recycling of 96 percent for 2013. But the facility learned that by partnering with its associate offices, it could do even better.

Through use of backhauling, associate offices sent the P&D Center more types of recycling materials, including mixed paper, cardboard, shrink wrap, plastic bottles and metals. New contracts were negotiated with recycling vendors. Employees were engaged through service talks and custodians were trained with new operating procedures.

Employees also were invited to participate by gathering mixed paper and cardboard from home and putting it in recycling containers located at entrance doors. For 2014, the Ft. Myers P&D Center did even better than the year before, achieving 97 percent recycling. That saved 30 percent in trash removal costs and increased recycling revenue by about $1,200.

Greenhouse gas emissions (GHG) and climate change

USPS generates GHG emissions from facility energy and transportation fuel use, waste generation, employee commuting, contracted transportation services and other sources. Our target is to reduce GHG emissions by 20 percent by 2020.

We track GHG scope 1, 2 and 3 emissions toward established performance targets.

- Scope 1 GHG emissions include postal-owned sources, such as fossil fuels used in our facilities and vehicle fleet.
- Scope 2 GHG emissions include supplied electricity or steam produced outside our organization.
- Scope 3 includes other indirect sources such as contracted transportation, leased facilities, employee commuting and business travel.

GHG emissions (million metric tons)

<table>
<thead>
<tr>
<th>Scope 1 &amp; 2</th>
<th>Scope 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>5.29</td>
</tr>
<tr>
<td>2014</td>
<td>4.50</td>
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</tbody>
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13.3% REDUCTION from 2008 to 2014

GHG emissions inventory

We prepare an annual GHG emissions inventory in compliance with several protocols:

- Executive Order 13514, Federal Leadership in Environmental Energy and Economic Performance, along with our federal peers.
- The International Post Corporation Environmental Measurement and Management System with our postal peers.
- The Climate Registry, a North American nonprofit that sets standards for GHG reporting in a single registry of private and public entities.
Connecting GHG emissions and climate adaptation

From 2008 to 2014, USPS reduced total GHG emissions by 13.3 percent, or 1.78 million metric tons of carbon dioxide equivalents (MTCO$_2$e).

We will continue to do our part to reduce GHG emissions, which contribute to the warming of our planet, and in turn cause changes in our climate.

We believe that it’s important to approach the issue of climate resiliency with a two-pronged approach:

1. Mitigation — addressing the cause of climate change and reducing the Postal Service’s impact. We do this by working to reduce GHG emissions.

2. Adaptation — limiting our vulnerability and reducing our risk to the effects of climate change. We do this by taking action in our professional and personal lives, and encouraging others to do the same.

Climate change adaptation

Climate change adaptation is adjusting to a changing climate to minimize negative effects and take advantage of new opportunities. This is important to USPS because climate change directly affects our services, operations, programs, assets and national security. Proper planning can identify how climate change is likely to impact the ability to achieve our mission and/or meet policy and program objectives.

We have established a climate change adaptation working group. This team has taken action to make a public promise to reduce the personal carbon footprints of its members. These individual commitments include:

- Riding public transportation once a week.
- Purchasing or creating an energy-efficient home.
- Upgrading light bulbs to LED.
- Purchasing and using a programmable thermostat.
- Riding a bike to work at least once a week.
- Eating vegetarian an additional meal per week.
- Purchasing a fuel-efficient vehicle.

Chief Sustainability Officer Thomas Day works every day to reduce the Postal Service’s GHG emissions. He is also committed to reducing emissions at home by upgrading his lighting to compact fluorescent lamps and LED bulbs, which use 70 to 90 percent less energy.

Water reduction

We continue to enhance our performance in reducing water use. In 2014, we spent $30 million for potable water.

We used an estimated 3.5 billion gallons of water, or 12.9 gallons per square foot of space. Currently, we are achieving our goal of a 10 percent absolute reduction in water use by 2015, with a reduction of 35 percent since 2007.

In response to critical water shortages in California, the Postal Service advised its facilities in the state to protect water as a precious resource. California has experienced its most intense drought in modern history. Gov. Jerry Brown announced a drought state of emergency in January 2015. The Postal Service will continue to do its part to reduce water use, not only in California but across the country.
We offer products and services to help you get the job done, whether you live on Main Street or work on Wall Street. At the Postal Service, our priority is YOU, and our services can help you save money and help the environment every day. By integrating sustainable business practices into day-to-day operations, the Postal Service is delivering a greener tomorrow.

Free packaging — a good story
The Postal Service has had a longtime commitment to sustainable packaging. Our packaging is recyclable, of course. But it’s much more. We offer eco-friendly Priority Mail and Priority Mail Express packaging that meets Sustainable Forestry Initiative or Forest Stewardship Council certification standards. We purchase more than $200 million worth of products containing recycled content each year. We are committed to using recycled content materials for our packaging since it extends the life of our natural resources, and reduces impacts to the environment.

- We stop at your house or business nearly every day. We also drop off Priority Mail and Priority Mail Express packaging supplies, saving you time. And we do it free of charge.
- Simply order supplies by going online to usps.com.
- You can print labels and pay for postage using Click-N-Ship, and we will pick up your packages with prepaid postage, saving you a trip to the Post Office.
- Our stamps are recyclable and our stamp adhesives are environmentally harmless.
- Priority Mail and Priority Mail Express boxes are made from cardboard and can go right into the recycling bin.

Spotlight on ReadyPost
ReadyPost products are sold online and at Post Offices across the nation. Most ReadyPost products are supplied by Pratt Retail Specialties, a 100 percent recycled paper and package company. In 2013, when the Postal Service rebranded its Priority Mail and Priority Mail Express packaging, Pratt helped us dispose of obsolete packaging in an environmentally responsible way. Pratt created a closed-loop process to recycle old packaging into new ReadyPost packaging. Pratt was awarded the Supplier Sustainability Excellence award in 2014 for this effort.
Supplier diversity program

The Postal Service is committed to diversity and creating an inclusive work environment. We recognize that every individual is unique and that people with different backgrounds, experiences and perspectives have something valuable to contribute.

We also recognize the efforts of our suppliers to improve access and opportunities for small, minority and women-owned businesses. MSC Industrial Supply Co. received a Supplier Diversity award in 2014 for its use of a diverse supplier base. MSC supplies maintenance, repair and operations products to processing facilities and Post Offices. MSC has continued to exceed agreed-upon supplier diversity goals in their subcontracting plan for small, minority and women-owned businesses. MSC’s purchases from these businesses exceeded $4.2 million in 2013, representing more than 17 percent of 2013 contract sales to the Postal Service. It has established relationships with 244 small, minority and women-owned businesses and continues to add small business supplier partners.

The Postal Service is committed to providing contracting opportunities to small, minority and women-owned businesses. We strive to incorporate “agility,” which includes flexibility, balance and adaptability throughout our supply chain.

Mobile options

We know how busy life can get. That’s why you can use your mobile devices to access some of our most popular usps.com products and services — saving time and resources. Our mobile options include free apps for Android and iPhones, and the USPS Mobile website. Customers can download the free apps from the App Store or Google Play store. To access the USPS Mobile website, customers can browse to usps.com from their smartphones.

Features available through the apps include*:

- Track — track packages via USPS Tracking.
- Locations — find nearby USPS locations.
- ZIP Codes — look up ZIP Codes quickly.
- Schedule Pickup — arrange for USPS to make a next-day pickup.
- Hold Mail — request USPS to hold your mail at the Post Office.
- Prices — calculate prices for your shipments.

*Not all options are available on all platforms.

In addition to Track, Locations and ZIP Codes, the USPS Mobile website offers the following features for customers on the go:

- Stamps — purchase from a selection of popular stamps.
- Ship Online — create domestic flat-rate shipping labels.

Note: The above options are available for usps.com registered customers.

Skip the trip with Click-N-Ship

Ship green with USPS by using Click-N-Ship, our free and convenient software that allows customers to create prepaid shipping labels from home or office using standard printing paper.

The prepaid label includes the postage due and a USPS Tracking number. Other than the cost of postage, there is no fee for users to create labels for Priority Mail, Priority Mail Express, Global Express Guaranteed, First-Class Package International Service, Priority Mail Express International or Priority Mail International.

Additionally, the postage offered through this convenient service is discounted from retail rates for both domestic and international Priority Mail and Priority Mail Express. Best of all, this service allows customers to skip the trip to the Post Office, saving time and money, and reducing the impact to the environment. After the label is printed, simply request a package pickup during the next regular carrier delivery.

Click-N-Ship allows you to print a label with postage so your package can be picked up at your home or office.
Village Post Offices

Village Post Offices (VPO) are providing convenient access to postal products and services in a growing number of communities across the nation. The VPO is an example of how the Postal Service is changing to better meet America’s mailing needs, with 828 VPOs and counting. In 2015 we anticipate opening 380 new VPOs, approximately one every day of the year!

USPS BlueEarth®

To the Postal Service, blue isn’t just the color of our uniforms and iconic eagle. It’s also the color of the sky and water, and reflects our commitment to lead by example in making environmental stewardship and sustainability a priority for all. The Postal Service sponsors a suite of BlueEarth programs and services that help customers make a positive impact on the environment.

BlueEarth Carbon Accounting for commercial mailing customers

The USPS BlueEarth Product Carbon Accounting Service was introduced in 2012 to allow business customers to measure and manage carbon impacts across their supply chains. This proprietary service follows the most widely accepted accounting methods to calculate shipping or mailing items’ GHG emissions based on their characteristics, such as product type, size, weight, processing, distribution and transportation.

This no-fee service provides our business customers with monthly, quarterly and annual reports. The reports detail a business customer’s GHG emissions associated with the Postal Service’s entire delivery process, identifying the incremental emissions associated with the customer’s mailings, and its share of emissions necessary to support the entire USPS network.

Carbonfund.org Foundation has reviewed the methodology used for the USPS BlueEarth Carbon Accounting Statement and determined it is consistent with the carbon neutrality criteria for eligibility in the Carbonfund.org Carbonfree Shipping program. USPS business customers interested in offsetting emissions can purchase carbon credits using official calculation results from the USPS BlueEarth Carbon Accounting Statement. Carbonfund.org is the country’s leading carbon reduction and offset organization. Carbonfund.org educates the public about climate change and makes it easy and affordable for individuals, businesses and organizations to reduce their climate impact. Learn more at http://carbonfund.org.

BlueEarth Federal Recycling for our federal partners

The USPS BlueEarth Federal Recycling Program is a web-based program that allows federal agencies and their employees to properly dispose of items such as empty ink cartridges and unwanted small electronics that are 20 pounds or less.

An employee from a participating agency simply fills out the agency’s name and the device information on the website. Then the individual packages the device, prints a prepaid shipping label and arranges for the package to be picked up by a USPS carrier. The program uses the USPS delivery network, making it a financially and environmentally efficient way to recycle. Carriers visit homes and federal offices as a part of their route, making it easy for them to pick up the Federal Recycling Program packages. The USPS BlueEarth Federal Recycling Program provides a new revenue stream for the Postal Service and assists federal agencies in
meeting Executive Order 13514, *Federal Leadership in Environmental, Energy and Economic Performance*, with reporting and analysis done on every item exchanged. Additionally:

- Employees can recycle both work-related and personal devices through the program.
- All devices are shipped to a certified third-party recycling facility, which ensures they are either securely recycled or remanufactured for resale.
- Federal agencies also receive a recycling activity report with data to assist them in meeting Executive Order 13514 requirements.
- Besides providing employees and other agencies with the ability to simply, securely and cost-effectively recycle e-waste, the USPS BlueEarth Federal Recycling Program also provides USPS with additional revenue from postage.
- The program was launched in April 2013. Sixteen agencies are currently enrolled, including USPS.

**BlueEarth Secure Destruction for commercial mailing customers**

Secure Destruction is a new USPS service offering that integrates digital technology with physical mail. The no-additional-fee service, launched in 2014, provides mailers with an option to have undeliverable as addressed return-to-sender First-Class letter mail automatically intercepted and securely destroyed in-house by the Postal Service. Additionally, fast and accurate electronic information is provided to participants concerning their mailpieces that could not be delivered.

USPS returns over 1.4 billion pieces of undeliverable First-Class Mail each year. Using the Intelligent Mail barcode, mail that for privacy reasons must be destroyed can be securely shredded and recycled at a mail processing plant rather than being shipped back to the sender. Undeliverable mail that must be returned to the sender adds costs to both mailer and postal operations. The Secure Destruction option will reduce the amount of return-to-sender mail, resulting in cost savings to mailers and the Postal Service. In addition to the savings, Secure Destruction also benefits the environment. Recycling shredded Secure Destruction mail and eliminating unnecessary reverse logistics associated with returning physical mailpieces to the sender will help reduce greenhouse gas emissions. USPS estimates that for every 25,000 pieces of mail intercepted and destroyed, carbon emissions are reduced by 1 ton of CO₂. The process meets or exceeds national and international destruction standards and practices for confidential information on paper media.

Secure destruction goal: 30 percent of total First-Class presort return-to-sender mail within 10 years or less.

By participating in numerous USPS sustainability, energy and environmental initiatives, customers and mailers are supporting actions that collectively help ensure our planet remains habitable for years to come. The Postal Service delivers to every home in America. That’s why we are working hard to be leaders in sustainability — to protect generations and family members yet to come.
FINAL THOUGHTS

Global Reporting Initiative

Our 2014 Global Reporting Initiative (GRI) content index will be provided on our website at www.usps.com/green. GRI is a leading international reporting standard. Our report follows the GRI protocol to offer consistency and transparency with the most widely recognized reporting standards for public sustainability performance disclosure. As the world’s largest post, we have a unique responsibility to participate.

USPS has reported within the GRI framework annually since 2008. We follow version 3.0 of the GRI sustainability reporting guidelines. GRI released its newest reporting protocol, version 4.0, in 2014. The Postal Service will be reviewing it for its use in future reports. Learn more about GRI reporting at: www.globalreporting.org.

Contact

Please send us comments and questions at:

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475 L’Enfant Plaza SW
Washington, DC 20260-4233

sustainability@usps.gov

“Our goal is to deliver mail at the best value with minimal impact to the environment — while providing top service to our customers every day. Though we face financial challenges, our innovations and continuous improvements in service and efficiency can provide a pathway to greater sustainability in all aspects of our business.”

Thomas Day,
Chief Sustainability Officer

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The eagle logo, the trade dress of USPS packaging, the letter carrier uniform and the postal truck and the following word marks are among the many trademarks owned by the United States Postal Service®: Certified Mail®, Click-N-Ship®, First-Class™, First-Class Package International Service™, First-Class Mail®, Forever®, Global Express Guaranteed®, Intelligent Mail®, P.O. Box™, Post Office™, Priority Mail®, Priority Mail Express®, Priority Mail Express International®, Priority Mail Flat Rate®, Priority Mail International®, Priority: You®, Registered Mail™, Standard Mail®, The Postal Store®, United States Postal Service®, U.S. Mail®, U.S. Postal Service®, USPS®, USPS BlueEarth™, USPS Mobile®, USPS Tracking®, usps.com®, Village Post Office™, VPO®, ZIP+4® and ZIP Code™.

This is not a comprehensive list of all Postal Service trademarks. The sonic eagle logo and the trade dress of the round top collection box, the letter carrier uniform, USPS packaging and the LLV mail truck are also among the many trademarks belonging to the United States Postal Service®.

Additional trademarks: Be The Match Registry®, Climate Registered™, Cradle to Cradle®, Forest Stewardship Council®, Global Reporting Initiative™, Google Play™, Green Seal™ SmartWay®, Sustainable Forestry Initiative®, The Climate Registry®.

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.
USPS

Driving toward a sustainable future