

2008 Sustainability Report

Delivering a Greener Tomorrow





“As members of the community, we share a responsibility to protect the environment and are working hard to do our part to assure future generations have a healthy place to live. Today is another step in that journey.”



From the Postmaster General

With every delivery, we're committed to making a positive impact on the environment—doing our part to assure that future generations have a healthy planet on which to live.

And we've been doing it for a long time. The Postal Service has been at the forefront of the "green" movement before it even had a name. We've always been a leader in using planet-friendly technologies like alternative fuel-capable vehicles to deliver the mail, and solar panels to reduce our facilities' energy use.

Because we have one of the nation's largest workforces, with a reach that touches every city and town, we believe we have an obligation to embrace "green" ways of doing business.

We not only serve every community in America, we live and raise our families there. So we understand that a sustainable future benefits all of us.

We plan our deliveries to every home and business to make them as energy-efficient as possible—whether we're delivering with our vehicles or our "fleet of feet."

Did you know that other major delivery providers, like FedEx and UPS, use our "last mile" residential network? So instead of two or three delivery vehicles driving around all those neighborhoods, through shared transportation we help reduce fuel use and lower carbon emissions.

And then there are the things we do that our customers don't see.

Like investing \$150 million annually on energy-saving improvements to our 34,000 postal facilities. That helps us use energy more sparingly and conserve resources. Some of our efforts don't cost a dime. They are as simple as turning off lights in empty rooms and offices, or printing on both sides of a piece of paper.

We've also been recycling—big time—for years. We buy more than \$200 million worth of products with recycled content annually. And we recycle 250,000 tons of wastepaper, cardboard, plastics and cans each year.

In addition to keeping all that waste from going into landfills, our business benefits from these sustainable practices as well. Last year, we generated \$12 million in revenue through recycling. So working greener not only helps the planet, it has a positive impact on our bottom line.

By saving on energy and fuel use, we keep costs under control, helping us continue to provide the trusted service that Americans expect from their Postal Service—without spending a penny of taxpayers' money.

And that's *always* the right thing to do.



John E. Potter
Postmaster General/CEO

Key Indicators

	Units	FY2005	FY2006	FY2007	FY2008	% Change FY05-08
Our Business						
Revenues	\$Million	\$69,907	\$72,650	\$74,778	\$74,932	7%
Net Profit	\$Million	\$1,445	\$900	\$(5,327)	\$(2,806)	-294%
Mail Volume (Pieces)	Million pieces	211,742	213,138	212,234	202,703	-4%
Mail Weight	Million pounds	25,842	25,932	25,643	24,237	-6%
Delivery Points	Million	144.33	146.17	147.99	149.19	3%
Total Miles Traveled	Million miles	nd	nd	nd	7,987	nd
Postal Owned Vehicles Miles Traveled	Million miles	1,206	1,237	1,235	1,269	5%
Non-Vehicle Route Miles Traveled	Million miles	nd	nd	nd	15	nd
Contract Vehicles Miles Traveled	Million miles	nd	nd	nd	6,703	nd
Facilities (total owned, leased, other) (see note 1)	Count	34,588	34,412	34,318	34,175	-1%
Our Environment						
Total Energy Use (see note 2)	Million GJ	136	134	131	123	-9%
Per Mail Piece	GJ/million pieces	642	630	617	609	-5%
Per Mail Weight	GJ/million pounds	5,261	5,176	5,110	5,094	-3%
Per Revenues	GJ/\$million	1,945	1,848	1,752	1,648	-15%
Facility Energy Use (see note 3)	Billion Btu (BBtu)	37,298	36,372	30,072	30,732	-18%
Per Square Foot	BBtu/MSF	117.4	113.2	92.9	94.4	-20%
Per Mail Piece	BBtu/million pieces	0.18	0.17	0.14	0.15	-14%
Owned Vehicle Energy Use	Million GGE	141.6	143.1	145.6	148.3	5%
From Petroleum-based Fuels	Million GGE	140.7	142.3	144.8	146.8	4%
From Alternative Fuels (see note 4)	Million GGE	0.9	0.8	0.8	1.5	61%
Miles per Gasoline Gallon Equivalent	GGE/mi	8.51	8.64	8.48	8.56	1%
Contract Transportation Energy Use	Million GGE	631.2	623.7	648.9	580.1	-8%
GHG Emissions from Scope 1 Sources (see notes 5, 6)	Million Metric tons CO2 eq	nd	nd	1.78	nd	nd
GHG Emissions from Scope 2 Sources (see notes 5, 6)	Million Metric tons CO2 eq	nd	nd	3.60	nd	nd
GHG Emissions from Contract Transportation (Scope 3) (See notes 5, 7)	Million Metric tons CO2 eq	nd	nd	5.78	nd	nd
Municipal Solid Waste Generated	Metric tons	nd	nd	nd	455,000	nd
Municipal Solid Waste Recycled	Metric tons	nd	nd	nd	232,000	nd
USPS electronics reused/recycled	Metric tons	755	778	1,041	1,348	79%
Post Offices with Lobby Recycling for Customers	Count	3,250	3,344	3,626	3,984	23%
USPS Districts Enrolled in WasteWise Program	% Districts	11%	11%	11%	100%	833%
USPS Products Cradle-to-Cradle Certified	Millions	na	na	758.4	892.7	nd
Percentage of Transactions Online	% of total transactions	30.0%	33.4%	37.9%	44.1%	47%
Our People						
Career Employees	Count	704,716	696,138	684,762	663,238	-6%
Non-Career Employment (Full Time Equivalents)	Full Time Equivalents	98,284	100,061	101,167	101,850	4%
OSHA Illness and Injury Rate	Per 100 employees	5.74	5.6	5.51	5.4	-6%
Formal EEO Complaints	Per 100 employees	nd	nd	0.8	0.8	nd
Results of Voice of Employee Survey	% approving	63.7%	63.4%	63.5%	63.7%	0%
Our Community						
Results of Customer Satisfaction Surveys	% approval rate	93%	92%	92%	92%	-1%
Funds Raised by SemiPostal	\$Million	\$7.7	\$5.2	\$5.0	\$7.0	-9%
Funds Raised in the Combined Federal Campaign	\$Million	\$38.7	\$40.2	\$37.2	nd	nd

Notes:

nd: no data available at this time.
na: not applicable.

¹ Our facilities range in size from 50 square feet to 34 acres under one roof, and support retail, delivery, mail processing, maintenance, administrative and support activities.

² USPS energy goal is 30% reduction in intensity from a 2003 baseline for facilities covered by the Department of Energy guidelines for Energy Independence and Security Act 2007 and Executive Order 13423. FY03 to FY08 progress is -17.2%.

³ Facility energy estimates based on guidance provided by Department of Energy per Executive Order 13423.

⁴ Alternative fuels include Biodiesel, CNG, E-85, Electricity, and Propane.

⁵ Reported GHG emissions are for calendar year 2007 according to the California Climate Action Registry.

⁶ USPS CY2007 Scope 1 and 2 GHG emissions are 3rd party verified according to the California Climate Action Registry accounting protocol.

⁷ USPS CY2007 Scope 3 GHG emissions represent our estimate from contract transport and are not third party validated.

Contents

From the Postmaster General		1
Key Indicators		2
Contents		3
About This Report		5
Our Business	Uniting a Country and Its Citizens	7
	Customers and Markets	7
	Mailing Industry Dialogue	8
	Products and Services	8
	Leadership and Governance	8
Our Sustainability Journey		11
Our Environment	Nonstop Effort and Improvement	13
	Building Energy Use and Intensity	15
	Owned Vehicles and Contract Transportation	18
	Greenhouse Gas Emissions	22
	Water	23
	Waste and Recycling	23
	Products and Services	24
	Green Purchasing	28
Our People	Employees on the Move	30
	Compensation and Benefits	30
	Health and Safety	31
	Diversity and Inclusiveness	31
	Employee Engagement	32
Our Community	Our Unique Position	33
	Customer Outreach	33
	Community Involvement	33
	Community Stewardship	34
	Disaster Relief	36
Glossary		37
GRI Content Index		38

A man with grey hair and blue eyes, wearing a green t-shirt and a backpack, stands in a forest. The t-shirt has the text "en·vi·ron·mail·ist" printed on it. The background is a lush green forest with sunlight filtering through the trees.

**make every message you
send a green one.**

Our charter since 1775:

Deliver the mail now and for future generations.

Our pledge going forward:

Leave a green footprint across the American landscape with every step we take.

About This Report

Because this is our first published report, we present available data and discuss certain programs from prior years to provide context and heighten understanding of our recent accomplishments.

The Sustainability Report is a companion to the *Annual Report* and *Comprehensive Statement on Postal Operations*. Both are available at usps.com/about.



This report conforms to the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, version 3.0 (GRI G3). GRI G3 is the most widely adopted standard for public disclosure of sustainability performance for private and public organizations. For more information, visit globalreporting.org. We believe this report achieves a G3 Application Level of B. A GRI content index at the end of this report identifies each disclosure and performance indicator.

We haven't undertaken a third-party report review but are considering it for future reports. Certain elements in this report, including Scope 1 and Scope 2 greenhouse gas (GHG) emissions, have been verified by third parties.

Focus and Organization

This report highlights our sustainability progress in 2008 and looks at challenges ahead. It illustrates many sustainability issues we've integrated into our business practices for several years. These issues are material to our operations and of increasing interest to our stakeholders. As we report current and future sustainability performance, we expect these issues to be even more integral to our long-term operation.

Throughout the report, we provide estimations of our sustainability performance, such as vehicle energy use, amount of waste we produce and number of employee training hours.

When we reference a particular year in the report, we are referencing our fiscal year, which runs from October 1 to September 30. For example, 2008 performance data refers to the period from October 1, 2007, to September 30, 2008.

The report describes the Postal Service as an organization (Our Business), discusses the path we have taken toward a sustainable future (Our Sustainability Journey), highlights key sustainability topics as they relate to our operations (Our Environment), explains our commitment to our employees (Our People) and illustrates the impact we have in local communities (Our Community).



Green Richard's Almanac

Benjamin Franklin was many things — scientist, statesman, inventor and Colonial Postmaster General.

You can add environmentalist to the list as well. Franklin was an early advocate for what we now know as environmentally sound practices. In 1739, he petitioned the Pennsylvania Assembly to stop dumping waste and to remove tanneries from the commercial district in Philadelphia.

And in the 1760s, he led a committee to regulate waste disposal and water pollution. Franklin was so committed to the cause that he left money in his will toward construction of a fresh water pipeline for Philadelphia. That bequest eventually led to the formation of the Philadelphia Water Commission.

Ben Franklin and the Postal Service—early proponents for a greener world.

The Postal Service's Express Mail and Priority Mail packaging meets stringent environmental standards and is the only packaging in the shipping business to earn Cradle-to-Cradle certification.



PRIORITY MAIL
UNITED STATES POSTAL SERVICE



PRIORITY MAIL
UNITED STATES POSTAL SERVICE



Flat Rate Box
For Domestic and International Use

PRIORITY MAIL
UNITED STATES POSTAL SERVICE



Large Flat Rate Box
For Domestic and International Use

Visit us at usps.com

PRIORITY MAIL
UNITED STATES POSTAL SERVICE

Flat Rate Box
For Domestic and International Use

Our Business

USPS exists to provide trusted, affordable mail service to everyone in the United States. We have a distinct role in the American economy and society, with obligations unlike any other business – to reach all communities and deliver mail to every business and household.

Uniting a Country and Its Citizens

We also are at the center of a trillion-dollar mailing industry—an economic engine that employs more than 8 million Americans. It generates hundreds of billions of dollars in sales, salaries and supplies that contribute to the economies of cities and towns coast to coast. The U.S. economy benefits greatly from the Postal Service and the many businesses, such as printing and mailing services, that support it.

A healthy Postal Service is a necessity for many businesses and institutions. It is invaluable for small and in-home businesses as a tool to grow and compete. It is a secure conduit for financial transactions, as well as an efficient way to market products and gain support for charitable and nonprofit causes.

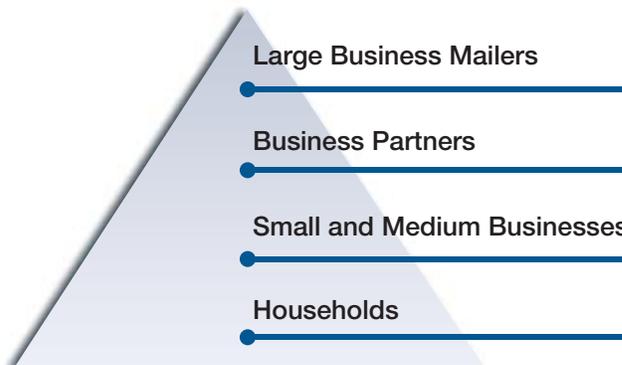
The Postal Service provides a safe, dependable channel to deliver letters, catalogs, magazines and parcels every day to almost 150 million U.S. addresses and, through our postal partners, countless more worldwide.

Each day, 290,000 carriers travel down neighborhood streets across America, delivering and collecting letters and packages, and 32,000 Post Offices are open for business. Millions of customers make online visits to *usps.com* to print postage, buy stamps and request free package pickups. Our customers rely on us to help build and maintain relationships, deliver vital and sensitive information, and exchange goods and services.

Customers and Markets

Postal Service customers can be grouped into four categories: large-volume business mailers, business partners and service providers, small- and medium-size business mailers and households. Businesses generated 86 percent of total mail volume in 2008. Households reflect the remainder.

Our Customers



Large-volume business mailers use mail to communicate with customers for a variety of reasons: to send bills, receive remittances, advertise products and services, fulfill merchandise orders, and send out newspapers, magazines, trade journals and other publications. The Postal Service maintains sales, operational and service relationships with these mailers.

Small- and medium-size businesses use mail for many of the same reasons as large-volume mailers, but these businesses generally have a local or regional focus. The Postal Service serves these mailers with the help of local Postmasters, business development teams and business mail entry units.

USPS contracts with worldwide postal operators as business partners to provide delivery service to the far reaches of the globe. Additionally, USPS works closely with the International Post Corporation (IPC) to improve the quality of international mail, manage payments and provide platforms for postal management to exchange views.

Households receive nearly two-thirds of all correspondence, advertisements, news, bills, statements and merchandise. As senders of mail, households contribute roughly 15 percent of USPS revenue. In addition to its long-time connection with these customers at the mailbox and Post Office, USPS serves them through *usps.com* as well.

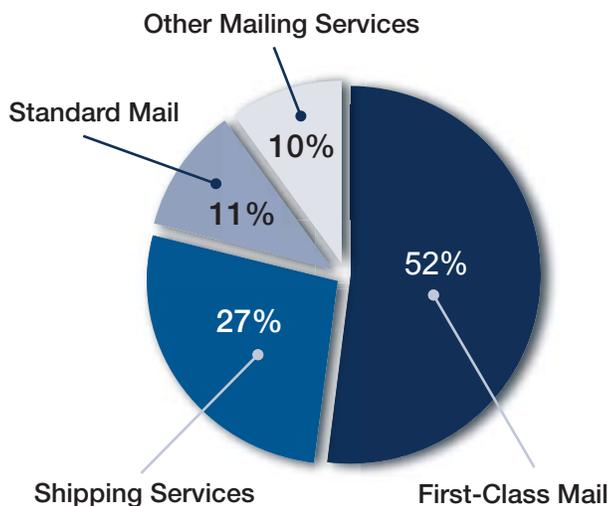
Mailing Industry Dialogue

USPS maintains a leadership role in the mailing industry through our participation in key groups, such as the National Postal Forum and the Mailers' Technical Advisory Committee. At the National Postal Forum, we showcase new products and technology and build relationships in the industry. Working with the Mailers' Technical Advisory Committee, we facilitate efforts to advance technology and enhance the value of mail.

Products and Services

USPS delivery services fall into two categories: Mailing Services and Shipping Services. Mailing Services include First-Class Mail and Standard Mail. Shipping Services include Priority Mail, Express Mail and parcels.

2008 Revenue by Service Type



Mailing Services

First-Class Mail makes up more than half of USPS total revenues. It includes domestic and international postcards, letters and other advertisements or merchandise up to 13 ounces.

Standard Mail is offered for any item—including advertisements and merchandise weighing less than 16 ounces—that isn't required to be sent using First-Class Mail. Standard Mail, typically used for bulk

advertising to multiple delivery addresses, makes up nearly a third of USPS revenues.

Other Mailing Services include delivery options, such as Periodicals (newspapers and magazines) and Media Mail (books and CDs), and mail enhancements such as Certified Mail and Delivery Confirmation. Additionally, the Postal Service offers money orders, which provide a safe way to send cash through the mail.

Shipping Services

Priority Mail is a 2–3 day package delivery service used to send documents, gifts and merchandise up to 70 pounds. It also is offered internationally, providing customers with a reliable and economical means of sending correspondence and merchandise to more than 190 countries and territories worldwide.

Express Mail is an overnight guaranteed delivery service, providing tracked and insured delivery to most destinations in America 365 days a year. Express Mail is offered internationally, with service guaranteed to select destinations.

Parcel Select and Parcel Return Service are two products designed to provide economical means of shipping packages by partnering with other companies to take advantage of the Postal Service's "first and last mile" capabilities.

Leadership and Governance

The Postal Service operates as an independent establishment of the executive branch of the government of the United States. While it does not receive government funding, USPS is subject to congressional oversight and regulation by government agencies.

An 11-member Board of Governors oversees the Postal Service, with responsibilities comparable to the board of directors of publicly held corporations. In addition to the Board of Governors, the Postal Regulatory Commission has oversight of USPS.



*Washington, DC, Letter Carrier
Delvin Johnson. USPS delivers mail
to nearly 150 million households and
businesses nationwide.*



***“Our mission is to deliver now — and for future generations.
With every step we take, we are committed to leaving a
green footprint across the American landscape.”***

— Sam Pulcrano
Vice President, Sustainability



Our Sustainability Journey

We take seriously our responsibility to provide universal service and to conduct our business in an environmentally, socially and financially responsible manner.

The Postal Service has a unique opportunity to leave a green footprint across our national landscape, because we are at every door, in every community, every day.

We have three over-arching sustainability goals to help us do that: reduce our greenhouse gas emissions, reduce waste to landfills and engage our employees in our efforts.

We've taken a significant first step in reducing greenhouse gas emissions by producing our first GHG emissions inventory. It gives us a starting point for our efforts to reduce our carbon footprint. And I'm pleased to tell you that the Postal Service is the first federal agency to publicly report its greenhouse gas emissions.

Because we are a large organization, we're very aware of our responsibility to be green. Today, we process the mail using less energy than ever. And just about all the paper in the mail we deliver is either recycled or comes from trees grown just to produce paper, not from virgin forests.

We're proud of our energy reduction efforts — we've reduced facility energy use and increased alternative fuel use. And we're working hard to reduce our vehicle petroleum use.

We recycled 232,000 tons of plastic and paper this year, keeping all that waste out of landfills. We've also helped our customers divert 20,000 tons of paper from landfills with a recycling initiative in 4,000 Post Office Box lobbies around the country.

And we are engaging our employees as never before in our sustainability efforts as we create a culture of conservation at the Postal Service.

We've set aggressive goals for our sustainability performance and we are encouraging our customers, suppliers and business partners to join us in going green.

Here are those goals. We want to reduce energy use and intensity in our facilities 30 percent, and vehicle petroleum fuel use 20 percent — both by 2015. We intend to increase the use of vehicle alternative fuel 10 percent, also by 2015. And our goal is to reduce greenhouse gas emissions 20 percent by 2020.

As you will see in this report, we've already made improvements in two key areas. We've reduced our energy intensity by 17 percent since 2003 and increased alternative fuel use in our vehicles by 61 percent since 2005.

So we're off to a good start. But we are very aware there's still work to be done. For example, our efforts to reduce the amount of fuel we use to deliver the mail will continue to be challenging, because the population continues to grow, and along with it the number of delivery points we serve each year.

But we're up to the challenge.

I hope you'll take a few minutes to look through this inaugural report on our sustainability efforts to-date. And I encourage you to follow our progress as we work to meet our goals. We are keenly aware of our environmental responsibility and have embraced it, not only because it's good for business, but because it is good for the country.



Sam Pulcrano
Vice President, Sustainability



USPS has a mandate to deliver to every address in America, while leaving as green a footprint as possible across its landscape. Looking back over the last 234 years, we've made great strides toward that goal. Today, we're looking forward to an even greener future.

Our Environment

The Postal Service has a long record of environmental stewardship, and has integrated sustainability throughout our organization.

Nonstop Effort and Improvement

We've implemented programs in nearly every operation, including building and equipment design, facility management, fleet operations, waste management, materials sourcing and product stewardship.

Energy management is a key aspect of our sustainability strategy and a driver of economic health. Our efforts make our buildings, equipment and vehicles more efficient and reliable and provide a safe and healthy environment for our employees and customers.

A major challenge facing the Postal Service is reducing energy use without adversely affecting operations—a delicate balance that requires continual attention. To deliver more than 500 million pieces of mail every day, our sorting machines operate almost continuously and our vehicles are constantly on the road. In fact, our fleet of delivery and collection vehicles travels more than one billion miles each year.

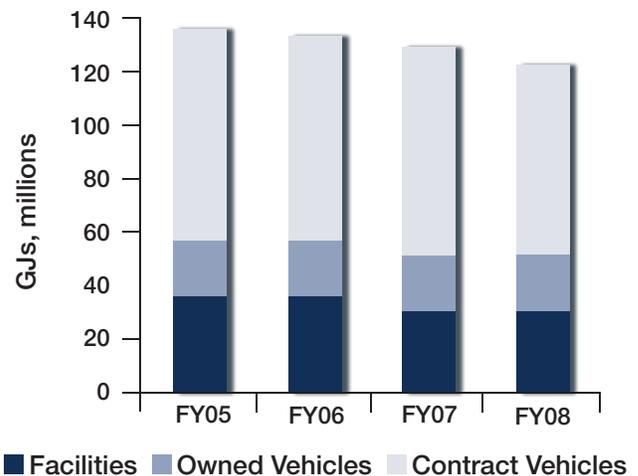
Since energy management affects our workforce, we expect every employee to be involved in our improvements. Our conservation culture encourages employees to consider the energy, environmental, social, and economic impact of their daily activities.

In 2008, our operations consumed about 123 million gigajoules (GJ) of direct and indirect energy. This includes 32.4 million GJ from our facilities and 18.5 million GJ from our owned vehicle fleet. Our contract transportation partners consumed an additional 72.5 million GJ.

FY 2008 marked a decline in our overall energy use due to several factors, including policy changes, a number of conservation projects, awareness programs, getting employees to change energy use habits, as well as an overall reduction in mail volumes and a move toward more efficient modes of transport.

Continued investments in environmentally sound processes and technologies will improve our performance over time.

Total Energy Use



Alternative fuel vehicles, such as this hybrid electric vehicle from Azure Dynamics Corp., are helping the Postal Service meet its goal of increasing use of non-petroleum fuels by 10 percent by 2015 from a 2005 baseline.

What is a gigajoule (GJ)? A joule is the metric equivalent of the British Thermal Unit (Btu). Both are unit measures of energy, or the amount of force needed to move a given weight. A gigajoule is equal to one billion joules, or the amount of energy required to continuously power one 100 watt light bulb for 115 days.

Participation in External Programs

As part of our role as a sustainability leader in the mailing industry, we look for opportunities to influence our industry and our partners by participating in voluntary sustainability-related programs.

California Climate Action Registry

In 2007, the Postal Service became a founding member of the California Climate Action Registry (CCAR), a clearinghouse for organizations to voluntarily register their GHG emissions. As a founding member, the Postal Service has committed to measure, verify and report its GHG emissions annually to the CCAR. We also are members of its sister agency, the Climate Registry.



EPA WasteWise Program

For almost a decade, the Postal Service has been a partner in EPA's WasteWise Program, which helps USPS reduce the amount of waste we produce. Last year was the ninth straight year that the Postal Service has been recognized as EPA's WasteWise Partner of the Year.



Department of Energy Clean Cities Program

Clean Cities is a public-private partnership designed to reduce petroleum use by advancing use of alternative fuels, vehicles and other fuel reduction initiatives. The Postal Service recently worked with Clean Cities, which is sponsored by the Department of Energy's Vehicle Technologies Program, to determine the best location for more than 5,000 new E-85-capable flex-fuel vehicles.



IPC Environmental Measurement and Monitoring System

The Postal Service works closely with the IPC, a cooperative association of 24 postal operators in Europe, North America and Asia. In 2008, IPC piloted its Environmental Measurement and Monitoring System, which is intended to gauge the carbon efficiency and management proficiency of member organizations. The Postal Service is an active participant in this program. IPC plans to release initial results of 21 postal operators in late 2009.



Building Energy Use and Intensity

To improve energy efficiency in Postal Service facilities, we've implemented a nationwide strategy and are improving the availability and accuracy of facility performance data to enhance our decision making.

We have ambitious goals for our owned and leased facilities. By 2015, we plan to reduce both total energy use and energy intensity (measured in energy use per square foot) by 30 percent from a 2003 baseline.

Achieving both goals requires a combination of initiatives, including implementing energy management systems, conducting detailed facility energy audits, making cost-effective capital improvements to buildings and their equipment, and actively involving our employees in energy reduction and conservation.

Solid steps are being taken toward meeting our owned and leased facility goals. In 2008, the Postal Service consumed approximately 30.7 trillion Btu across our 34,000 facilities, which represents a 15 percent reduction in energy use since 2003.

We also have considerably reduced energy intensity across our building footprint. In 2008, our average facility energy intensity was 94,400 Btu/ft², a reduction of 17 percent from 2003.

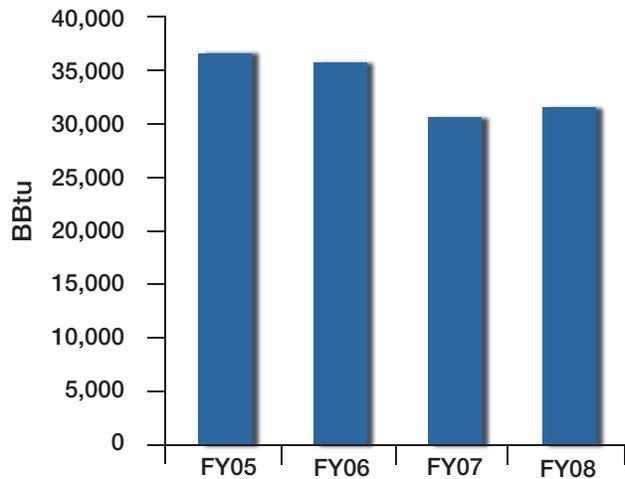
Looking toward 2015, we're optimistic about meeting our 30 percent reduction goals for both total energy use and intensity. While automated mail processing equipment increases our energy use in buildings, it typically reduces the overall number of buildings used to process the 200 billion pieces of mail we deliver each year, resulting in an overall energy-use reduction.

Energy Management Data Systems

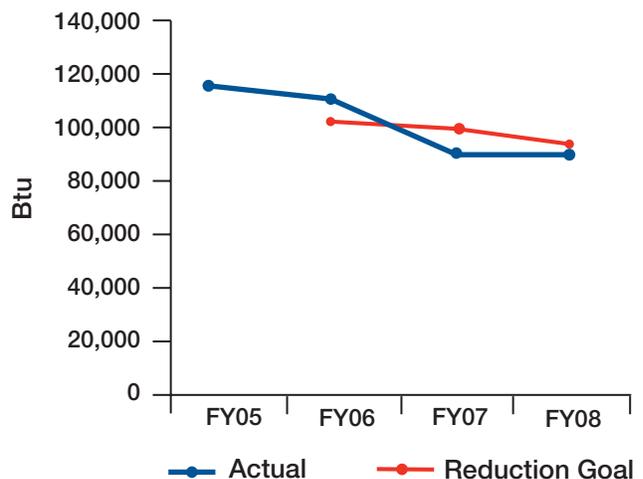
In early 2008, the Postal Service began implementing a Utility Management System (UMS). UMS was designed to facilitate central utility bill verification and payment and capture energy use and cost data of our largest facilities for our most common utilities — electricity, natural gas and steam.

We're now rolling out the system on a broader scale, and by the end of 2009 it should include our largest

Facility Energy Use



Facility Energy Intensity



2,000 facilities, representing approximately 75 percent of energy use. UMS will provide facility-specific utility information at a level of accuracy previously unavailable to the Postal Service.

Also during 2008, we began developing an Enterprise Energy Management System (EEMS). It allows us to consolidate facility-related energy information into one location, measure and verify building equipment and system performance in real time, and monitor and control building systems locally and remotely. This helps us identify opportunities for improvement, reduce cost and consumption, increase efficiency and improve energy planning.

EEMS will expand through 2010 to include 28,000 facilities. EEMS lets us standardize results across differences in weather, location, facility size, mail volume or time period.

Energy Conservation

Our first priority for managing facility energy use is to identify and implement opportunities for savings. Facility energy audits help us evaluate our energy use and identify opportunities to manage it better.

In 2007, we began commissioning comprehensive energy audits at our most energy-intensive buildings. Through these audits, we identified potential energy reductions of up to 2 trillion BTUs and cost savings totaling \$44 million by the end of 2008. As we conduct more audits, we will incorporate best practices and lessons learned from them into future reviews.

Many energy conservation opportunities identified to date are simple and repeatable, such as reprogramming thermostats, turning off lights and repairing compressed air leaks—often at little or no cost.

More complex improvements include upgrades and replacements of HVAC, lighting and compressed air systems—including controls which are crucial to realizing savings from the upgrades. In 2008, we encouraged implementation of energy efficient retrofits by modifying our building design criteria with stronger requirements for energy efficiency performance.

Green Buildings

USPS is committed to building and operating high performance, sustainable buildings. Our objective is to design and build all new construction and significant renovation projects to exceed the energy efficiency requirements of the leading building energy standard

(ASHRAE 90.1-2004) by the greatest amount that is life-cycle cost effective.

To facilitate this, we require design teams to perform energy modeling on multiple alternative design concepts, and we select designs based on energy and financial considerations. We also require roofing materials to be Energy Star compliant to address the “heat island” effect.

Our efforts go beyond just energy efficiency. Other sustainable attributes—low volatile organic compound (VOC) paints, recycled-content materials and low-flow plumbing fixtures are requirements for our designs. We also incorporate native plants in our landscaping to reduce irrigation requirements.

Our design criteria now include “green” lobbies that use a variety of environmentally friendly materials. And any new building construction we undertake meets the U.S. Green Building Council’s Leadership in Energy and Environmental Design (LEED) certification requirements.

Furthermore, the Postal Service has historically played a critical role in sustainable patterns of development in America through its locations for new Post Offices. Post Office locations are designed to be convenient to all customers by being centrally located.

Did you know . . .

The Postal Service is testing the latest generation hydrogen fuel cell vehicles in Irvine, CA, and Washington, DC. A hydrogen fuel cell vehicle is more energy efficient than an internal combustion engine and emits only harmless water vapor.



The Denver Post Office was one of the first LEED certified Post Offices in the country.

Renewable Energy

Another aspect of our sustainability strategy is to increase our use of renewable energy when it makes business sense. We're exploring renewable technologies at several locations around the country.

Because postal facilities are located in a wide range of geographies and climates, a number of opportunities are available. For example, in the Pacific Area, the EPA honored USPS with an environmental achievement award for our solar photovoltaic, fuel cell and combined heat and power generation technologies.

We intend to make renewable energy a sustainable part of our operations, and we continue to evaluate projects that provide a favorable return on investment while creating additional environmental benefit. We've learned that energy conservation is often a better investment than site-specific renewable energy developments.

Nevertheless, we have 10 buildings with on-site solar photovoltaic systems, primarily in California, and we continue to pursue these and other economically and environmentally responsible systems.

Other Initiatives

The Postal Service has incorporated energy efficiency requirements into our mail processing equipment designs. The innovative Flats Sequencing System, a state-of-the-art sorting technology, was our first major purchase that considered these requirements.



Solar arrays like this one at the San Francisco Processing and Distribution Center are helping USPS use more sustainable forms of renewable energy.



Oregon's Lebanon Post Office was built using eco-friendly materials and practices.

Green From the Get-Go

Two recently constructed Oregon Post Offices feature the latest in green technology. The Lebanon and Sisters Post Offices were built using environmentally friendly building products and practices.

Extra insulation in the walls and roof maintain optimal interior temperatures. The paint is low in VOCs, and low-flow plumbing fixtures are in both Post Offices.

The lighting is high-efficiency fluorescent lamps. USPS also requires a waste management plan in its construction specifications—meaning contractors are required to separate waste and recycle whenever possible.

Energy efficiency is the “greenest” thing about the buildings, according to Facility Requirements Specialist Linda McNulty.

She cites the facility's high-efficiency HVAC systems—that use less electricity than standard units. Rated at 96.6 percent efficient, the HVAC exceeds national standards by nearly 25 percent.

The eco-friendly touches don't stop inside the building. There's even something out front that fossil-fuel-conserving customers will find particularly useful—a bike rack!

Even in our offices, we are pursuing energy savings by replacing old computers and peripherals with energy-efficient models. The installation of power management software on our remaining hardware has conserved energy and cut operational costs.

During 2008, we replaced 104,000 computer workstations and bought 60,000 flat-panel monitors that use almost 70 percent less energy than their predecessors. In addition to the energy-saving benefits, this initiative is enabling USPS to achieve greater office productivity due to improved computer performance and virtual office features that reduce the need for expensive and energy-consuming travel.

Owned Vehicles and Contract Transportation

Together, the Postal Service and its transportation partners travel nearly 8 billion miles a year to ensure prompt and reliable mail delivery to every mailbox in the nation.

In 2008, moving the mail consumed an estimated 728 million gallons of gasoline equivalent (GGE) across our postal-owned and contract vehicle fleets. The majority was consumed by our contract transportation partners and rural route carriers, totaling 580 million GGE, or 80 percent. The remaining 20 percent, or 148 million GGE, was used by our owned fleet.

Overall Postal Service and third-party provider fuel use actually has declined slightly, about 6 percent, since 2005—although fuel use in our owned vehicles has actually increased slightly. The overall decline in fuel use can be attributed to reduced mail volumes and our fuel reduction efforts.

Between 2007 and 2008, the amount of mail delivered by the Postal Service dropped to 203 billion from 212 billion pieces. This reduction in volume also reduced the number of miles traveled and gallons of fuel used to transport mail by air and ground.

By improving the performance of our own vehicle fleet, monitoring our fuel expenditures and seeking the best value from contract transportation partners, we're striving to reduce fuel consumption and use the most efficient transportation options possible.

Rural Carrier David Moseley delivers mail dockside for his customers on Lake Coeur D'Alene, ID.



In fact, we already use a wide range of transportation options to deliver the mail. Our own vehicles are primarily focused on mail delivery. We rely on an extensive network of contract partners to move mail behind the scenes, by air, highway, rail and water.

Some of our rural route employees deliver mail using their own private vehicles. Other carriers deliver by boat, foot, bicycle and, in the Grand Canyon, by mule.

We're focusing our fuel-reduction efforts on postal-owned delivery, collection and service vehicles. By 2015, we're targeting an overall reduction in petroleum use of 20 percent from a 2005 baseline.

We also plan to increase use of alternative fuels, including electricity, E-85, biodiesel, propane and compressed natural gas. Our goal is to increase use of these non-petroleum fuels by 10 percent by 2015 from a 2005 baseline.

Did you know . . .

USPS has one of the largest alternative fuel capable vehicle fleets in the world.



The science of measuring environmental and economic impacts of various alternative fuels is evolving, so we'll continue to evaluate the right mix of these fuels in our operations as we gain more experience with them.

Given our universal service obligation and other distinct constraints, meeting these goals will be a challenge. However, by closely monitoring our fuel use, using the shortest routes for moving the mail and investing in alternative-fuel vehicles, we hope to exceed our goals and serve as an example for other agencies.

Also, by closely monitoring fuel use and related spending, we can react faster to fluctuating fuel prices and plan our capital investments for fuel efficiency more effectively.

Several other measures are under consideration that can be implemented quickly and economically. These include reducing the number of non-mail hauling vehicles, conducting more route inspections and reductions, placing vehicles with low fuel economy on the shortest routes and continued investment in GPS technology to track vehicle movements.

We've also developed a long-term fuel strategy that reduces costs and risks by working more collaboratively with suppliers to manage our fuel supply.

Owned Vehicles

The Postal Service closely manages the performance of our owned vehicle fleet. In 2008, we used an estimated 148 million GGE of petroleum-based fuels and 1.51 million GGE of alternative fuels, such as biodiesel and compressed natural gas. In this subset of the total fleet carrying mail, we aren't progressing toward our goal of reducing petroleum use. Petroleum-based fuel use by our owned vehicle fleet actually increased approximately 4 percent between 2005 and 2008.

Because we deliver mail to more addresses each year, our owned vehicles continue to drive greater distances and consume more fuel, largely accounting for the increase. In 2008, the Postal Service reached 3 percent more delivery points than in 2005.

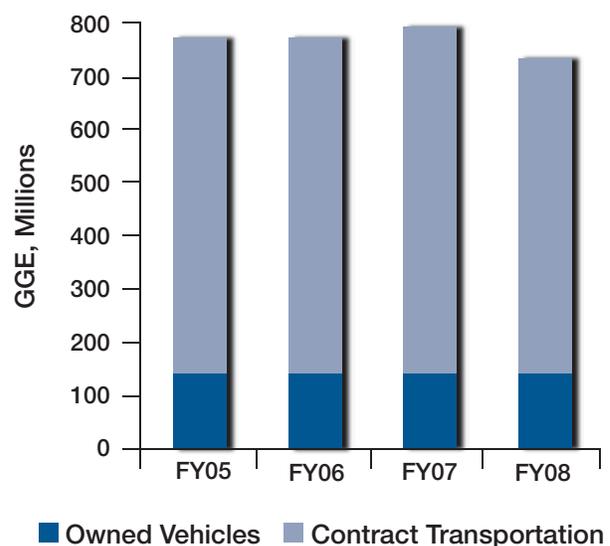
While we're progressing toward our goal of using alternative fuels in more vehicles, actual alternative fuel purchases make up only a small percentage—1 percent in 2008—of total fuel purchased for our delivery, collection and service vehicles. While we've purchased more than 11,000 E-85-capable vehicles since 2005 in accordance with federal law, the lack of E-85 fueling stations requires us to use traditional fuels in these vehicles.

Vehicle Fuel Management

USPS plans to reduce petroleum use in our owned vehicles, while absorbing more than 1 million new delivery locations each year.

Computer modeling is helping our delivery managers devise more efficient routes to minimize fuel use. Individual mail carriers also are incorporating best practices to reduce vehicle idling, which can be significant given the frequent starts and stops required on routes. Other improvements include increasing the number of deliveries per route and consolidating infrequent trips.

Owned Vehicle and Contract Transportation Energy Use



Alternative Fuels

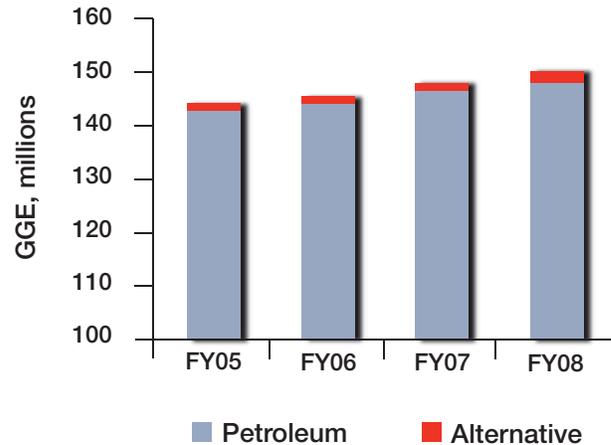
The Postal Service operates one of the nation's largest fleets of alternative fuel capable vehicles, including more than 37,000 E-85 flex-fuel vehicles that can operate on gasoline, E-85 or any mixture of the two fuels. However, as mentioned earlier, most of these vehicles run on standard petroleum-based fuels because there are currently so few E-85 fueling stations.

To add flexibility in the future, we're currently supporting several initiatives to lessen our dependence on fossil fuels. In 2008, we signed an agreement with General Motors to test the fourth-generation hydrogen fuel cell Chevrolet Equinox. This vehicle currently is being used to deliver mail in Irvine, CA, and a second Equinox is being deployed in the Washington, DC, area.

The Postal Service is working with other partners to test electric and hybrid vehicles that could supplement our existing delivery fleet. For example, we purchased several three-wheeled electric delivery vehicles in 2008 to deliver mail on shorter routes in Florida, California, Texas and Arizona.

We also are testing two hybrid electric two-ton vehicles at Huntington Station Post Office in New York. One was converted to hybrid electric technology by Eaton Corp. and the other is a new hybrid electric vehicle from Azure Dynamics.

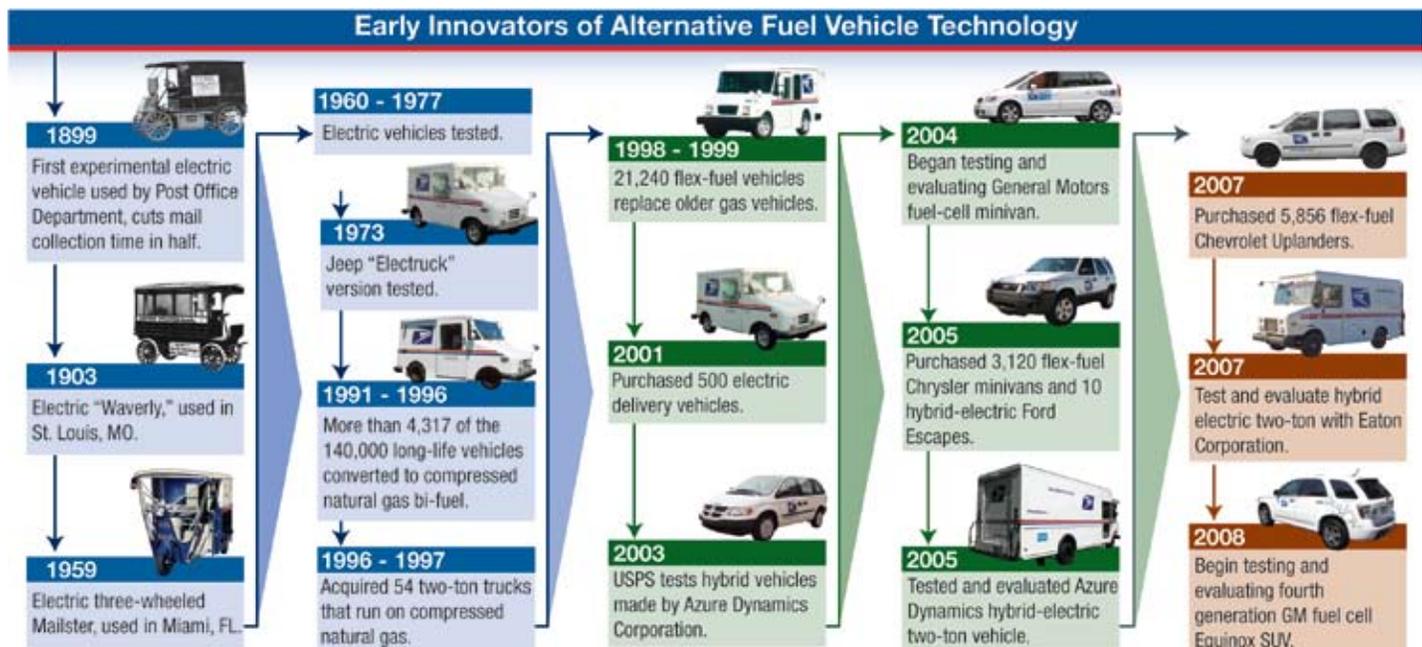
Owned Vehicle Energy Use by Fuel Type



Research and Development

Our alternative fuel vehicle program is part of a larger effort to reduce uncertainty and risk by testing a variety of technologies that use alternative fuels.

Our research and development strategy is to test these vehicles under real operational conditions to determine their potential value to our operations, including fuel and maintenance costs, as well as overall environmental impact. These R&D initiatives help us make



informed, reliable decisions regarding fleet replacement and new vehicle technologies.

Contract Transportation

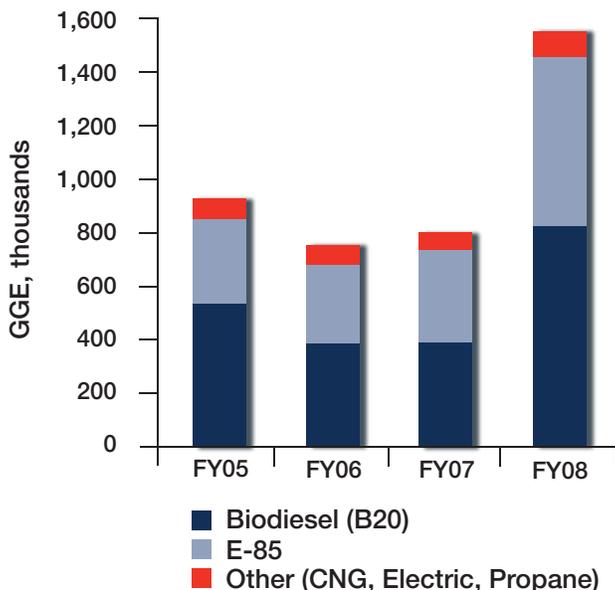
Our primary goal for USPS contract transportation partners is to make sure they maintain quality service at the best value. In 2008, our contract transportation partners used 289 million GGE for highway and 245 million GGE for air to transport USPS mail.

USPS employees operating their own vehicles used an additional 41 million GGE, and the remaining categories—rail and water—totaled 5 million GGE.

Since 2005, total fuel use for mail transport by contract transportation providers has dropped 8 percent. This decline is due in large part to the 15 percent drop in air transport that coincided with the loss of mail volume between 2007 and 2008.

As we continue to reduce the overall environmental impact of our operations, we'll work to meet our service commitments using surface, rather than air, transportation to reduce fuel use.

Owned Vehicle Alternative Fuel Use



Sun City, AZ, Letter Carrier Terry Hesselrode is one of nearly 70 letter carriers across the country who deliver mail on a bicycle.



It is About the Bike

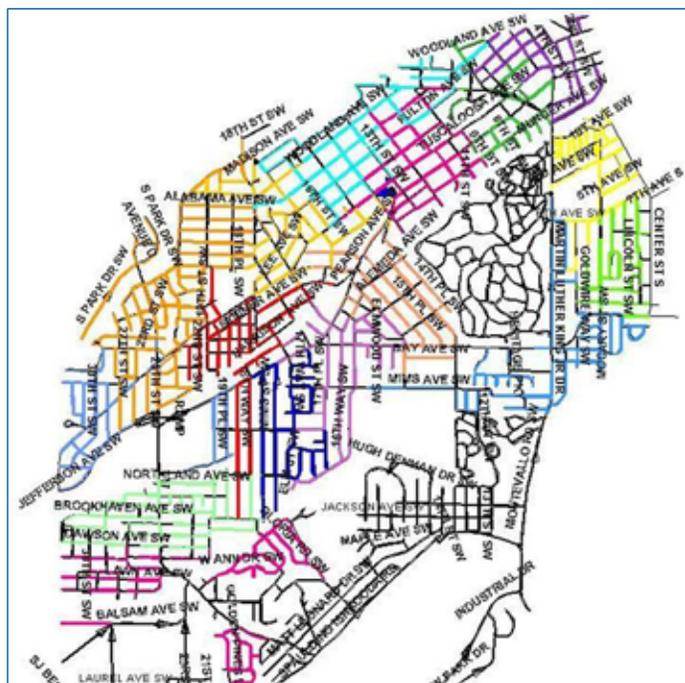
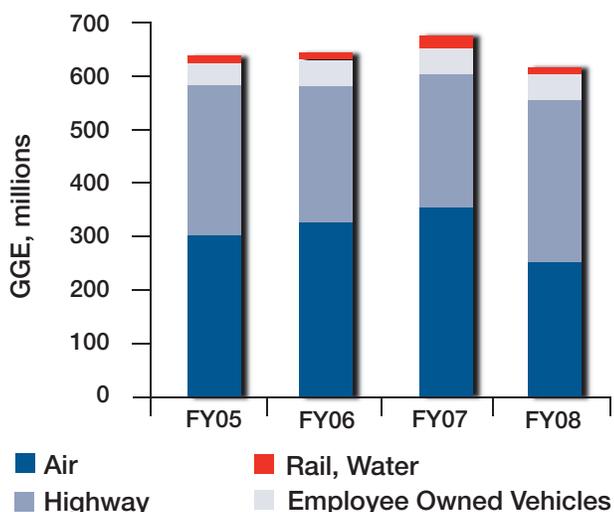
Our “fleet of feet” isn’t just about the more than 10,000 letter carriers who walk their routes every day—it’s about those who ride them as well.

Three Post Offices across the country boast pedal-powered routes—Sun City, AZ, Miami Beach, FL, and the Open Air Station in St. Petersburg, FL. Sun City has 37 routes, while Miami Beach and St. Petersburg each have 16 routes. Bike routes help USPS lessen dependence on oil, reduce our carbon footprint and lower greenhouse gas emissions—three key goals of our environmentally oriented business model.

Sun City, AZ, carriers delivering by bicycle conserve 7,800 gallons of gasoline annually compared to Long Life Vehicle delivery and eliminate 25,000 pounds of carbon dioxide emissions. All Sun City carriers with bike routes received new wheels in November of 2007. Sun City, AZ, Postmaster Mark Strong said, “Now our red, white and blue fleet of bicycles is delivering green.”

The program has been so successful that USPS is looking at opportunities to create more eco-friendly—and heart healthy—bike routes.

Contract Transportation Energy Use



Carrier Optimal Routing

We continue to document energy impacts of our logistics decisions. For example, carrier optimal routing (COR) improves both logistics and energy efficiency. COR uses a detailed mapping system to create more fuel-efficient and safer delivery routes.

Greenhouse Gas Emissions

Climate change is a global issue with potential negative effects to natural systems, human health and economic prosperity. As a result, measuring and managing greenhouse gases (GHG) that contribute to climate change is a major USPS management priority.

Our goal is to reduce overall emissions 20 percent by 2020. This includes direct emissions from our facilities and vehicles and indirect emissions from electricity use at our facilities—typically referred to as Scope 1 and Scope 2 GHG emissions.

We're working to increase our understanding of GHG impact, mitigate risks, ensure compliance with regulations and identify new business opportunities.

Our primary focus for GHG emissions is managing energy use from our facilities and vehicles. As mentioned earlier, USPS has undertaken several initiatives since 2003 to reduce energy use, including investing in facility energy efficiency, increasing alternative fuel use in our fleet and partnering with contract transportation providers to look for opportunities to reduce their fuel consumption and GHG emissions.

In 2008, we undertook our first full GHG emissions inventory that includes, among other emission sources, approximately 34,000 facilities, 220,000 vehicles and contracted surface and air transportation.

We used calendar year 2007 as the inventory baseline for GHG emissions, in part due to our affiliation with the CCAR. As a founding member, we have committed to measure, verify and report GHG emissions annually based on the registry's general reporting protocol. Our public emissions report for calendar year 2007 included both direct and indirect sources (Scope 1 and 2), as recommended by the CCAR protocol. This report, which

Did you know . . .

The Postal Service is the first government agency to report its greenhouse gas emissions — and the first to receive third-party verification of its results.



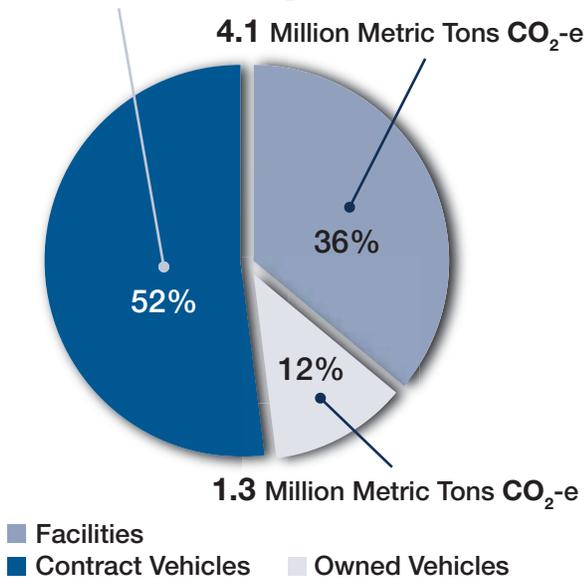
was verified by a third party, is available at climateregistry.org.

For this report, we've also estimated the GHG emissions from contract transportation provider vehicles. Emissions from these sources are estimates and haven't been verified by a third party.

In the coming years, we'll include estimates of GHG emissions associated with employee business travel and commuting in our sustainability reporting.

CY 2007 GHG Emissions by Type

5.8 Million Metric Tons CO₂-e



Water

The Postal Service recognizes the increasing importance of conserving water. We have several initiatives under way to minimize water use and improve water efficiency.

Surprisingly, although USPS has a significant number of buildings, restrooms represent our largest source of water consumption. Vehicle wash bays and landscape irrigation are the only other notable sources of water use.

Nevertheless, to reduce water consumption, we established building design standards that align with EPA WaterSense guidelines. The standards specify that any new buildings or major renovations will use low-flow, high-efficiency plumbing fixtures.

In addition, we are eliminating use of potable water for exterior irrigation at newly constructed buildings.

To better understand water-use patterns, we're capturing water consumption data for 50 of our largest buildings and conducting energy audits, including water use, at our largest 2,000 buildings. This information will help us identify water-saving opportunities at other buildings.

Waste and Recycling

Reducing the waste we generate is central to becoming more sustainable. Last year, USPS generated an estimated 455,000 metric tons of municipal solid waste. We recycled approximately 232,000 metric tons of that waste.

Our integrated waste management program has demonstrated cost-effective and proactive pollution prevention and waste minimization, and promotes resource efficiency and reduction of environmental risks.

Raising awareness and encouraging behavior changes among employees, customers and business partners are central to our efforts. Our pollution prevention awareness and training program is targeted to all levels of employees to encourage waste prevention.

Recycling at Postal Facilities

About 60 percent of our 34,000 facilities have active recycling programs for one or more commodities. In addition, we've expanded our lobby recycling program, which allows customers to recycle mixed paper in Post Office lobbies, to almost 4,000 locations in 2008—an increase of 23 percent from 2005.

We're developing strategies to expand recycling of undeliverable Standard Mail, discarded lobby mail and other paper, cardboard and plastics resulting from postal operations.

Targeting undeliverable Standard Mail and discarded lobby mail will help meet postal waste reduction cost goals. It also will result in more efficient and environmentally sound alternatives to solid waste disposal practices.

WasteWise Partnership

USPS received the EPA's WasteWise Partner of the Year Award, the program's highest honor, for the ninth year in a row. The WasteWise program targets reducing municipal solid waste and industrial wastes. Today, 100 percent of our districts are WasteWise partners, a substantial jump in participation over the prior year, when we had 11 percent of districts enrolled.

Reducing Waste

In 2008, USPS established a "zero waste to landfill" initiative to reduce the volume of solid waste generated from our Washington, DC, headquarters facility. The purpose of this initiative is to reduce as much as possible the amount of solid waste sent to landfills. We plan to expand the program to 19 pilot sites, including processing and distribution centers and vehicle maintenance facilities.

Managing Toxic and Hazardous Chemicals

USPS has developed a formal approach to toxic and chemical management through our chemical management plan, which establishes systems and internal controls.

We reached several major implementation milestones in 2008, including:

- Identifying high-volume chemical and hazardous materials purchases and finding less toxic alternatives for each.
- Establishing goals and objectives for reduction or elimination of toxic and hazardous chemicals most frequently found within USPS. Our chemical reduction program focuses on 13 chemicals typically associated with vehicle maintenance, mail processing and custodial cleaning operations.



Almost 4,000 Post Offices are participating in our Post Office Box Lobby Recycling campaign that encourages customers to "Read, Respond and Recycle" their mail in our lobbies using our secure recycle bins.

This program replaced the Postal Service's "17 Chemical Reduction Program" adopted in the early 1990s.

- Disseminating requirements on the reduction, release and use of toxic and hazardous chemicals, materials and products.
- Maintaining and updating facility-specific pollution prevention plans at our plants and vehicle maintenance facilities.
- Expanding the use of suppliers capable of providing high levels of reliable and cost-effective support services for the collection, recycling and proper disposal of universal, hazardous, regulated and special wastes throughout the nation.

Products and Services

From green packaging to online shopping, the Postal Service helps consumers and businesses make eco-friendly choices about their mail. We continuously work to reduce its environmental impact.

Product Innovation

We're reducing waste and pollutants by expanding our use of recycled and recyclable products, harnessing the power of the Internet through *usps.com* to save customers unnecessary trips to Post Offices, and exploring numerous other ways to green the mail.

Cradle-to-Cradle Certification

In 2007, the Postal Service became the first of its peers to achieve Cradle-to-Cradle certification for its mailing supplies. Cradle-to-Cradle certification uses 39 specific criteria to assess the environmental attributes of inputs and outputs used in manufactured goods.



Before awarding the Postal Service its silver certification for mailing supplies, Cradle-to-Cradle certifiers spent almost two years examining our products, breaking them down to their 250 component materials and analyzing 1,400 individual ingredients.

All 200 suppliers contributing to the manufacture of USPS envelopes, packages and other supplies completed this demanding series of measurements and assessments. Maintaining these new, higher standards is now an integral part of doing business with the Postal Service.

To date, most of our Express Mail, Priority Mail and ReadyPost products have been Cradle-to-Cradle certified, as well as other supplies, such as decals, labels and packing tape.

In 2008, almost 900 million certified products were sold and distributed—an increase of 18 percent over our first year of Cradle-to-Cradle certification. We continue to expand Cradle-to-Cradle certification. By next year, every stamp purchased at local Post Offices or online at *usps.com* will be Cradle-to-Cradle certified.

Consumers will not see any change in price, service or convenience as a result of using Cradle-to-Cradle mailing supplies. The switch to these environmentally beneficial materials has been cost neutral. There was no fee for obtaining Cradle-to-Cradle certification, other than the investment in time to look closely at the products we offer.



USPS expedited shipping products are made from recycled content and soy-based inks. They are the only shipping products in the industry to receive Cradle-to-Cradle certification.

Cradle to CradleSM Certification

By the Numbers

10	Number of primary suppliers USPS worked with to create new packaging materials.
200	Number of additional suppliers USPS worked with to create new packaging materials.
60	Number of USPS packaging items examined during certification.
250	Number of component materials examined during certification.
1,400	Number of individual ingredients in those component materials analyzed for environmental impact.
99.99	Percentage of ingredients used in USPS materials assessed for human and environmental health.
39	Number of human and environmental health criteria met for certification.
2	Number of years needed to complete the review and certification process.
900	In millions, number of Cradle-to-Cradle certified packages, envelopes and other supplies produced annually.
1	The Postal Service is the only shipping or packaging company to attain Cradle-to-Cradle certification.

Direct Marketing

The Postal Service has sponsored several initiatives to quantify the environmental impact of mail, including the 2007 Environmental Impact of Mail study. The study showed that advertising mail has a net benefit to the environment by encouraging shopping from home, which reduces customer miles driven and harmful automotive emissions.

Direct mail advertising accounts for only 2.3 percent of landfill waste. However, any amount is too much, and we're working with direct mailers, encouraging them to:

- Streamline address lists.
- Switch to recycled, lightweight papers produced with chemical-free processes.
- Use agri-based inks.
- Reduce printing waste.

Greening the Mail

In 2007, the Postal Service reinvigorated the Greening the Mail Task Force, originally formed in 1995. Participants include mailers, industry groups, suppliers, non-governmental organizations, the EPA and the White House Office of the Federal Environmental Executive. The task force is driving a multi-year effort to improve mailpiece design, improve address and list quality, expand recycling and waste-disposal practices related to mail, and improve communication on the impacts of mail on the economy and society.

The mailing industry has taken great strides to become more environmentally responsible. The amount of Forest Stewardship Council-certified forests has tripled since 2004 to more than 281 million acres in 82 countries.

Many paper manufacturers have switched to more environmentally friendly bleaching solvents. List providers are already reducing wasted resources by focusing their lists more effectively. They also are providing consumers with more tools to opt out of unwanted mailings. The industry has worked hard to embrace the triple bottom line components of a sustainable business model.

Greening the Mail Task Force

The Postal Service created and chairs the Greening the Mail Task Force, a public-private partnership tasked with reducing the environmental impact of mail.

Life Cycle Inventory

In 2007, the Postal Service developed a life cycle inventory (LCI) model to support the Greening the Mail Task Force in identifying the environmental impacts of different classes of mail. The LCI model offers a consistent, internationally recognized means of comparing products, and it is increasingly used by organizations to identify improvements to product sustainability. The model covers the entire life cycle of the mail, from mailpiece production through disposal, and identifies the most significant environmental impacts.



Find ways to lower your carbon footprint and learn what the Postal Service is doing to reduce its impact on the environment at usps.com/green.



With the model, the Postal Service can perform a comparative analysis of the environmental aspects of different mail products. It provides us with information about the magnitude and distribution of the major environmental aspects of postal operations.

It also identifies portions of the mail life cycle that consume the most energy and generate the greatest amounts of pollution and waste, and it quantifies the share attributable to each major USPS product.

The task force will use the model's results to prioritize initiatives that improve the environmental impact of mail throughout its life cycle.

Enhancing the Value of the Mail

The Postal Service is increasing mail's value by helping consumers make environmentally friendly choices. Today's customers look for convenience balanced with environmental responsibility. We're helping them achieve this balance by going green.

Moreover, we're encouraging consumers to shop from home by ordering goods and services online. Many consumers prefer to shop online and by catalog because of its convenience and flexibility.

USPS facilitates this process by picking up and delivering nearly 850 million packages a year, helping consumers save time, as well as reduce emissions and fuel use. We also deliver packages for other shipping firms, minimizing the number of total delivery trips to neighborhoods nationwide.

EnvironMAILism

We are encouraging marketers to become "EnvironMAILists," people who implement greener direct mail techniques and processes. This helps reduce advertising mail waste.

Our EnvironMAIList campaign provides direct mailers printers, list vendors, agency professionals and marketing clients a handbook to introduce greener approaches to developing direct mail.

The campaign itself is a good example of mailing green. EnvironMAIList campaign materials are made using 30 percent post consumer waste, are Green Seal certified and carbon neutral. Energy to create the mailing comes from such diverse sources as wind power and hydro-electric power.

Businesses and households now find it easier to recycle or dispose of many products using the mail—including computer equipment, printer supplies, cell phones, rechargeable batteries, compact fluorescent light bulbs and prescription drugs.

Through partnerships between businesses and government, mail is being used to properly dispose of products that might otherwise be harmful to the environment. For example, one state has partnered with USPS to provide the nation's first program to help consumers dispose of excess medicines by mail. This effort is important because pharmaceuticals don't

break down naturally and can contaminate lakes, streams and water supplies.

Consumers can put unused prescriptions or unwanted over-the-counter drugs in pre-addressed, postage-paid pouches available at many of the state's pharmacies. They then mail the pouches to the state's drug enforcement agency for proper disposal.

These mail-back programs take advantage of the Postal Service's national infrastructure, create customer convenience and promote innovative uses for the mail.

Lastly, we are bringing many USPS services online, further reducing customer trips to the post office. For example, customers can print postage-paid shipping labels using Click-N-Ship, schedule free package pickups and order mailing supplies online. Fully 44 percent of postal retail transactions now take place through the Internet, up from 38 percent in 2007.

Green Purchasing

Green purchasing is a central part of the Postal Service's corporate-wide sustainability program. For more than a decade, USPS has been a leader in preventing pollution and reducing waste by use of nonhazardous and environmentally preferable chemicals and products.

In 2008, the Postal Service formed a Green Purchasing Team. The team, which included supplier representatives, developed the USPS Green Purchasing Plan 2008–2010, which lays out a number of environmental criteria to be considered when buying green, selling green and being green. The USPS Green Purchasing Team has actively worked to educate and inform customers and suppliers about the Postal Service's Green Purchasing Plan.

The plan calls for evaluating "environmentally preferable" products as part of USPS purchasing decisions—along with price, quality and delivery standards: Examples include products made from recycled content or renewable resources, eco-label certified (i.e., Green Seal and EcoLogo) products, Energy Star



and EPEAT registered electronics, water-conserving products, and products free of targeted hazardous chemicals.



We are committed to working with our suppliers to encourage and reward sustainable business practices. In 2008, USPS added a supplier sustainability excellence award to our Supplier Performance Award program.

Additionally, the Postal Service has centralized its purchase of environmental services, including hazardous waste management, environmental consulting, storage tank services, recycling, and vehicle washing services that eliminate wastewater discharge. This has promoted standardization, increased cost savings and supports our commitment to environmentally responsible supply chains.

The White House recognized USPS 2008 efforts with a White House Closing the Circle Award for our Green Purchasing Team activities, including development of the national Green Purchasing Plan.



The Postal Service received honorable mention for our Lead-Free Wheel Weight Program. This program has the potential to prevent 17 tons of lead from entering the environment by outfitting Postal Service vehicles across the country with lead-free wheel weights.

We have also received recognition for tapping into a diverse group of suppliers in the competitive market place who also assist us in reducing our consumption of natural resources and energy, emissions into air, water and soil, as well as generation of waste and noise. This commitment to supplier diversity is recognized in the following ways:

- America's Top Government Agency for Multicultural Business Opportunities—*DiversityBusiness.com* (winner for the fourth year in a row).
- Top 25 Women Impacting Diversity—*Diversity Plus Magazine*.
- Featured article—"First Ladies of Supplier Diversity"—*Women's Enterprise, WEUSA Magazine*

- Recognition of USPS commitment to supplier diversity—industry trade journals: *Savoy Professional* and *DiversityPlus*.

The key to the success of any program is the ability to measure its accomplishment. Tracking environmentally preferable purchases—there are more than 15,000 products available to 34,000 facilities— is no easy task. To do it, we established a new tracking system for all national supply contractors. We also purchased many green products, including re-refined oil, retread tires, recycled antifreeze, non-hazardous chemical alternatives, and Energy Star and EPEAT registered electronic products.

For that reason, the Postal Service dramatically expanded its tracking of recycled content purchases covering five different materials in 2008—paper, metal, rubber, plastic and Tyvek.

Examples of some of our green purchases in FY 2008 include \$74 million in remanufactured auto parts and industrial equipment, and more than \$27.4 million on recycled content cardboard boxes to move mail through our processing and delivery facilities. We also spent \$9.4 million on retread tires, an additional \$1 million on other recycled content tires and \$8.4 million on environmentally preferable custodial products.



The Postal Service's Green Purchasing plan was the centerpiece of Supply Management's Earth Day presentation.

Green Purchasing Progress

In 2008, the Postal Service spent more than \$251 million on environmentally preferable products, including remanufactured automobile parts, retread tires, recycled content paper products, custodial products and Cradle-to-Cradle certified shipping boxes and envelopes.

Our People

Every day, in communities across America, our employees help fulfill the Postal Service's mandate to provide universal delivery to the American people. USPS is one of the nation's largest employers and one of the most-trusted government agencies in the country. USPS employees reflect the values and diversity of the cities and towns they live in and serve, and remain steadfast in their commitment to provide excellent service to all Americans.

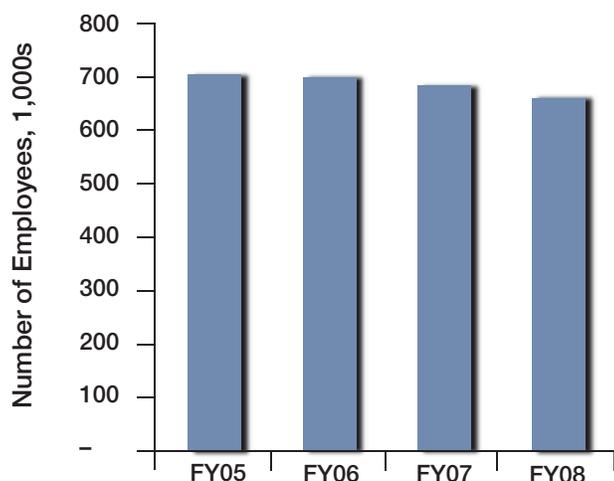
Employees on the Move

A sizeable workforce is required to deliver more than 200 billion pieces of mail a year and connect virtually every home and business in the United States. With more than 700,000 employees, the Postal Service is the second-largest civilian employer in the country.

In 2008, the Postal Service's complement of career and non-career employees declined by a net 20,841—21,524 fewer career employees, but with the addition of 683 non-career employees.

A labor-intensive business, we constantly look for ways to help our people work more efficiently. These efforts include continuous workforce planning, recruiting a talented workforce, providing competitive compensation and benefits, and offering effective job-based training and career development.

Postal Service Career Employees



We also provide consultation to USPS management associations—the National Association of Postal Supervisors, National League of Postmasters and National Association of Postmasters of the United States. These associations represent supervisory, managerial and other non-bargaining employees in the field.

Compensation and Benefits

USPS compensation plans are designed to attract, retain and motivate employees, while meeting all federal government requirements. Compensation and benefits for current employees and retiree health benefits make up almost 80 percent of our operating expenses.

Federal law mandates that compensation and benefits for our employees be comparable to the rates and types of compensation paid in the private sector. The Postal Service participates in the Federal Employees Health Benefits Program, which provides excellent coverage and flexibility, with most of the cost paid by the Postal Service.

We also participate in the federal retirement program, which provides a defined benefit annuity at normal retirement age, as well as disability coverage. Our employees also can participate in a thrift savings plan, a defined contribution retirement savings and investment plan similar to a 401(k).



USPS offers competitive salaries and excellent benefits to its employees.

Mail Processing Machine Operator Ken Jorsling of Frederick, MD. The Postal Service processed nearly 203 billion pieces of mail in 2008.



Health and Safety

USPS is committed to the health and safety of our employees. Through the National Medical and Occupational Health Program, we provide preventive medical programs in health counseling, education and training, and we manage employee medical records.

The Postal Service Employee Assistance Program provides employees and family members with free, voluntary and confidential counseling from licensed professionals. Counselors are available 24 hours a day, seven days a week to help employees deal with difficulties that may affect their lives and work.

One of the greatest investments the Postal Service makes for our employees is maintaining a safe working environment. We have a robust Voluntary Protection Program, ergonomic risk-reduction processes, joint safety initiatives with employee unions and other safety programs developed in cooperation with the Occupational Safety and Health Administration (OSHA).

The Postal Service continued to make progress with safety improvements in 2008. Our OSHA injury and illness frequency rate in 2008 was 5.4 per 100 employees, which translates to 3,324 fewer employee injuries and illnesses than occurred in 2007.

Our motor vehicle accident frequency rate in 2008 was 9.52 per million miles, a 2.76 percent improvement

from the previous year. This translates into 396 fewer vehicle accidents last year.

Efforts to raise employee awareness about avoiding injuries and illness included safety talks, publications and videos, such as our award-winning “Safety Depends on Me” video campaign.

We also launched a public service video for children this year to raise awareness of safety around our delivery vehicles.

Diversity and Inclusiveness

Diversity is key to Postal Service success and affects every aspect of our organization. Our workforce diversity reflects that of the nation. The Postal Service is one of America’s leading employers of minorities and women, with minorities making up 39 percent of our workforce, and women, 37 percent.

In 2008, *Hispanic Business Magazine* named USPS a top employer of Hispanics. *Careers & the disAbleD* magazine recognized the Postal Service as a top 20 government agency for disabled employees.

USPS also introduced *GrowGlobal!* as a strategy for growing business with multicultural customer segments. *GrowGlobal!* uses the diversity of the Postal Service’s workforce to reach untapped non-traditional business markets.



USPS both values and reflects the cultural diversity of the nation.

Employee Engagement

The Postal Service also strives to have a well-informed workforce, fully engaged in meeting the needs of postal customers and helping our business grow.

Communications to our employees include print and online newsletters, on-demand videos, digital signage, daily service talks and new intranet applications that allow employees to easily obtain and share information online.

Voice of the Employee

Every career employee receives the Postal Service's Voice of the Employee (VOE) survey once a year. Participation is voluntary, and the response rate is generally high.

Results from the survey are used as key indicators of workplace factors that can affect employee performance and business outcomes. Responses also can identify organizational issues and help us develop improvement strategies.

In 2008, the VOE response rate was 61 percent, with a national index score (our key measure of performance) of 63.7 percent favorable, up from 63.5 percent in 2007.



Employee opinions matter. Each year, all USPS career employees get to participate in the Voice of the Employee survey.

Did you know . . .

USPS surveys 25 percent of its career workforce every quarter. Survey responses are confidential and help USPS assess employee engagement.



Vacaville, CA, Letter Carrier David Siruno doesn't need "Take a Bike to Work Day" to get his pedal to the metal.

A Good Spokes-Person

Fifty year-old David Siruno has been riding his bike from home to the Vacaville Post Office since 2001. After walking his 7-mile route, he bikes back home. And if the weather's good, Siruno might ride another 25 miles — just for fun.

He enjoys biking and reports he's in great shape. And his commuting habits haven't gone unnoticed. In 2008, the Solano County Metropolitan Transportation Authority named Siruno its "Bike Commuter of the Year."

"People ask me why I do it," he says. "My answer is because I can, and right now, I feel pretty healthy." Plus, he knows it helps the environment.

Our Community

Our Unique Position

“Since 1775 the U.S. Postal Service has connected friends, families, neighbors and businesses by mail. This tradition of public service brings with it a responsibility to be a good corporate citizen in every community in the United States. The Postal Service’s many outreach activities give us an opportunity to use our resources to give back to the communities where we live and work.”

— John E. Potter, Postmaster General

Customer Outreach

Nearly everyone in America is a Postal Service customer, and our connection with communities begins with our customers.

In addition to our direct customer outreach programs, USPS participates in Postal Customer Councils (PCCs) made up of local business leaders and other mailing industry representatives. PCCs help us keep customers updated on the latest postal products and developments in the industry.

More than 100,000 members belong to 200 local PCCs across the country. *PCC Insider*, a monthly eNewsletter, provides the latest information on products and services, technology advances, and pricing and classification to these business customers.

Community Involvement

Our employees are good neighbors in the communities they serve, giving back to those in need and helping maintain the safety of America’s communities.

Annual Food Drive

On May 10, 2008, thousands of our letter carriers and other employees in more than 10,000 cities and towns collected, processed and delivered nonperishable food donated by customers. Now in its 16th year, the drive has provided more than 900 million pounds



Thousands of letter carriers across the country participate each year in the national food drive, a one-day event that benefits local food banks. To date, the drive, administered by the National Association of Letter Carriers, has collected nearly 1 billion pounds of food.

of food to the hungry, with this year’s drive collecting 73.1 million pounds.

Supporters of the drive, managed by the National Association of Letter Carriers, include Campbell Soup Company, America’s Second Harvest, local United Way affiliates, Valpak, the AFL-CIO Community Services Network and cartoonist Bill Keane, who provides special Family Circus artwork for the promotion each year

Combined Federal Campaign

Each fall, the Postal Service participates in the Combined Federal Campaign (CFC) fundraising drive, the world’s largest annual workplace charity campaign. In the FY 2007-2008 campaign, our employees pledged \$37.2 million to charities of their choice.

Postal Employees’ Relief Fund

USPS also provides employee and community support through the Postal Employees’ Relief Fund (PERF). PERF is a humanitarian effort administered by USPS and our unions and management associations. It is supported by postal employees through the payroll deduction program of the CFC.

Since its inception in 1990, PERF has assisted more than 4,500 employees and provided \$15 million in humanitarian grants. The fund also provides financial assistance to postal employees and their families who experience damage from house fires, as well as property loss resulting from floods, hurricanes and tornadoes.

Semipostal Stamps for Breast Cancer

The Postal Service currently has one 55-cent semi-postal stamp available for purchase: the Breast Cancer Research stamp. Since its release in 1998, we've sold more than 835 million of these stamps and raised more than \$64 million for breast cancer research.

Of the net revenue generated by this stamp, 70 percent is given to the National Institutes of Health and 30 percent to the Department of Defense's medical research program.

Marrow Donor Program

Since 1997, the Postal Service has collaborated with the Marrow Foundation to build awareness of the National Marrow Donor program and help increase the number and diversity of potential donor volunteers on the foundation's registry.

USPS—with our large, diverse employee base—has been especially effective in drawing volunteers among African Americans and other minorities, since tissue matches tend to be most likely with donors of the same race.

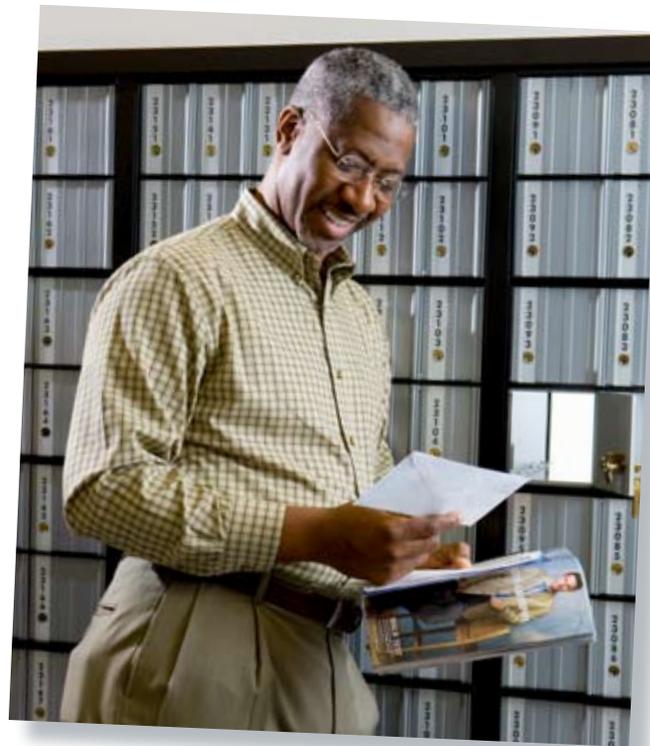
Through the Postal Service's Delivering the Gift of Life campaign, more than 42,000 postal employees have joined the registry and 75 have made lifesaving marrow donations.

Community Stewardship

USPS strives to be a responsible corporate citizen in the communities where our employees live and work. We participate in a variety of initiatives:

"Have You Seen Me?" Program

Another way USPS helps care for the community is through the "Have You Seen Me?" program. Since



USPS Benefits Program Manager Albert Woods is one of many USPS employees who donate regularly to the Combined Federal Campaign. One CFC-recognized charity is the Postal Employees' Relief Fund that assists USPS employees who have lost homes or property to natural disasters such as wildfires or flooding.

1985, we have partnered with the National Center for Missing & Exploited Children and Valassis to reunite families with missing children through "America's Looking for Its Missing Children" program, recognized as one of the nation's most effective public service initiatives.



Did you know . . .

Proceeds from sales of the Breast Cancer Research semipostal stamp have raised more than \$64 million for research.



Valassis publishes the weekly RedPlum circular that showcases “Have You Seen Me?” color photos of missing children. As a direct result of leads generated by the program, 148 children have been safely recovered. Additional information is available at missingkids.com.

Carrier Alert

USPS helps keep a watchful eye out in communities through the Carrier Alert Program. This program recognizes that carriers can help monitor the well-being of elderly and disabled customers.

A local sponsoring agency notifies the Post Office of persons who want to participate in the service and decals are placed in their mailboxes for carriers to see.

Carriers will then be alert to an accumulation of mail that might signify an accident or illness, and notify officials.

“2 SMRT 4U” Campaign

Recognizing the power of its trusted public voice, USPS and the Postal Inspection Service partnered with the National Center for Missing & Exploited Children on another campaign, “2 SMRT 4U,” which educates teens about protecting themselves from the threat of online sexual predators.



The program, which includes an educational website, has been successful in raising teen awareness and fighting sexual abuse. The Inspection Service received the Department of Justice Internet Safety Award for the campaign and for its continuing work protecting children from sexual exploitation.

Anti-Fraud Measures

USPS spearheads a variety of efforts to help protect U.S. citizens from fraud. These activities include policing crimes against the mail, fighting counterfeiting and educating consumers about fraudulent mail schemes.

In 2008, Postal Inspectors arrested more than 9,000 suspects for crimes involving the mail or against the Postal Service.

Postal Inspectors also lead a global initiative to protect consumers from counterfeit check scams. To date, we’ve stopped nearly 800,000 fake checks worth nearly \$2.7 billion from entering this country.

In addition to our law enforcement efforts, USPS helps educate consumers about fraud every year during National Consumer Protection Week.

Election Mail

Building on the success of Vote-by-Mail in 2008, the Postal Service continues to



work with voters, election officials and Congress to strengthen a system that allows voters to participate conveniently in elections from their homes. It also reduces travel time and fuel consumption for voters and eases the burden of long lines at polling stations. Proposed legislation being considered by Congress would expand availability of mail-in voting to all Americans domestically and abroad.

We continue to work with voters, election officials and Congress to further strengthen confidence in a Vote-by-Mail system. We are developing a business case for a Vote-by-Mail product that will provide an affordable, premium service for ballots that is trackable, secure, reliable and private. Intelligent Mail barcode technology can support a track-and-confirm process for ballot envelopes that will be a key attribute of a Vote-by-Mail product.

In addition, we sponsor a national task force composed of election officials and key USPS personnel that meets regularly to discuss election mail issues.

Disaster Relief

USPS has a long and storied history of making sure mail delivery continues in communities when disaster strikes. America trusts that we will deliver the mail under virtually any circumstance. This legacy continues today.

When an earthquake damaged the West Covina Post Office in Southern California, the Postmaster moved the lobby outside into mobile retail vans. When floodwaters spilled into the Fond du Lac Post Office in Wisconsin, employees reported to work at the county fairgrounds. In the aftermath of wildfires in the West and tornadoes in the South, we made sure residents got their mail.

When a historic hurricane season's powerful storms pounded the Gulf Coast and moved up the Eastern seaboard, employees rose to the challenge and kept the mail moving.

The same thing happened in New Orleans after Hurricane Katrina hit, when postal employees were back on the job delivering mail within days.



California wildfires ravaged Rancho Bernardo, destroying homes and dumping a layer of ash over the area. Letter Carrier Tracy Beard wears an N-95 mask while making deliveries. USPS employees were among the first allowed to return to the area once the fires were contained.



Delivery vehicles in the parking lot of the Fond du Lac, WI, Post Office following severe flooding in spring 2008. Despite near-record water levels, USPS employees in the area began working together to resume services and deliveries the very next day.



In the winter of 2008, a tornado flattened the Castalian Springs, TN, Post Office. The next day, P.O. Box Customers were receiving their mail in nearby Gallatin, TN, and Castalian Springs letter carriers were making deliveries where it was safe to do so.

Glossary

Term	Definition	Term	Definition
ASHRAE	American Society of Heating, Refrigerating and Air-Conditioning Engineers	GGE	Gallons of gasoline equivalent, used as a standard measure for comparing different types of vehicle fuels.
B20	Fuel blend containing 80 percent conventional diesel fuel and 20 percent biodiesel.	GHG	Greenhouse gas—Any gas that absorbs infrared radiation in the atmosphere causing warming.
Btu	British thermal unit—A British Thermal Unit (Btu) is the amount of heat energy needed to raise the temperature of 1 pound of water by 1 degree F.	GJ	Gigajoules—1 gigajoule is equivalent to approximately 278 kilowatt hours, 25 liters of gasoline or 947,817 Btu.
CCAR	California Climate Action Registry	GRI	Global Reporting Initiative
Click-N-Ship	USPS online, self-service shipping offering.	GWP	Global warming potential, assesses the potential for impacting global warming for each type of greenhouse gas.
CNG	Compressed natural gas	HVAC	Heating, ventilation and air conditioning
CO₂	Carbon dioxide, one of six primary greenhouses gases.	IPC	International Post Corporation
CO₂-e	Carbon dioxide equivalent, used as a measure for comparing different types of greenhouse gases.	LEED	Leadership in Energy and Environmental Design—US Green Building Council's program for certifying high-performance buildings.
Cradle-to-Cradle Certification	A scientifically based process that establishes 39 specific criteria to assess the environmental attributes of inputs and outputs used in manufactured goods.	LNG	Liquefied natural gas
DOE	Department of Energy	MPG	Miles per gallon
E-85	Ethanol blend with 15 percent unleaded gasoline	MSW	Municipal solid waste
EEMS	A USPS system that consolidates facility-related energy information into one location for real-time monitoring and management of energy performance; identification of reduction opportunities, and improved facility energy planning.	MT	Metric ton
EIA	Energy Information Administration, a program of the Department of Energy	MTAC	Mailers' Technical Advisory Committee
EISA	Energy Independence and Security Act (2007)	PERF	The Postal Employees' Relief Fund (PERF) is a 501 (c) (3) charitable organization operated by USPS and its management and union organizations to benefit postal employees affected by natural disasters.
Energy Intensity	The amount of energy used per square foot of air-conditioned/heated space.	PRC	Postal Regulatory Commission
EPA	Environmental Protection Agency	Rural Route	Delivery route in non-urban areas, often operated by USPS employees in personal vehicles.
EPAct	Energy Policy Act of 2005	TCSS	Transportation Contract Support System
FAMS	Fuel Asset Management System—a Postal Service information system designed to capture fuel transaction information.	UMS	Utility Management System—A Postal database that centralizes tracking, payment and utility bill review. It also captures monthly energy consumption data for large facilities.
Federal Energy Management Program	DOE program designed to facilitate the federal government's implementation of sound, cost-effective energy management and investment practices to enhance the nation's energy security and environmental stewardship.	VMAS	Vehicle Maintenance Accounting System—A Postal system that records all vehicle related expenses.

GRI Content Index

This section contains a listing of each GRI disclosure and performance indicator either included in the report or provided in other published documents. Indicators and disclosures included here are among the most material to the Postal Service's operations. The Postal Service does extensive public reporting, and additional information can be found in the 2008 Annual Report and the 2008 Comprehensive Statement on Postal Operations, both available at usps.com/about.

Indicator	Addressed	Notes	Page(s)	
Profile Disclosures				
1.1	Statement from the most senior decision-maker of the organization	●	1	
1.2	Description of key impacts, risks, and opportunities.	● Because mail volumes are closely tied to larger macroeconomic trends, economic distress led to a difficult year for our business. The Board and management acted to adjust our plans—cutting costs, reordering priorities, realigning resources to a reduced workload, and refocusing our growth initiatives to better address changing conditions. ● The effects of a declining economic environment, the sharp rise in fuel costs, and other factors such as an accelerating shift of transactions and messages from the mail to the internet, resulted in an annual net loss of \$2.8 billion dollars. Additional discussion on these issues can be found in the 2008 Annual Report (pages 21, 24-26) and the 2008 Comprehensive Statement (pages 53-54).	1, 11-12	
2.1	Name of the organization.	●	United States Postal Service	1
2.2	Primary brands, products, and/or services.	●		8
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	●	Additional information on USPS operations can be found in the 2008 Comprehensive Statement (pages 6-8).	8
2.4	Location of organization's headquarters.	●	The United States Postal Service 475 L'Enfant Plaza SW Washington, DC 20260-4232	—
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	●	The Postal Services operates within the United States and its territories, and contracts with other national postal operators to provide global delivery service. USPS maintains five International Service Centers (ISCs) which distribute and dispatch mail to foreign countries or to gateway exchange offices.	7
2.6	Nature of ownership and legal form.	●		8
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	●		7
2.8	Scale of the reporting organization.	●	Additional financial and operational information can be found in the 2008 Annual Report (pages 48-66).	2
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	●		2
2.10	Awards received in the reporting period.	●		1, 11, 29

Indicator	Addressed	Notes	Page(s)
3.1 Reporting period (e.g., fiscal/calendar year) for information provided.			5
3.2 Date of most recent previous report (if any).			5
3.3 Reporting cycle (annual, biennial, etc.).			5
3.4 Contact point for questions regarding the report or its contents.		Please e-mail us at sustainability@usps.gov We can also be reached at USPS Office of Sustainability 475 L'Enfant Plaza SW Washington, DC 20260-4232	—
3.5 Process for defining report content.			5
3.6 Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).			7
3.7 State any specific limitations on the scope or boundary of the report.		There are no specific limitations on the scope or boundary of this report. However, we may choose to include additional metrics in future reports as we refine our sustainability strategy and our data collection efforts.	—
3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.		This report covers all operations, as defined in the 2008 Annual Report and 2008 Comprehensive Statement on Postal Operations. We intend to report on the same operations in future years.	—
3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.		Energy consumption and total miles traveled are estimated based on spend. Municipal solid waste generated and recycled is estimated. Scope 1 and Scope 2 GHG emissions have been third-party verified.	13-29
3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).		Not applicable; 2008 represents our first reporting effort.	—
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.		Not applicable; 2008 represents our first reporting effort.	—
3.12 Table identifying the location of the Standard Disclosures in the report.			38-43
3.13 Policy and current practice with regard to seeking external assurance for the report.			5
4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.		For additional details on governance structure, see "USPS Leadership" at usps.com/about or the 2008 Comprehensive Statement (pages 7-8).	8
4.2 Indicate whether the Chair of the highest governance body is also an executive officer.		Carolyn Lewis Gallagher serves as the independent Chairman of the Board of Governors.	—

Indicator	Addressed	Notes	Page(s)
4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	●	The 11-member Board of Governors consists of 9 independent, non-executive members.	—
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	●		32
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	●	Compensation for Postal Service leadership is linked to performance through the National Performance Assessment (NPA) and through approved goals. For members of the Board of Governors, compensation is set by statute and thus not directly linked to performance.	39
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	Governors and all employees are covered by 5 CFR Part 2635, Government Ethics for Executive Branch Employees. This document can be found at www.usoge.gov/laws_regs/regulations/5cfr2635.aspx . The Postal Service's legal department maintains a database of Governors' and officers' assets and financial interests to ensure that conflicts of interest are avoided.	40
4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	●	Each governor of the Postal Service's Board of Governors is appointed by the President with the advice and consent of the Senate. It is in the President's best interest to select governors that are qualified to advise Postal Service leadership on all relevant topics, including economic, environmental, and social topics.	40
4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	●	For additional information on mission and values, please refer to the 2008 Comprehensive Statement (pages 5, 25 - 33, 49 - 51).	11
4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	●	The Board of Governors directs and establishes policies, objectives, and long-range goals for the Postal Service in accordance with title 39 of the United States Code. For additional information on governance, please refer to the 2008 Comprehensive Statement (pages 6-8).	—
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	●	The Postal Service's Board of Governors evaluates its own performance annually under the direction of the Governance and Strategic Planning Committee. It is in the Committee's best interest to incorporate economic, environmental, and social performance into these discussions.	40
4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.	●	As an organization with utmost concern for our environment, we intend to utilize sound judgment with every decision related to our impact. In addition, our conservation culture encourages all employees to consider the consequences of their activities, both at work and in their personal lives.	40

Indicator	Addressed	Notes	Page(s)
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.		While the Postal Service is not subject to Executive Order 13423 or the renewable energy provisions of the Energy Policy Act of 2005 (EPAct), it seeks to fulfill the spirit and intent of these energy directives by voluntarily reporting its progress to the Federal Energy Management Program to create a more comprehensive view of energy management efforts across the federal government. Many of our energy and fuel use reduction goals are based on guidance provided in the Executive Order and EPAct.	14
4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: has positions in governance bodies, participates in projects or committees, provides substantive funding beyond routine membership dues, or views membership as strategic.			8, 14, 26
4.14 List of stakeholder groups engaged by the organization.		USPS has not yet embarked on a comprehensive process to engage stakeholders around environmental and social issues. However, this report represents a step toward those conversations and we hope that through this first attempt at communicating our sustainability performance, we can expand the dialogue. In the future, we plan to engage employees, customers, business partners, and other stakeholders more broadly to provide guidance on our sustainability progress and performance over time.	11-36
4.15 Basis for identification and selection of stakeholders with whom to engage.		See 4.14.	11-36
4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.		See 4.14. General information on stakeholder engagement can be found in the 2008 Comprehensive Statement (pages 9-11, 28, 32, 39)	11
4.17 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.		As mentioned above, USPS has not yet embarked on a comprehensive process to engage stakeholders around environmental and social issues. However, general information on key topics and concerns raised through stakeholder engagement can be found in the 2008 Comprehensive Statement (page 12).	26

Economic Performance Indicators

DMA: Disclosure of management approach: EC Economic		Additional information on economic performance are provided in the 2008 Annual Report (pages 47 - 51, 65).	2, 7
EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.		For more information on USPS's economic indicators, please reference the 2008 Annual Report (pages 47 - 51).	2
EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change.		Climate change is an important global issue with potential impacts to natural systems, human health, and economic prosperity. Measurement and management of the greenhouse gases (GHG) that may contribute to climate change is a management imperative. We are working to improve our understanding of GHG impact, mitigate risk factors, ensure compliance with regulations, and identify new business opportunities.	—

Indicator	Addressed	Notes	Page(s)
EC3 Coverage of the organization's defined benefit plan obligations.		Additional information on benefit plan obligations can be found in the 2008 Comprehensive Statement (page 7, 17).	30
EC4 Significant financial assistance received from government.			8
EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.		Looking at the entire mail value chain, the Postal Service is just a small part of an economic engine that generates hundreds of billions of dollars in sales, salaries, and supplies that benefit communities—large and small—from coast to coast.	33-36
EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts.			7

Environmental Performance Indicators

DMA: Disclosure of management approach: EN Environmental			11
EN3 Direct energy consumption by primary energy source.		USPS monitors direct energy use by segmenting into transportation and facility use.	13
EN4 Indirect energy consumption by primary source.			13
EN5 Energy saved due to conservation and efficiency improvements.		USPS is working to quantify energy savings that can be directly attributed to conservation and efficiency improvements.	15, 18
EN6 Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.			16, 15, 19
EN7 Initiatives to reduce indirect energy consumption and reductions achieved.			15, 16
EN16 Total direct and indirect greenhouse gas emissions by weight.			23
EN17 Other relevant indirect greenhouse gas emissions by weight.			23
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved.			22
EN22 Total weight of waste by type and disposal method.			23
EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.			11, 23-28
EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.			13-29

Indicator	Addressed	Notes	Page(s)
-----------	-----------	-------	---------

Labor Practices and Decent Work Performance Indicators

DMA: Disclosure of management approach: LA Labor Practices and Decent Work	●		30
LA1 Total workforce by employment type, employment contract, and region.	●	For additional information on the USPS workforce, please refer to the 2008 Annual Report (pages 23, 64).	2
LA4 Percentage of employees covered by collective bargaining agreements.	●	More than 85% of our career employees are covered by collective bargaining agreements. Our labor force is primarily represented by the American Postal Workers Union (APWU), National Association of Letter Carriers (NALC), National Postal Mail Handlers Union (NPMHU), and National Rural Letter Carriers Association (NRLCA).	—
LA5 Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	●	Our collective bargaining agreements require that we provide advance notice to our unions of certain matters that relate to wages, hours or working conditions. The period of advance notice varies depending on the terms of the bargaining agreement and the nature of the issue. By law, we also provide a program of consultation with management associations (National Association of Postal Supervisors, National League of Postmasters, and National Association of Postmasters of the United States), representing supervisory, managerial, and other non-bargaining employees in the field. These consultations provide the opportunity to address issues and to participate directly in the planning and development of programs and policies impacting members of these associations.	—
LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	◐	For additional information on workplace safety, please refer to the 2008 Comprehensive Statement (pages 54-55).	2, 31
LA8 Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	●	In addition to our Employee Assistance Program, we offer the National Medical and Occupational Health Program, through which we provide preventative medical programs in health counseling, education, and training, manage the medical records of employees, and assist in the prevention of job-related injuries and illness.	—
LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	●	Information on skills management and learning can be found in the 2008 Comprehensive Statement (pages 25, 26).	—
LA12 Percentage of employees receiving regular performance and career development reviews.	◐	All non-bargaining unit management and administrative employees are subject to annual reviews. At this time, bargaining unit employees do not receive annual performance reviews as per the terms of each negotiated agreement.	2
LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	●	Additional information on workplace diversity is provided in the 2008 Comprehensive Statement (pages 26-27).	31

Human Rights Performance Indicators

DMA: Disclosure of management approach: HR Human Rights	●	Additional information is available in the 2008 Comprehensive Statement (pages 25-33).	28
HR4 Total number of incidents of discrimination and actions taken.	●	Additional information is available in the 2008 Comprehensive Statement (pages 31, 32).	2
HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	●	There were no operations identified in which the right to exercise freedom of association and collective bargaining were at significant risk in 2008.	43

Indicator	Addressed	Notes	Page(s)
-----------	-----------	-------	---------

Society Performance Indicators

DMA: Disclosure of management approach: SO Society	●		33-36
SO1 Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	●		—
SO5 Public policy positions and participation in public policy development and lobbying.	●	While the Anti-Lobbying Act (18 U.S.C. 1913) prohibits USPS from using postal funds to communicate with Congress except through 'official channels', USPS may contact Congress directly to educate or urge action on postal policy issues.	43

Product Responsibility Performance Indicators

DMA: Disclosure of management approach: PR Product Responsibility	●		23-28
PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	●		—
PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	●	Information about the Postal Service's customer satisfaction measurement practices can be found in the 2008 Comprehensive Statement (pages 10, 11).	

Logistics and Transportation Sector Supplement

LT2 Breakdown of fleet composition.	●	Information on fleet composition can be found in the 2008 Annual Report (page 27).	—
LT3 Description of policies and programmes on the management of environmental impacts, including: 1) Initiatives on sustainable transportation (e.g., hybrid vehicles), 2) modal shift, and 3) route planning.	●		18-21
LT4 Description of initiatives to use renewable energy sources and to increase energy efficiency.	●		15-17, 22
LT5 Description of initiatives to control urban air emissions in relation to road transport (e.g., use of alternative fuels, frequency of vehicle maintenance, driving styles, etc.).	●		18, 24
LT14 Description of policies and programs for public access to mail services (e.g., distance to Post Office and mailboxes).	●		7
LT15 Provision of logistics and transportation core competencies to deliver humanitarian needs locally and globally.	●		33-36

TRADEMARKS

The following are among the many trademarks owned by the United States Postal Service: United States Postal Service®, U.S. Postal Service®, USPS®, First-Class Mail®, usps.com®, Click-N-Ship®, Automated Postal Center®, APC®, Express Mail®, Priority Mail®, Standard Mail®, Parcel Post®, Media Mail®, Customized MarketMail®, Intelligent Mail®, Parcel Select®, Express Mail International®, Quick, Easy, Convenient®, United States Postal Service Office of Inspector General™, Post Office™, Postal Service™, Signature Confirmation™, Certified Mail™, Delivery Confirmation™, Registered Mail™, ZIP Code™, Carrier Pickup™, Priority Mail International™, First-Class Mail International™, Premium Forwarding Service™, Forever Stamp™ and Postmaster General™. The Sonic Eagle Logo, Round Top Collection Box design, Letter Carrier Uniform design, *GrowGlobal!*™, and the Mail Truck design are also trademarks belonging to the United States Postal Service.

Our greatest sustainability asset:

The men and women of the U.S. Postal Service



The U.S. Postal Service
2008 Sustainability Report
is published by:

The United States Postal Service
Office of Sustainability
475 L'Enfant Plaza SW
Washington, DC 20260-4232

Read our annual sustainability report on the Web at:
usps.com/green



Original printed on recycled paper with 100% post-consumer waste.



Original printed using soy-or vegetable-based inks.

This document and all mail is recyclable. Please recycle!