

United States Postal Service

June 3, 2011

FY 2011 Strategic Sustainability Performance Plan

The data contained within this report has not been third-party verified for accuracy; however, the information presented represents the most accurate data that the USPS had available at the time of initial publication. If material changes are subsequently discovered, USPS will restate the data in future reporting years. View additional sustainability metrics and historical progress at www.usps.com/green

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I. USPS Sustainability Policy Statement: FY 2011 SSPP

The U.S. Postal Service (USPS) has a statutory mandate to provide secure, efficient and affordable mail service to every person in the United States. Central to this universal service obligation is our commitment to “Be a Sustainability Leader.”¹ USPS is dedicated to operating sustainable facilities and efficient fleets that support mail delivery with the greatest energy, water, and waste reduction efficiency, and lowest possible costs and impact on the environment, while complying with all applicable Federal, State, Tribal, regional, local environmental and energy laws and regulations.

Today, the Postal Service faces the largest financial challenges in our history. Mail volume and revenue are rapidly declining, while the number of delivery points we serve continues to increase by an average of one million per year. The costs of petroleum fuel, energy, and employee health care are rising faster than the consumer price index — the point past which we can’t raise prices. In addition, there are restrictions on closing post offices and we are nearing our statutory debt limit, which in turn limits our capital investments and increases our long-term debt.

Despite our significant financial crisis and legislative barriers, we are committed to improve our sustainability performance as our finances permit, and to provide affordable, universal mail service for current and future generations in a socially and environmentally responsible manner. We can’t achieve this unilaterally though. We need the support of the White House, Congress, our customers, our employees and our supply chain partners to emerge from this crisis a leaner, greener, faster, and smarter service organization.

While neither Executive Orders 13423 nor 13514 apply to the Postal Service due to our unique mission and status as a non-appropriated federal agency, we continue steadfast efforts towards our own comprehensive set of corporate sustainability performance goals — originally issued in our FY 2010 Strategic Sustainability Performance Plan (SSPP). These goals are relevant to our statutory mandate, our operations, our customers and the communities we serve. They align with the intent of both Executive Orders by driving our improvement efforts to better serve our customers, engage our employees, collaborate with our supply chain, conserve natural resources and reduce waste, improve energy and water efficiency, and reduce our associated greenhouse (GHG) emissions.

This FY 2011 SSPP update describes the USPS sustainability goals and implementation initiatives, and transparently reviews our progress and challenges. To facilitate understanding of our goals relative to the SSPP goal format, we have provided a “crosswalk” in *Figure 1-1*, that follows this policy. Also in this FY 2011 SSPP are a *USPS Sustainability Performance Snapshot* — illustrating our goal status and FY 2010 performance relative to baseline levels — and a *Key Performance Indicators* table that provides our historical performance since FY 2005 against nearly 50 key sustainability indicators we track relative to Our Business, Our People, Our Network, and Our Commitment.

In FY 2010, USPS was successful in our efforts to reduce operating expenses, improve energy-efficiency across our network, reduce facility energy consumption, fuel use and associated greenhouse gas emissions. We accomplished this through improved sorting and processing efficiencies, better route management, increased use of alternative fuels in our delivery vehicles, and by reducing the amount of mail processing facilities, equipment and energy needed to power them.

USPS believes that the most responsible use of our limited resources is to invest in projects and initiatives with a short payback and high return on investment. An example of this strategy and a continued priority in FY 2011 will be the engagement of employee Lean Green Teams to help implement low and no-cost ways to conserve resources and reduce costs. In FY 2010, Lean Green Teams helped USPS achieve more than \$5 million in savings from resource reductions in energy, water, petroleum fuel use, and solid waste sent to landfills.

¹ *Vision 2013: USPS Five-Year Strategic Plan for 2009-2013*, <http://www.usps.com/strategicplanning/pdf/Vision2013FullDocument.pdf>

In order to become a more sustainable organization that can provide even more efficient service to Postal customers for years to come, USPS will continue to focus our efforts over the next few years on becoming leaner. We will continue to consolidate facilities, redesign internal processes, and better match the number of employees and their work hours, the number of mail processing plants, equipment, and delivery routes to decreased mail volumes.

Our longstanding commitment and continued aspiration to be a sustainability leader must be balanced with our financial responsibilities and realities. We appreciate you reading about our journey.

USPS Senior Sustainability Officer (SSO)



June 3, 2011

Figure 1-1: Crosswalk of SSPP goal sections with USPS corporate sustainability goals

SSPP Goal	Focus Area	USPS Corporate Sustainability Goals	Lead Office
1	Greenhouse gas (GHG)	Reduce scope 1 and 2 GHG emissions 20% by FY 2020 (FY 2008 baseline).	Operations/ Sustainability
2		Reduce select scope 3 GHG emissions 20% by FY 2020 (FY 2008 baseline).	
2	GHG Benchmarking	Outperform the international postal sector's average annual carbon management performance score – International Post Corporation (calendar year basis).	
1	Facility Energy	Reduce total facility energy use 30% by FY 2015 (FY 2003 baseline).	Facilities
1	Transportation Fuel	Reduce Postal-vehicle petroleum fuel use 20% by FY 2015 (FY 2005 baseline).	Delivery Operations
1		Increase Postal-vehicle alternative fuel use 10% annually by FY 2015 (FY 2005 baseline).	Operations
2		Reduce contract transportation petroleum fuel use 20% by FY 2020 (FY 2008 baseline).	Network Operations
5	Waste	Reduce waste sent to landfill 50% by FY 2015 (FY 2008 baseline).	Sustainability
6	Purchasing	Reduce spending on consumables 30% by FY 2020 (FY 2008 baseline).	Operations/Finance
6		Increase number of environmentally preferable products (EPP) available for USPS purchase on eBuy2 catalog system 50% by FY 2015 (FY 2010 baseline).	Supply Management
4	Water	Reduce water use 10% by FY 2015 (FY 2007 baseline).	Facilities/ Sustainability
8	Employee Engagement	Establish active employee Lean Green Teams in all USPS districts and network distribution centers by FY 2012.	Sustainability
6	Supplier Collaboration	Require all suppliers with current contract commitments of more than \$500,000 to provide sustainability data to USPS by FY 2015 (FY 2011 baseline).	Supply Management
6		Include standard USPS sustainability clauses in all new contract actions by FY 2015 (FY 2011 baseline).	
6	Customers	Offer customers a range of sustainable products and services by FY 2012, including at least two new customer offerings (FY 2009 baseline).	Marketing/ Sales

USPS Sustainability Performance Snapshot

 Achieving goal
  On-target
  Off-target

Focus	Objective and Target	Baseline	FY 2010	Progress	Status
GREENER POST OFFICES & PLANTS					
Energy	Reduce total facility energy use 30% by FY 2015 (Billion Btu).	33,720 <i>FY 2003</i>	23,790	-29.4%	
Waste and Recycling	Reduce waste sent to landfill 50% by FY 2015 (short tons).	231,661 <i>FY 2008</i>	218,225	-5.8%	
Water	Reduce water use 10% by FY 2015 (million gallons).	5,479 <i>FY 2007</i>	4,883	-10.9%	
TRANSPORTATION FUEL					
Petroleum Fuels	Reduce Postal-vehicle petroleum fuel use 20% by FY 2015 (million gasoline gallon equivalents – GGE).	140.67 <i>FY 2005</i>	145.58	3.5%	
	Reduce contract transportation petroleum fuel use 20% by FY 2020 (million GGE).	580.13 <i>FY 2005</i>	552.7	-4.7%	
Alternative Fuels	Increase Postal-vehicle alternative fuel use 10% annually by FY 2015 (million GGE).	0.94 <i>FY 2005</i>	2.19	132.7%	
GREENHOUSE GAS					
GHG Emissions	Reduce scope 1 and 2 GHG emissions 20% by FY 2020 (million metric tons carbon dioxide equivalent – MTCO _{2e}).	5.28 <i>FY 2008</i>	4.78	-9.5%	
	Reduce select scope 3 GHG emissions 20% by FY 2020 (million MTCO _{2e}).	8.09 <i>FY 2008</i>	7.52	-7%	
GHG Benchmarking	Outperform the international postal sector's average annual carbon management performance score – International Post Corporation (calendar year basis).	USPS scored 73% in CY 2009 – 12% higher than the postal sector average score.			
PRODUCT STEWARDSHIP					
USPS Purchasing	Increase number of environmentally preferable products (EPP) available for USPS purchase on eBuy2 catalog system 50% by FY 2015	<i>FY 2010</i>	11,131	<i>Baseline year FY 2010</i>	
	Reduce spending on consumables 30% by FY 2020 (\$ million).	\$508.4 <i>FY 2008</i>	\$341.5	-32.8%	
Customer Offerings	Increase USPS Cradle-to-Cradle® certified products (million).	758 <i>FY 2007</i>	26,308	3,369%	
	Increase percentage of customer online transactions at usps.com.	38% <i>FY 2007</i>	54%	16%	
CUSTOMER EXPERIENCE and COMMUNITY CONNECTION					
Customer Experience	Improve residential customer experience ratings (percentage surveyed that are very or mostly satisfied with USPS service).	<i>FY 2010</i>	86%	<i>Baseline year FY 2010</i>	
	Improve small and medium business customer experience ratings (percentage surveyed that are very or mostly satisfied with USPS service).	<i>FY 2010</i>	82%	<i>Baseline year FY 2010</i>	
Community Support	Support breast cancer research each year with funds raised by semi-postal stamps.	USPS has contributed \$70.8 million since FY 1998.			
EMPLOYEE ENGAGEMENT					
Lean Green Teams	Establish active employee Lean Green Teams in all USPS districts and network distribution centers by FY 2012.	13% <i>FY 2009</i>	+12%	25% total	
Employee Satisfaction	Improve Voice of the Employee approval rating.	64% <i>FY 2009</i>	62%	-2%	
SUPPLIER COLLABORATION					
Green Supply Chain	Require all suppliers with current contract commitments of more than \$500,000 to provide sustainability data to USPS by FY 2015.	<i>Baseline year FY 2011</i>			
	Include standard USPS sustainability clauses in all new contract actions by FY 2015.	<i>Baseline year FY 2011</i>			

II. Sustainability Strategy and the USPS Mission and Vision

USPS mission and service obligation

The mission of the U.S. Postal Service is to provide the nation with reliable, affordable, universal mail service, now and for future generations. We have fulfilled this mission for 235 years through unexpected challenges, technological changes, global wars and adverse weather by developing new and better ways to process and deliver mail to every household and business.

Today, USPS provides mail service to 150 million U.S. addresses, utilizing the world's largest civilian vehicle fleet of nearly 216,000 vehicles (at the end of FY 2010), more than 33,000 postal facilities (Post Offices, mail distribution and processing plants, and administrative offices), and the efforts of nearly 582,000 employees. We have a unique role because of the scale of our mission — to deliver mail to every person in America.

Challenges to fulfilling our mission

There are several ongoing challenges to our mission of providing reliable, affordable mail service to everyone in the country today and for future generations:

- Shifting customer demands from mail to electronic communication/media.
- An increasing number of delivery points (average of one million new addresses per year).
- Legislative restrictions on delivery frequency, network consolidations and pricing.
- Requirement to pre-fund retiree health benefits.
- Our significant financial crisis and capital constraints.

Vision 2013: “Be a Sustainability Leader”

To ensure a viable Postal Service for future generations, USPS is working to strengthen our core operations and services in ways that make the best use of our resources and reduces our financial costs.

One of 10 core elements of *Vision 2013: USPS Five-Year Strategic Plan for 2009-2013* is the Postal Service's commitment to be a sustainability leader. This strategic plan focuses on two broad sustainability objectives:

- Build a conservation culture among all employees.
- Lead adoption of sustainable business practices by the mailing industry, our customers, our suppliers, and our federal agency peers.

To be a sustainability leader, we will continue to assist the mailing industry in becoming more energy efficient and environmentally responsible. We will expand our leadership role within the industry by adopting and promoting business practices that are environmentally and fiscally responsible. We will continue to actively engage suppliers, employees, customers and the communities we serve or who support the Postal Service to adopt sustainable business practices.

By building a conservation culture, we will continue to engage our nearly 582,000 employees in our ongoing efforts to reduce energy, petroleum fuel, and water use, solid waste sent to landfills — and our associated greenhouse gas emissions and operating expenses. And we will take advantage of comprehensive employee education, improved measurement systems, and advances in alternative fuels and renewable energy sources to help us meet those goals.

We will continue to focus on reducing facility and fleet energy use, and improving the efficiency of our energy, water, and waste management practices. And continue to incorporate new efficiency standards into mail processing equipment and facility designs.

To adopt sustainable business practices, we will take a comprehensive life-cycle approach that incorporates environmental responsibility from creation to disposal of mail pieces. We will continue to enhance our sustainable acquisition systems, and lean and green our supply and facility management practices. We will continue to consolidate and redesign networks to provide sound environmental benefits and contribute to cost reductions.

We will strengthen our ongoing efforts to help customers be more sustainable by providing more in-lobby recycling containers and expanding the scope of our product mail-back programs for small electronics and other materials. We will measure our GHG emissions each year, track our progress towards our FY 2020 reduction goals, and implement strategies to reduce our carbon footprint.

Sustaining our mission

USPS is committed to improve our sustainability performance as our finances permit, and to provide affordable, universal mail service for current and future generations in an environmentally responsible manner and with high regard for the communities we serve — as we have for 235 years. The Postal Service’s sustainability efforts have significant potential to help our organization reduce costs, increase revenue, reduce and better manage risks, and improve brand equity. And will help us provide faster and more efficient service to our customers, a safer place for our employees to work, and best practices for our industry and government peers to learn from and adopt. In essence, sustainability is about “sustaining” our mission and vision, as well as our business itself for many years to come.

This Strategic Sustainability Performance Plan (SSPP) provides a framework for connecting sustainability to our mission, vision and broader business strategy. It discusses the USPS corporate sustainability performance goals that are most material to our service obligation and business requirements.

USPS Sustainability strategy framework

The USPS sustainability strategy connects the vision of “Being a Sustainability Leader” with traditional enterprise value drivers of cost and efficiency, brand and revenue improvement. The USPS sustainability strategy framework — illustrated in *Figure 2-1* below — is grounded in our *Vision 2013* commitment to “be a sustainability leader.” Our vision of leadership requires that we maintain both an inward focus on culture change and an outward focus on championing the adoption of more sustainable practices among our customers and stakeholders.

Being a sustainability leader also requires our improvement across 10 focus areas — outlined in *Figure 2-1* — which convey a balance of social, environmental, and economic sustainability and reflect the areas where the Postal Service has a material impact on the environment and the communities we serve. These 10 sustainability focus areas align with our *Vision 2013* commitment and support building a conservation culture and leading adoption of sustainable business practices.

While neither Executive Orders 13423 nor 13514 apply to the Postal Service due to our unique mission and status as a non-appropriated federal agency, we continue steadfast efforts towards our own comprehensive set of 15 corporate sustainability performance goals across our 10 focus areas — originally issued in our FY 2010 SSPP — summarized in *Figure 2-1* and *Figure 2-2* below and discussed in detail in this FY 2011 SSPP update.

These goals are relevant to our statutory mandate, our operations, our customers and the communities we serve. They align with the intent of both Executive Orders by driving our improvement efforts to better serve our customers, engage our employees, collaborate with our supply chain, conserve natural resources and reduce waste, improve energy and water efficiency, and reduce our associated greenhouse (GHG) emissions.

Continuous improvement towards all 15 of the Postal Service's corporate sustainability performance goals will help to reduce our carbon footprint. It is important to note that *Figure 2-1* shows 13 of our goals across nine focus areas leading into the GHG goals and focus area. That is because performance in each of those focus areas and goals will drive changes in our GHG emissions performance.

The Sustainability Leadership Committee (SLC), chaired by the Deputy Postmaster General/Chief Sustainability Officer, and comprised of key functional officers and vice presidents, oversees development of the USPS sustainability goals and implementation across our operations and network in coordination with Area, District, and facility level personnel.

Figure 2-1: USPS Sustainability strategy and goal framework

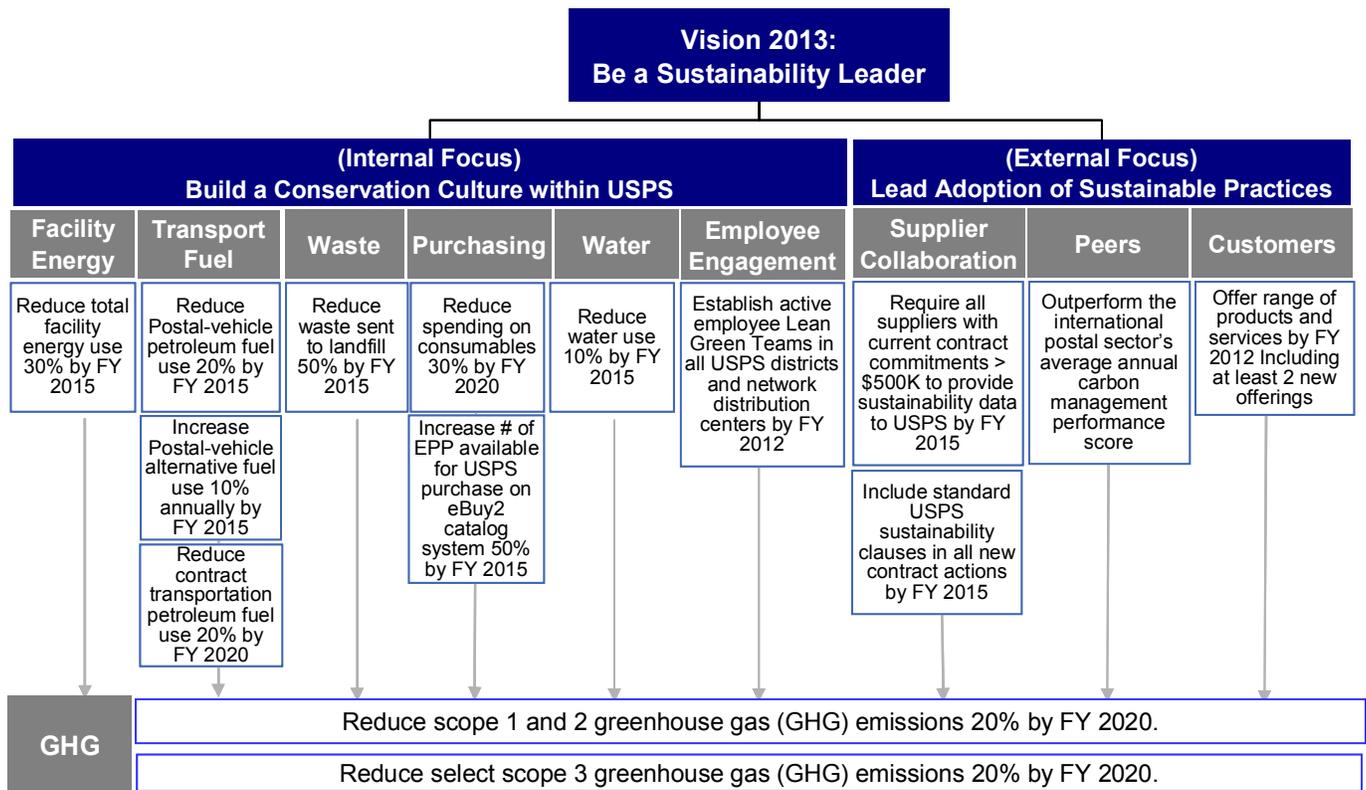


Figure 2-2: USPS corporate sustainability goals – 15 primary goals across 10 focus areas

Focus Area	USPS Corporate Sustainability Goals	Lead Office
Greenhouse gas (GHG)	Reduce scope 1 and 2 GHG emissions 20% by FY 2020 (FY 2008 baseline).	Operations/ Sustainability
	Reduce select scope 3 GHG emissions 20% by FY 2020 (FY 2008 baseline).	
GHG Benchmarking	Outperform the international postal sector's average annual carbon management performance score – International Post Corporation (calendar year basis).	
Facility Energy	Reduce total facility energy use 30% by FY 2015 (FY 2003 baseline).	Facilities
Transportation Fuel	Reduce Postal-vehicle petroleum fuel use 20% by FY 2015 (FY 2005 baseline).	Delivery Operations
	Increase Postal-vehicle alternative fuel use 10% annually by FY 2015 (FY 2005 baseline).	Operations
	Reduce contract transportation petroleum fuel use 20% by FY 2020 (FY 2008 baseline).	Network Operations
Waste	Reduce waste sent to landfill 50% by FY 2015 (FY 2008 baseline).	Sustainability
Purchasing	Reduce spending on consumables 30% by FY 2020 (FY 2008 baseline).	Operations/Finance
	Increase number of environmentally preferable products (EPP) available for USPS purchase on eBuy2 catalog system 50% by FY 2015 (FY 2010 baseline).	Supply Management
Water	Reduce water use 10% by FY 2015 (FY 2007 baseline).	Facilities/ Sustainability
Employee Engagement	Establish active employee Lean Green Teams in all USPS districts and network distribution centers by FY 2012.	Sustainability
Supplier Collaboration	Require all suppliers with current contract commitments of more than \$500,000 to provide sustainability data to USPS by FY 2015 (FY 2011 baseline).	Supply Management
	Include standard USPS sustainability clauses in all new contract actions by FY 2015 (FY 2011 baseline).	
Customers	Offer customers a range of sustainable products and services by FY 2012, including at least two new customer offerings (FY 2009 baseline).	Marketing/ Sales

Size and Scope of Operations	Number	Comment
Total # Employees	581,775	Career Employees: 581,775; and Non-career Employees: 87,779
Total Acres Land Managed		not applicable (N/A)
Total # Facilities Owned	8,621	FY 2010 Annual Financial Report
Total # Facilities Leased (GSA lease)	328	FY 2010 Annual Financial Report
Total # Facilities Leased (Non-GSA)	24,671	FY 2010 Annual Financial Report
Total Facility Gross Square Feet (GSF)	288,629,033	Net Interior GSH
Operates in # of Locations throughout U.S.	32,528	Facilities (Postal-managed retail and delivery facilities, plants and administrative offices)
Operates in # of Locations outside of U.S.		N/A
Total # Fleet Vehicles Owned	215,625	FY 2010 Annual Financial Report
Total # Fleet Vehicles Leased	732	FY 2010 FAST Report
Total # Exempted-Fleet Vehicles (Tactical, Emergency, etc.)	2,581	Inspection and law enforcement (FY 2010 Annual Financial Report) - included in total fleet
Total Operating Budget FY 2010 (\$MIL)	75,426	Operating expenses (\$MIL)
Total # Contracts Awarded FY 2010		not reported
Total Amount Contracts Awarded FY 2010 (\$MIL)		not reported
Total Amount Spent on Energy Consumption FY 2010 (\$MIL)	575.16	Facilities energy
Total BTU Consumed per GSF	74,414	Goal Subject Energy Intensity
Total Gallons of Water Consumed per GSF	16.9	USPS not subject to EO 13514 requirement to reduce water use intensity 26% by FY 2020. USPS current goal is to reduce total water use 10% by FY 2015. Additional voluntary water reduction goals are being considered.
Total Scope 1&2 GHG Emissions (Comprehensive) FY 2008 Baseline MMTCO2e	5.28	FY 2010 Federal Agency GHG and Sustainability Report
Total Scope 1&2 GHG Emissions (Subject to Agency Scope 1&2 Reduction Target) FY 2008 Baseline MMTCO2e	5.28	FY 2010 Federal Agency GHG and Sustainability Report
Total Scope 3 GHG Emissions (Comprehensive) FY 2008 Baseline MMTCO2e	8.09	FY 2010 Federal Agency GHG and Sustainability Report
Total Scope 3 GHG Emissions (Subject to Agency Scope 3 Reduction Target) FY 2008 Baseline MMTCO2e	8.09	FY 2010 Federal Agency GHG and Sustainability Report

III. Greenhouse Gas Reduction Goals

GHG performance goal overview

While not mandated to do so, the Postal Service has voluntarily committed to reduce our Scope 1 and 2 GHG emissions and select Scope 3 GHG emissions, each by 20 percent by FY 2020. These GHG reduction goals — also three of our 15 primary corporate sustainability performance goals — reinforce our commitment as a socially and environmentally responsible 21st century business and as a federal agency that continues to lead on climate change.

USPS Scope 1 GHG emissions include direct emissions from combustion in postal vehicles and facilities, while our Scope 2 GHG emissions include indirect emissions from purchased electricity and steam used in our facilities. USPS defines its Scope 3 GHG emissions consistent with the federally-defined emissions categories included in EO 13514 and the *Federal GHG Accounting and Reporting Guidance*. USPS Scope 3 GHG emission sources include indirect emissions from transmission and distribution (T&D) losses from purchased electricity, federal employee business travel and employee commuting, and contracted waste and wastewater disposal.

To properly account for a more comprehensive scope of our mail network and operations, the Postal Service also voluntarily includes two additional Scope 3 emissions sources:

- “Scope 3 facility” energy use emissions and fugitive emissions from refrigerants related to the operation of “fully-serviced” leased facilities (where the landlord is responsible for utilities and USPS does not control building operations or efficiency),
- Emissions from fuel used by all contracted mail transportation vehicles — all mobile sources used to move mail including contracted trucks on highway routes, employee-owned vehicles used on rural delivery routes, planes, ships, and trains.

In addition to these fiscal year GHG reduction goals for all three Scopes, the Postal Service has collaborated with 20 postal operators from around the world — members of the International Post Corporation industry consortium — to become the first global services industry to commit to a 20 percent carbon emissions reduction across our whole sector by calendar year (CY) 2020, based on CY 2008 levels.

Since FY 2008, USPS has reduced our Scope 1 and 2 GHG emissions by 9.5 percent (501,782 MT CO₂e), and reduced our Scope 3 GHG emissions by 7 percent (566,052 MT CO₂e). We are on-target to achieve our FY 2020 GHG reduction goals for all scopes (see *Figure 3-1*).

Scope 1 and Scope 2 GHG reduction

Moving forward, our Scope 1 & 2 GHG reduction strategies focus around three major objectives (also 3 of the 15 primary USPS corporate sustainability performance goals):

1. Reduce total facility energy use 30 percent by FY 2015 against an FY 2003 baseline.
2. Reduce Postal-owned vehicle petroleum use 20 percent by FY 2015 against an FY 2005 baseline.
3. Increase Postal-owned vehicle alternative fuel use 10 percent annually by FY 2015 against a FY 2005 baseline.

While progress towards these three facility energy and postal vehicle fuel use objectives will have a large impact in helping to reduce our GHG emissions, continuous improvement towards all 15 of the Postal Service’s corporate sustainability performance goals will help to reduce our carbon footprint. Facility energy and vehicle fuel goals, strategies, and FY 2010 performance are discussed in SSPP section “*Goal 1: Scope 1 & 2 Greenhouse Gas Reduction.*”

Scope 3 GHG reduction

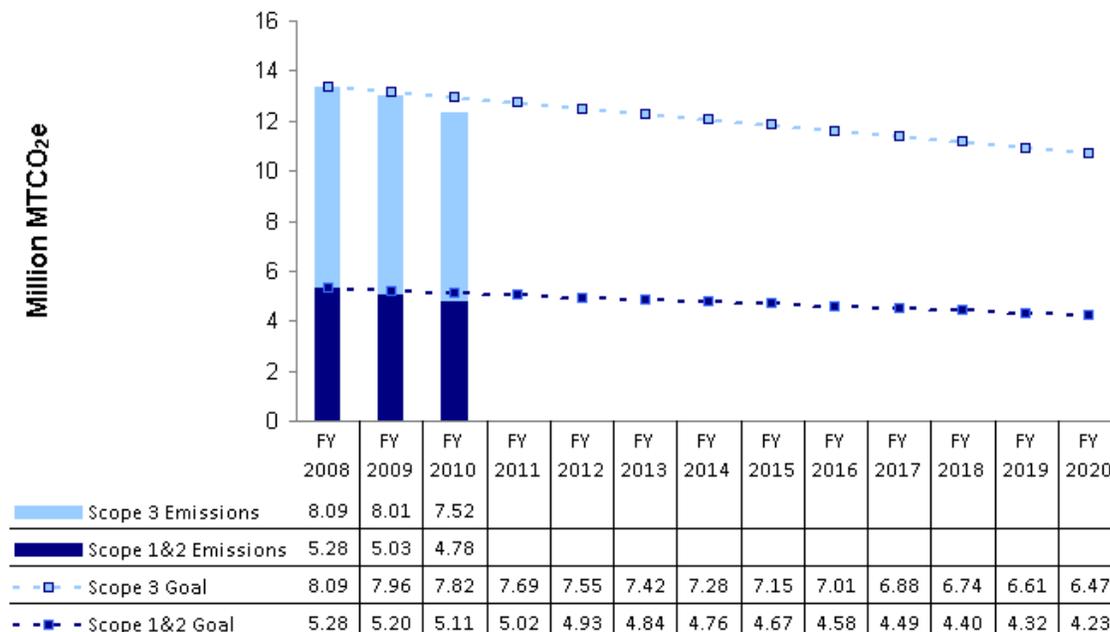
Beyond postal vehicles and facilities, contracted transportation petroleum fuel makes up a very large portion of the Postal Service’s annual financial spending, total energy and petroleum use, and is the most significant contributor to the Postal Service’s Scope 3 GHG emissions and total GHG emissions. The contracted transportation petroleum fuel reduction goal below is also one of the 15 primary corporate sustainability performance goals.

The Postal Service’s Scope 3 GHG reduction strategies focus around four major objectives:

1. Reduce contracted transportation petroleum fuel use 20 percent by FY 2020.
2. Minimize petroleum use from federal employee travel.
3. Minimize contracted waste disposal.
4. Minimize transmission and distribution losses by reducing electricity purchases.

The USPS Scope 3 emissions sources, including contracted transportation petroleum fuel, are discussed in this SSPP in the section entitled “Goal 2: Scope 3 GHG Reduction and Develop and Maintain Agency Comprehensive Greenhouse Gas Inventory.”

Figure 3-1: USPS GHG emissions — past and projected performance



IV. Sustainability Plan Implementation

USPS Sustainability governance structure

The USPS Sustainability Leadership Committee (SLC) serves as the advisory body to the Postal Service Executive Committee on sustainability issues and guides the development, integration and implementation of corporate sustainability principles — social responsibility (People), environmental responsibility (Planet) and fiscal responsibility (Profit) into all USPS policies, procedures, operations, products and services. The SLC is chaired by the Deputy Postmaster General/Chief Sustainability Officer and is comprised of key functional officers and vice presidents.

Roles and responsibilities of the Sustainability Leadership Committee include:

1. Reviewing USPS sustainability policies for signature by the Postmaster General (PMG).
2. Establishing and reviewing the USPS corporate sustainability vision, strategic performance goals, and interim and annual performance targets.
3. Identifying opportunities for USPS initiatives that will achieve corporate, area and business unit sustainability goals.
4. Championing sustainability initiatives within functional units and areas and providing resources to achieve targets.
5. Identifying opportunities to integrate sustainability concepts into USPS strategic planning, facility design and upgrades, procurement, core operations, supply chain, employee training and engagement, sales and marketing, and community outreach efforts.
6. Reviewing performance of sustainability initiatives against sustainability goals.
7. Identifying and resolving barriers to achieving USPS sustainability goals and objectives.
8. Identifying opportunities for partnerships across USPS functional areas to achieve sustainability performance targets.
9. Identifying opportunities for outreach programs to educate the USPS community, stakeholders and the public about the USPS sustainability commitment and performance.

The Sustainability Leadership Committee meets every six weeks, with additional meetings as appropriate. Meetings normally last 90 minutes and the agenda includes:

- Review of overall USPS corporate sustainability progress and performance metrics.
- Review and discussion of plans and status of corporate initiatives.
- Functional proponent/Area sustainability updates.

Establishing and implementing sustainability goals

USPS integrates sustainability concepts within our operations, products and services, and across functional offices, so that sustainability is not viewed as a “bolt-on” initiative or separate function. We have taken a similar cross-functional approach to establishing our 15 primary corporate sustainability performance goals. The SLC oversees development of USPS sustainability goals and their implementation across our operations.

Lead functional offices are responsible for goal implementation and performance, and where applicable, will convene cross-functional steering teams, develop implementation roadmaps that tie functional budgets to goal attainment, establish interim performance targets, and enhance methods for tracking progress against goals. Sustainability initiatives and projects that are necessary to achieve the goals articulated in this SSPP are coordinated by various divisions of the Office of Sustainability, and implemented by USPS personnel and employee Lean Green Teams at the Area, District, and local facility level.

Figure 4-1 and Figure 4-2 display the USPS Sustainability governance structure and depict these implementation processes. Figure 4-3 illustrates the process flow for disseminating strategic sustainability plans such as the SSPP to the field, and for implementing sustainability projects and initiatives down to the facility level.

Figure 4-1: Sustainability Leadership Committee (SLC)

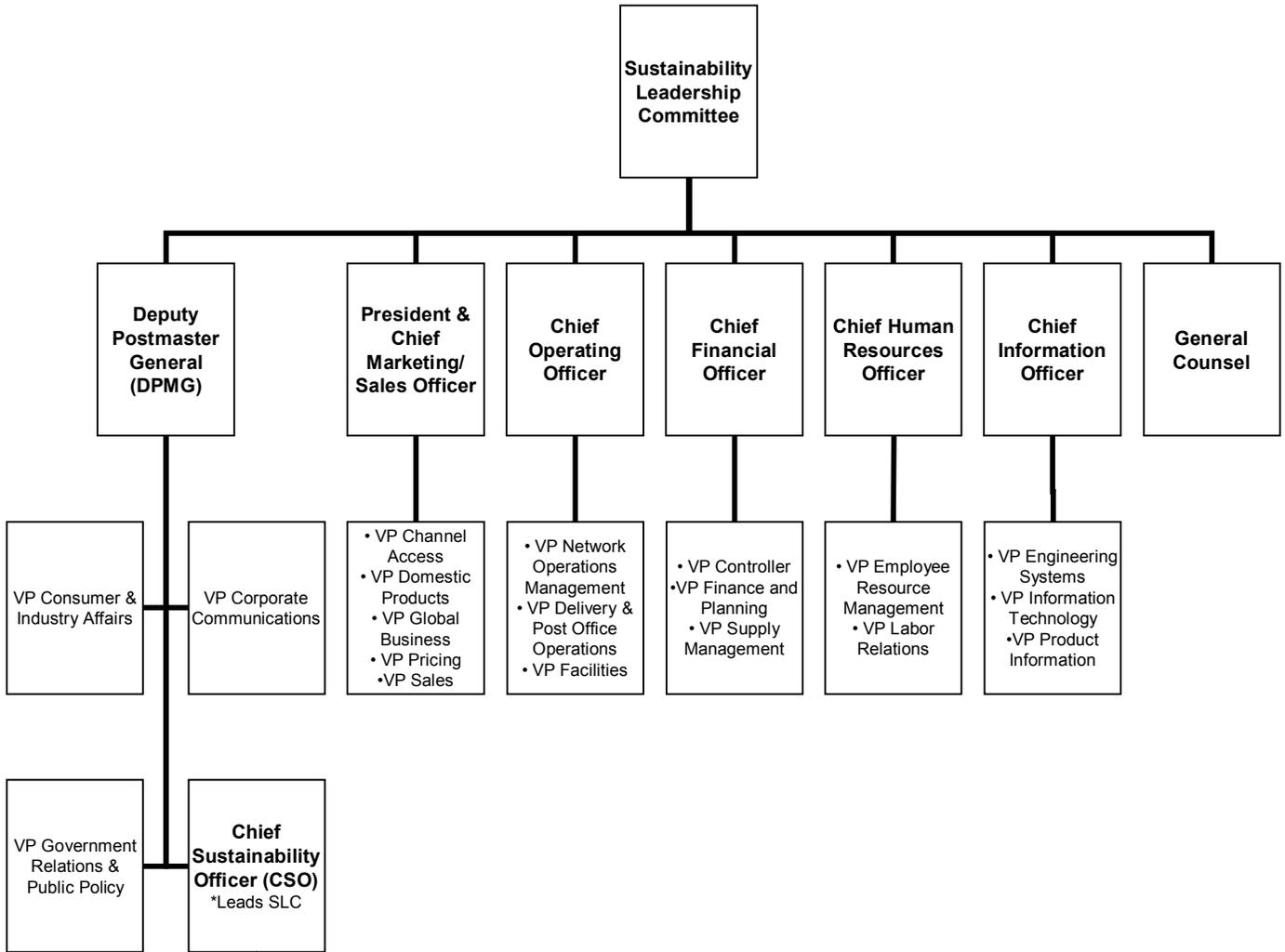


Figure 4-2: Office of Sustainability

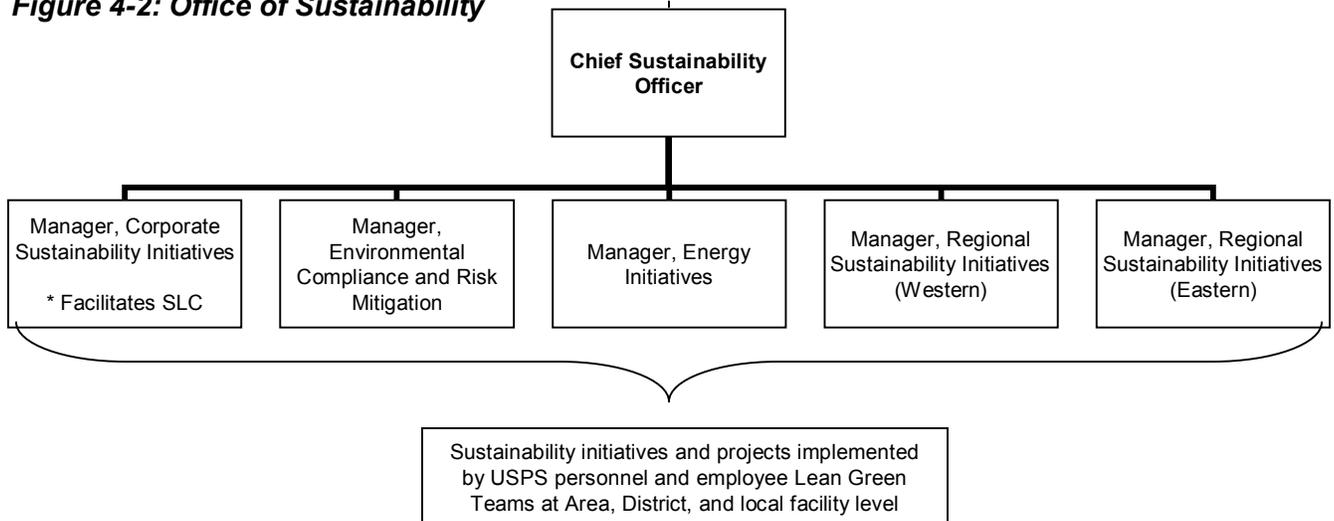
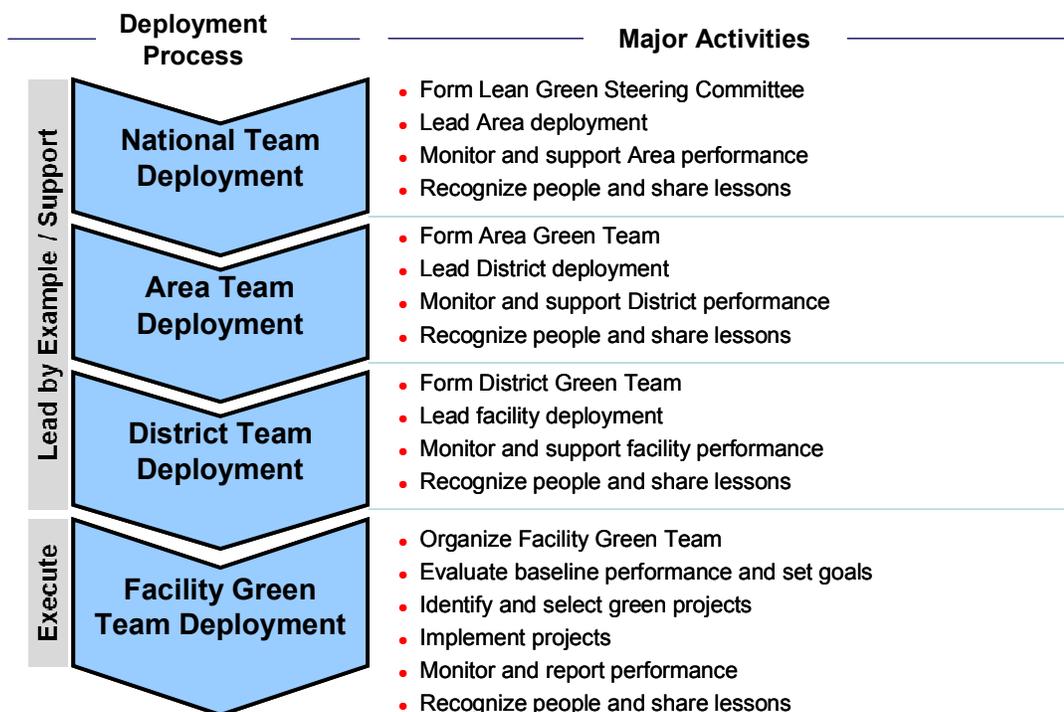


Figure 4-3: Disseminating sustainability goals and initiatives to the facility level



Leadership and accountability

The Postal Service has very mature and systematic national performance assessment (NPA) and pay for performance (PFP) systems that ensure corporate performance metrics are assigned down to individual managers’ score cards. The Postal Service implemented the NPA system to ensure that all management employees have a direct stake in the success of the organization. The NPA system supports our capital investment process by aligning individual performance with corporate strategies and initiatives.

The NPA system is linked directly to the PFP that the Postal Service uses to reward employees for achieving standardized, measurable performance goals, which include financial performance indicators. PFP indicators are aligned at the corporate, functional and individual levels, and are directly affected by the effective use of postal resources — including capital funds. With PFP, employees learn at the beginning of the evaluation period what priorities are, what is expected of them and how results impact the organization. The program enables employees to concentrate on achievements that are within their control and that are based on their line of sight in the organization.

All SSPP goals are either assigned as individual position objectives on the USPS Performance Evaluation System to senior USPS officers and functional managers or are part of the corporate PFP system. *Figure 4-4* depicts the USPS corporate sustainability performance goals articulated in this SSPP and the lead USPS functional office responsible for implementation.

To raise visibility and urgency to our corporate sustainability performance goals to reduce total facility energy use and Postal-owned vehicle petroleum use, USPS added two energy and fuel reduction indicators in FY 2010 to all District Manager and Plant Manager annual PFP scorecards. These performance indicators quantify progress toward the energy reduction goals for facilities and fuel reduction goals for vehicles, and incent managers to help USPS work steadfastly to improving our corporate performance. The Postal Service is the first federal agency to add energy and fuel reduction metrics to its managers’ pay for performance system.

Figure 4-4: USPS lead office for sustainability goals

Focus Area	USPS Corporate Sustainability Goals	Lead Office
Greenhouse gas (GHG)	Reduce scope 1 and 2 GHG emissions 20% by FY 2020 (FY 2008 baseline).	Operations/ Sustainability
	Reduce select scope 3 GHG emissions 20% by FY 2020 (FY 2008 baseline).	
GHG Benchmarking	Outperform the international postal sector's average annual carbon management performance score – International Post Corporation (calendar year basis).	
Facility Energy	Reduce total facility energy use 30% by FY 2015 (FY 2003 baseline).	Facilities
Transportation Fuel	Reduce Postal-vehicle petroleum fuel use 20% by FY 2015 (FY 2005 baseline).	Delivery Operations
	Increase Postal-vehicle alternative fuel use 10% annually by FY 2015 (FY 2005 baseline).	Operations
	Reduce contract transportation petroleum fuel use 20% by FY 2020 (FY 2008 baseline).	Network Operations
Waste	Reduce waste sent to landfill 50% by FY 2015 (FY 2008 baseline).	Sustainability
Purchasing	Reduce spending on consumables 30% by FY 2020 (FY 2008 baseline).	Operations/Finance
	Increase number of environmentally preferable products (EPP) available for USPS purchase on eBuy2 catalog system 50% by FY 2015 (FY 2010 baseline).	Supply Management
Water	Reduce water use 10% by FY 2015 (FY 2007 baseline).	Facilities/ Sustainability
Employee Engagement	Establish active employee Lean Green Teams in all USPS districts and network distribution centers by FY 2012.	Sustainability
Supplier Collaboration	Require all suppliers with current contract commitments of more than \$500,000 to provide sustainability data to USPS by FY 2015 (FY 2011 baseline).	Supply Management
	Include standard USPS sustainability clauses in all new contract actions by FY 2015 (FY 2011 baseline).	
Customers	Offer customers a range of sustainable products and services by FY 2012, including at least two new customer offerings (FY 2009 baseline).	Marketing/ Sales

Policy and planning integration

Being a sustainability leader is a core component of our *Vision 2013* strategic plan and will remain a key component of our 2020 strategic plans. Though each business unit and area office is responsible for accomplishing the initiatives needed to achieve the goals articulated in the performance plan, the Office of Sustainability has the overall lead to ensure that the plan goals are integrated throughout USPS policies, plans and operations, and that each functional office has proper coordinated support to ensure performance achievement.

The Office of Sustainability works with each member of the Senior Leadership Committee to identify where new or revised polices are required within their areas of responsibility to achieve the performance plan goals, and to ensure that corporate policies and plans are updated on a regular basis.

The *SSPP Planning Coordination Table* at the end of this Implementation section illustrates the relationship between the USPS corporate sustainability performance goals described in this SSPP and examples of plans and reports that may be applicable to USPS.

Budget integration

It is important to note that USPS does not receive direct appropriations for its operations and must fund all sustainability initiatives with revenues generated from the sale of its products and services. Because of this, USPS has not completed the SSPP template financial or related goal planning tables, nor completed *Appendix 1: Energy & Sustainability Resources/Investments (Circular A-11, Section 25)*.

All initiatives articulated in this plan are aligned with the USPS standard Business Case System (BCS) for requests for corporate expenditures, tracked by the lead finance number and the decision analysis report (DAR) process for major requests (greater than \$5 million) for operating or capital expenses.

The DAR explains the background and purpose of the program and fully documents costs and benefits estimates. Costs must be supported with documentation showing the calculations and the basis for all assumptions. Revenue projections or volume changes should be supported by a market analysis that outlines the justification with supporting volume changes, price increases, and impact on the total market.

The BCS supports the SSPP by standardizing creation of business cases across USPS organizations and captures the pertinent information about life-cycle program cost (estimates limited to 10 years, in most cases), financial value (estimates of revenue/income), strategic alignment and risk necessary to compare and prioritize programs in order to make informed investment decisions. Each sustainability initiative in this SSPP or corporate sustainability plans must identify the program goal, program description, DAR details (if applicable), program obligations, program dependencies, cash flow details, program metrics, and program risks.

On an ongoing basis, the Office of Sustainability compiles all approved corporate initiatives that the functional business units and area offices are working on to ensure they are adequate to achieve our corporate sustainability goals. The Office of Sustainability is the corporate portfolio manager for sustainability initiatives to:

- Focus USPS enterprise resources on the highest value work.
- Coordinate all of the individual initiatives in the portfolio.
- Facilitate portfolio and individual project assessments to see which new ones need to be added, or whether any existing projects need to be changed, as well as which ones should be canceled based on changing business or market conditions.
- Provide efficient and effective utilization of the organization's finite resources and capabilities.

Methods for evaluating progress

Achieving primary corporate sustainability goals involves efforts towards multiple initiatives owned by a variety of functional offices. Each functional office is responsible for driving the initiatives it owns to successful outcomes. Goal action plans are developed and serve as a reference for the Office of Sustainability and the SLC to track initiative progress each year, and ultimately each quarter through a linked sustainability performance dashboard (see *Figure 4-5*). Each quarter, functional business leads present summaries of performance against their goals to the SLC, and explain the progress of the initiatives supporting the goals. The SLC makes adjustments in areas where performance is trending off track.

As new sustainability initiatives are planned and implemented, the Office of Sustainability assesses the impact of each to determine if it is to be added to our corporate sustainability action plan, with functional owners and timelines. The Office of Sustainability briefs the Executive Committee and the Board of Governors as necessary. Also, USPS produces and reports annual performance in our annual SSPP and corporate Annual Sustainability Report.

Figure 4-5: USPS sustainability performance dashboard system (screenshot)

#	Focus Area	Goal	Owner	Baseline Year (FY)	Target	Units	Baseline Performance	FY10 Performance	Progress from Baseline to FY10	Status
1	Greenhouse gas	Reduce scope 1 and 2 GHG emissions 20% by FY 2020.	Operations / Sustainability	2008	-20%	Metric Tons CO2-e	5,263,763	4,781,981	-9.5%	On Target
2	Greenhouse gas	Reduce select scope 3 GHG emissions 20% by FY 2020.	Operations / Sustainability	2008	-20%	Metric Tons CO2-e	8,090,581	7,524,529	-7.0%	On Target
3	Facility Energy	Reduce total facility energy use 30% by FY 2015.	Facilities	2003	-30%	Bbtu	33,720	23,790	-29.4%	On Target
4	Transportation Fuel	Reduce Postal-vehicle petroleum fuel use 20% by FY 2015.	Delivery Operations	2005	-20%	GGE	140,669,277	145,584,512	3.5%	Off Target
5	Transportation Fuel	Increase Postal-vehicle alternative fuel use 10% annually by 2015.	Operations	2005	100%	GGE	939,303	2,185,549	132.7%	Achieving Goal
6	Waste	Reduce waste sent to landfill 50% by 2015.	Sustainability	2008	-50%	Short tons	231,661	218,225	-5.8%	Off Target
7	Purchasing	Reduce spending on consumables 30% by FY 2020.	Operations / Finance	2008	-30%	\$US	508,356,534	341,460,851	-32.8%	Achieving Goal
8	Purchasing	Increase number of identified environmentally preferable products (EPP) available for purchase on ebuy2 catalog by 50% by FY 2015.	Supply Management	2010	50%	Products	11,131	11,131	N/A	On Target
9	Water	Reduce water use 10% by FY 2015.	Facilities/ Sustainability	2007	-10%	1,000 Gallons	5,478,804	4,883,077	-10.9%	Achieving Goal
10	Employees	Establish active employee Lean Green Teams in all USPS districts and network distribution centers by FY 2012.	Sustainability	2009	100%	Districts	13%	25%	12.0%	On Target
11	Transportation Fuel	Reduce contract transportation petroleum fuel use 20% by FY 2020.	Network Operations	2008	-20%	GGE	580,128,161	552,697,733	-4.7%	On Target
12	Suppliers	Require suppliers with current contract commitments of over \$500,000 to provide sustainability data by FY 2015.	Supply Management	2011	100%	Suppliers with >\$500K Contracts	N/A	N/A	N/A	N/A
13	Suppliers	Include standard USPS sustainability clauses in new contract actions by FY 2015.	Supply Management	2011	100%	Contract Actions	N/A	N/A	N/A	N/A
14	Customers	Offer customers a range of sustainable products and services by FY 2012, including at least two new customer offerings.	Marketing/ Sales	2009	200%	Customer Offerings	N/A	N/A	N/A	N/A
							FY10 Sector Performance	FY10 USPS Performance	Difference	Status
15	GHG Benchmarking	Outperform the international postal sector's average annual carbon management performance score, as calculated by the International Post Corporation (IPC)	Operations / Sustainability	2010	Out-perform	Annual Carbon Management Performance Score	N/A	N/A	N/A	N/A

Originating Report / Plan	Scope 1 & 2 GHG Reduction	Scope 3 GHG Reduction	Develop and Maintain Agency Comprehensive GHG Inventory	High-Performance Sustainable Design/Green Buildings	Regional and Local Planning	Water Use Efficiency and Management	Pollution Prevention and Waste Elimination	Sustainable Acquisition	Electronic Stewardship and Data Centers	Agency Specific Innovation
GPRA Strategic Plan	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Agency Capital Plan	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
A-11 300s	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Annual GHG Inventory and Energy Data Report	Yes	Yes	Yes	N/A	N/A	Yes	Yes	N/A	N/A	Yes
EISA Section 432 Facility Evaluations/Project Reporting/Benchmarking	Yes	Yes	Yes	N/A	N/A	Yes	No	N/A	N/A	N/A
Budget	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Asset Management Plan / 3 Year Timeline	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes	N/A	N/A
Circular A-11 Exhibit 53s	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
OMB Scorecards	Yes	Yes	Yes	N/A	N/A	Yes	Yes	N/A	N/A	N/A
DOE's Annual Federal Fleet Report to Congress and the President	No	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	No
Data Center Consolidation Plan	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Environmental Management System	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Instructions for Implementing Climate Change Adaptation Planning	Yes	Yes	Yes	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other (reports, policies, plans, etc.)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

V. USPS approach to evaluating return on investment

All projects, initiatives and efforts described in this SSPP are prioritized based on the total costs and benefits throughout their service life, including economic, environmental, social and operational elements. Detailed discussion of these elements is included in *USPS Handbook F-66: General Investment Policies and Procedure*. Sustainability and energy management investment decisions also consider the following specific criteria:

- *Life-Cycle cost analysis:* a method for evaluating all relevant costs of a project, product or measure. It takes into account upfront, future and disposition costs. Upfront costs include capital investment, purchase and installation. Future costs include energy, operating and maintenance. Disposition costs include disposal cost or salvage value.
- *Replicable:* The Postal Service will give priority to projects that, if successful, can be implemented across the organization. These projects have significant impact by improving large portions of the USPS fleet and facility portfolio. For example, facility energy audits are identifying best practices, lessons learned and energy conservation measures that can be distributed nationally. Additionally, advances in the efficiency of mail processing equipment will have an impact at the largest and most energy-intensive facilities.
- *Leverage co-funding:* The Postal Service will take advantage of opportunities to share the costs of energy projects, such as on-site renewable energy generation. These opportunities may include taking advantage of state or utility rebates and incentives. USPS also will consider partnership opportunities for new technologies, such as partnering with vendors to test new vehicle technologies or partnering with neighbors on alternative energy projects.
- *Innovative projects:* Innovative demonstration projects allow USPS to test new technologies and support other objectives, such as continuity of operations through on-site energy generation, or corporate citizenship through projects that support the local community. These projects may include emerging technologies and projects that don't meet traditional funding requirements. Because USPS gains customer loyalty from favorable publicity, proposed projects likely to attract recognition are encouraged. For example, innovative green building design, renewable energy projects, combined heat and power applications, or geothermal heat pumps are good candidates for innovative demonstration projects.
- *Compliance impact:* Proposed projects related to certain requirements, such as those contained in the Energy Independence and Security Act, the Energy Policy Act and the Clean Air Act, are also a priority. These projects might include means of helping USPS reduce energy consumption, air emissions or hazardous waste production in accordance with local, state or federal requirements.

Functional organizational units with primary responsibilities for energy management will use these criteria to develop implementation plans with prioritized lists of opportunities to achieve the objectives of the *USPS National Energy Management Strategy*. These priorities will include sequencing projects to avoid duplication or rework. Each organization will request necessary capital and operational funding through annual budget requests.

USPS general guidance for determining economic return

The USPS VP/Controller (Office of Finance) periodically publishes a memo updating the required return on investment for all USPS project investments. The memo establishes the current cost of borrowing and risk factors, which are used to determine the discount rate used in the cash flow to calculate the net present value (NPV) of a proposed investment. The NPV determines whether a project meets the investment standards of the Postal Service. This memo also provides updated DAR factors for escalation of baseline costs, service-wide costs, productive work years and facility start-up costs.

Generative and sustaining investments

Different discount rates apply, depending on the type of project and whether the investment is generative or sustaining:

- *Generative investments* are driven by economic considerations. They must not only measurably enhance postal operations but must demonstrate the potential to provide economic benefits (an ROI that equals or exceeds the established minimum ROI).
- *Sustaining investments* assure the continuation of ongoing operations by correcting or eliminating a problem, while maintaining security, service and appropriate working conditions. Economic benefits, if any, are generally secondary.

While investments in real and personal property (buildings, vehicles and mechanization equipment) may be either sustaining or generative, all high-technology and new ventures are considered to be generative investments, that is, their approval must be based on economic considerations.

National Environmental Policy Act compliance

All major USPS investments where a DAR is required should reflect a project's compliance with the National Environmental Policy Act (NEPA), if applicable. All investments must be examined at the outset to determine whether analysis under NEPA is required. It should be noted that NEPA has sweeping organizational applicability, and thus is not limited to facility-level projects.

The purpose of NEPA is to identify and consider a project's potential impacts on the environment, rather than cleaning up contaminated property.

Under Postal Service regulations implementing NEPA (see 39 CFR Part 775), an environmental assessment must be prepared for all investment projects unless one of the regulation's categorical exclusions is applicable. The approving authority uses the environmental assessment to determine whether a project can be pursued without preparing a more detailed environmental impact statement. For further guidance, see *Handbook RE-6, Facilities Environmental Guide*, for facility projects, or management instruction *AS-550-96-4, National Environmental Policy Act Operational Guidance (May 17, 1996)*, for other investment projects.

VI. Transparency

Transparent sustainability communication: internal and external stakeholders

USPS uses a variety of channels and mediums to transparently communicate sustainability information to both internal and a range of external stakeholders. This includes the USPS sustainability commitment, our performance goals, progress and challenges in achieving these goals, and employee and facility sustainability best practice stories. We also communicate general articles, news stories, educational content, sustainability tips and tools that can help our employees, customers, and the public to adopt more sustainable practices in their business and home.

The primary ways USPS communicates to employees regarding sustainability goals and performance is through Blue (intranet), LiteBlue (extranet), www.usps.com/green, this Strategic Sustainability Performance Plan, and through our Global Reporting Initiative (GRI)-based corporate Annual Sustainability Report. In addition, USPS deploys “Lean Green Team” training to engage employees in our corporate offices, facilities and fleet operations on ways to eliminate waste, conserve facility energy and vehicle fuel, reduce water use, and optimize network operations.

USPS currently uses a range of channels to communicate sustainability information to our external stakeholders — including customers, supply chain partners, government officials and Congress, federal agency and industry peers, regulatory bodies, the academic community, and the general public. *Table 5-1* and *Table 5-2* at the end of this section provide examples of internal and external communication channels, mediums, frequency and intended audiences.

Communicating USPS sustainability performance: opportunities and challenges

Beginning this year with the public release of this USPS FY 2011 Strategic Sustainability Performance Plan and our FY 2010 corporate Annual Sustainability Report, the Postal Service is increasing transparency about our sustainability opportunities and challenges by providing detailed discussion about our corporate sustainability performance goals, successes and hurdles in their implementation, and detailed information about our historical and projected sustainability performance.

The *USPS Sustainability Performance Snapshot* illustrates our goal status and FY 2010 performance relative to baseline levels and the *Key Performance Indicators* table provides our historical performance since FY 2005 against nearly 50 key sustainability indicators we track relative to Our Business, Our People, Our Network, and Our Commitment.

Table 5-1: Internal Communication

Channel Name	Medium	Frequency	Audience
www.usps.com	Electronic	Real time	All external and internal stakeholders.
Blue (USPS Intranet)	Electronic	Real time	200,000 Postal Service executives and all USPS employees with ACE computers.
USPS News Link	Electronic (online and via e-mail)	Daily	Nearly 582,000 USPS employees with online access to Blue intranet or LiteBlue extranet, and via postal e-mail.
Screensavers	Electronic	Ongoing as needed.	200,000 Postal Service executives and all USPS employees with ACE computers.
USPS-TV video monitors	Video	Ongoing as needed.	600 sites in shared spaces (i.e. hallways, lobbies, facilities)
Annual Sustainability Report http://www.usps.com/green	HTML, eBook, PDF, less than 500 print copies	Annually	All USPS employees (and all external stakeholders).
Sustainability Leadership Council meetings	e-mail updates Presentations	Monthly and as needed.	PMG/CSO, officers and functional vice presidents

Table 5-2: External communication

Channel Name	Medium	Frequency	Audience
www.usps.com	Electronic	Real time	All external and internal stakeholders.
http://www.usps.com/green	Electronic	Daily	General public.
Annual Sustainability Report http://www.usps.com/green	HTML, eBook, PDF, less than 500 print copies	Annually	All external and internal stakeholders.
Congressional Testimony	Verbal testimony	As needed	Congress and general public.
OMB performance scorecards	E-mail submission	Semi-annually	OMB
USPS Federal Greenhouse Gas Inventory and Sustainability Data Report	E-mail submission	Annually	DOE/FEMP
USPS retail post office lobby displays	Kiosks, posters	Varies	General public.
USPS Annual Report USPS Annual Comprehensive Statement	HTML, PDF, limited print copy	Annually	All external and internal stakeholders.
USPS news releases, media stories	Electronic	Varies	General public.
USPS Supply Management Strategic Plan	Electronic	Annually	USPS suppliers
Postal Supplier Council	Meetings and e-mail	Quarterly	USPS suppliers
<i>Vision 2013</i>	HTML, PDF, limited print copy		All external and internal stakeholders.

Key Performance Indicators

	UNITS	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	CHANGE FY 09-10
OUR BUSINESS								
Revenues	\$ Million	\$69,907	\$72,650	\$74,778	\$74,932	\$68,090*	\$67,052	-1.5%
Net profit (loss)	\$ Million	\$1,445	\$900	(\$5,142)*	(\$2,806)	(\$3,794)*	(\$8,505)	124.2%
Mail volume	Million pieces	211,742	213,138	212,234	202,703	176,744*	170,574	-3.5%
Mail weight	Million pounds	25,842	25,932	25,643	24,237	20,784*	20,659	-0.6%
Delivery points	Million points	144.33	146.17	147.99	149.19	150.12	150.86	0.5%
Postal-owned miles traveled	Million miles	1,206	1,237	1,235	1,269*	1,249	1,258	-0.7%
Contract vehicle miles traveled	Million miles	n/d	n/d	n/d	5,669*	5,155	5,127	-0.5%
Post Offices, Plants and Administrative ¹	# of facilities	34,588	34,412	34,318	34,175	33,264	33,620	1.1%
OUR PEOPLE								
Career employees	# of employees	704,716	696,138	684,762	663,238	623,128	581,775	-6.6%
Non-career employees (full time equivalent)	# F/T equivalents	98,284	100,061	101,167	101,850	88,954	87,779	-1.3%
Active employee Lean Green Teams	% of districts	n/a	n/a	n/a	n/a	13%	25%	12.0%
Voice of Employee survey	% approving	63.7%	63.4%	63.5%	63.7%	64.0%	62.3%	-1.7%
Formal EEO complaints	Per 100 employees	n/d	n/d	0.80	0.80	0.76	0.85	11.8%
Employees registered in unions	% of total	90%	85%	85%	85%	85%	85%	0%
OSHA illness and injury rate	Per 100 employees	5.74	5.60	5.51	5.74	5.62	5.49	-2.3%
Customer experience surveys: residential	% very and mostly satisfied	n/a	n/a	n/a	n/a	n/a	86.4%	n/a
Customer experience surveys: small and medium businesses	% very and mostly satisfied	n/a	n/a	n/a	n/a	n/a	81.8%	n/a
Breast cancer research support	\$ Million raised	\$7.7	\$5.2	\$5.0	\$7.0	\$3.8	\$3.0	-21.1%
Combined Federal Campaign support	\$ Million raised	\$38.7	\$39.0	\$40.2	\$37.2	\$32.5	\$32.1	-1.2%
OUR NETWORK								
Total energy and fuel use	Million GJ	136.35*	134.44*	131.25*	123.65*	117.16*	112.72	-3.8%
Per million mail pieces	GJ	644*	631*	618*	610*	663*	661	-0.3%
Total facility energy use ²	Billion Btu (BBtu)	37,298	36,372	30,072	30,732	25,659	23,790	-7.3%
Per million mail pieces	BBtu	0.18	0.17	0.14	0.15	0.15	0.14	-3.9%
Goal-subject facility energy use ³	BBtu	35,237	33,999	27,938	27,058	22,761	21,086	-7.4%
Per million square foot	BBtu	115.5	110.2	89.8	86.7	81.6	74.4	-8.8%
Total transportation fuel use	Million GGE	776.0	768.5	796.2	729.8*	720.7*	700.9	-2.7%
Postal-owned vehicles: petroleum	Million GGE	140.67	142.35	144.77	146.77	145.38*	145.58	0.1%
Postal-owned vehicles: alternative fuels ⁴	Million GGE	0.94	0.76	0.80	1.52*	2.01*	2.19	8.7%
Contract transportation and leased vehicles	Million GGE	634.42	625.43	650.67	581.53	573.32*	553.20	-3.4%
Alternative Fueled Vehicle Fleet	# of vehicles	37,618	39,816	43,573	46,125	45,866	44,539	-2.9%
Municipal solid waste sent to landfill	Short tons	n/d	n/d	n/d	231,661*	198,675*	218,225	9.8%
Municipal solid waste recycled	Short tons	n/d	n/d	n/d	288,211*	219,649*	221,655	0.9%
Lobby Recycling program for customers	# of Post Offices	3,250	3,344	3,626	3,984	5,579	10,098	81.0%
Total water use	Million gallons	5,126*	4,731*	5,479*	5,508*	4,949*	4,883	-1.3%
OUR COMMITMENT								
GHG emissions: scope 1 and 2 sources ⁵	Million MTCO ₂ e	n/d	n/d	n/d	5.28*	5.03*	4.78	-4.9%
Per million mail pieces	MTCO ₂ e	n/d	n/d	n/d	26.1*	28.4*	28.0	-1.4%
GHG emissions: scope 3 sources ⁵	Million MTCO ₂ e	n/d	n/d	n/d	8.09*	8.01*	7.52	-6.0%
Online transactions at usps.com	% of total	30.0%	33.4%	37.9%	44.1%	49.8%	54.3%	4.5%
Environmentally Preferable Products available in USPS purchasing system	# products	n/a	n/a	n/a	n/a	n/a	11,131	n/a
Consumables spending	\$ Million	\$520.2*	\$522.7*	\$521.3*	\$508.4*	\$391.8*	\$341.5	-12.9%
USPS Cradle-to-Cradle® certified products	Million products	n/a	n/a	758	893	799	26,308	3,191%

Notes:

n/d: no historical data available.

n/a: not applicable or comparable - new sustainability initiative and/or performance metric.

* Restated data due to more accurate measurement system or estimation methodology.

¹ USPS facilities include Post Offices, Plants and Administrative offices and range in size from 83 square feet to 46.5 acres under one roof.

² USPS voluntarily reports total facility energy use to the public.

³ Goal-subject facilities are those included in federally mandated targets set by EPC Act 2005 and EISA 2007, but exclude mail processing equipment.

⁴ Alternative fuels include biodiesel, CNG, E-85, electric, and propane.

⁵ Greenhouse gas emissions are recalculated and restated as fiscal year (FY) - consistent with the U.S. Federal Agency GHG reporting guidelines.

Section 2: Performance Review & Annual Update

I. Summary of Accomplishments

Since 1775, the U.S. Postal Service has pioneered environmentally and socially responsible business practices while providing America with secure, efficient and affordable mail service. In FY 2010, USPS got a lot leaner, greener, smarter, and faster.

USPS reduced its greenhouse gas (GHG) emissions almost 6 percent from FY 2009 to FY 2010. This drop in GHG emissions is driven by a 7 percent reduction in facility energy usage in the last year. See the *USPS Sustainability Performance Snapshot* for our progress since the baseline year of each corporate sustainability goal and the *Key Performance Indicators* for historical performance since FY 2005. Both are available in *Section 1* of this FY 2011 SSPP.

Some other examples of our FY 2010 accomplishments include:

- **Corporate sustainability reporting:** USPS is one of the first federal agencies to issue Global Reporting Initiative (GRI) based public sustainability performance reports (FY 2008 and FY 2009). The FY 2010 Annual Sustainability Report will be published in June FY 2011 and be publically available for reading in a variety of electronic formats including eBook, PDF, and at <http://www.usps.com/green>.
- **GHG reporting:** USPS voluntarily publishes an annual, third-party-verified greenhouse gas emissions inventory (calendar year based) via The Climate Registry protocols, as well as an annual, voluntarily federal GHG inventory (fiscal year based). USPS also voluntarily submits an annual, third-party verified carbon emissions inventory (calendar year based) to the International Postal Corporation (IPC). USPS is a leading member of the IPC international mailing industry consortium, which jointly committed to reducing carbon emissions by 20 percent by FY 2020.
- **Most Trusted Government Agency:** USPS was named the “Most Trusted Government Agency” for the sixth consecutive year by the Ponemon Institute.
- **“Triple bottom line” facility benefits:** Improved indoor environment through extensive facility upgrades for employees and customers (people), reduced trillions of BTUs of energy use (planet) and realized financial ROI (profit) through hundreds of projects resulting in energy, water and waste reductions.
- **Green Team Deployment:** Created more than 400 cross-functional Lean Green Teams across the country, which have produced significant results in energy reduction and resource conservation. In FY 2010, Lean Green Teams helped USPS achieve more than \$5 million in savings from resource reductions in energy, water, petroleum fuel use, and solid waste sent to landfills. In addition, these teams helped USPS recycle more than 222,000 tons of material, which generated about \$13 million in revenue and \$9 million in avoided landfill fees.
- **Cradle-to-Cradle® Certification:** In FY 2010, USPS certified more than 26.3 billion total products across 114 product types, including Priority Mail, Express Mail, Ready Post packaging, postage stamps and all stamped products. Cradle-to-Cradle® products meet established standards for human and environmental health and recyclability. USPS is the only mailing and shipping company in the world to have earned this certification.

II. Goal Performance Review

GOAL 1: Scope 1 and 2 Greenhouse Gas (GHG) Reduction

Background

Six days per week, regardless of the weather, the U.S. Postal Service (USPS) delivers more than 40 percent of the world's mail. In fiscal year (FY) 2010, we delivered nearly 171 billion letters and packages. And that requires an enormous operation and a lot of hands to get the job done effectively. With about 582,000 employees, nearly 216,000 Postal-owned vehicles (the largest civilian fleet in the nation), and more than 33,000 facilities — Post Offices, mail distribution and processing plants, and administrative offices — as you can imagine, USPS has a large “carbon footprint”.

The Postal Service views this as a significant opportunity to make a positive impact on the environments in which we serve and the world at large by reducing our carbon footprint — our Scope 1, Scope 2, and select Scope 3 greenhouse gas (GHG) emissions.

USPS Scope 1 GHG emissions include direct emissions from combustion in postal vehicles and facilities, while our Scope 2 GHG emissions include indirect emissions from purchased electricity and steam used in our facilities. The Postal Service's Scope 3 GHG emissions include indirect emissions from electricity transmission and distribution losses, employee business travel and commuting, contracted waste and wastewater disposal, “fully-serviced” leased facilities (where the landlord is responsible for utilities and USPS does not control building operations or efficiency), and our largest Scope 3 source — emissions from contracted mail transport vehicles such as planes, trucks, cars, trains and ships.

Goal Description

While not mandated to do so, USPS has committed to reduce our GHG emissions by 20 percent by FY 2020 for all three Scopes. These voluntary goals — which follow the federal agency guidelines for GHG reduction and are 3 of our 15 primary corporate sustainability performance goals — reinforce our commitment as a socially and environmentally responsible 21st century business and as a federal agency that continues to lead on climate change.

Specifically, USPS is working towards reducing our Scope 1 and 2 GHG emissions 20 percent by FY 2020, against a FY 2008 baseline. This reduction is the equivalent of 1.1 million metric tons of carbon equivalent (MMT CO₂e). Our Scope 3 reduction goal and performance is discussed in the *“Goal 2: Scope 3 GHG Reduction and GHG Inventory”* SSPP section.

In addition to these fiscal year GHG reduction goals for all three Scopes, the Postal Service has collaborated with 20 postal operators from around the world — members of the International Post Corporation industry consortium — to become the first global services industry to commit to a 20 percent carbon emissions reduction across our whole sector by calendar year (CY) 2020, based on CY 2008 levels.

Agency Lead

The Postal Service's Chief Sustainability Officer (CSO) has primary responsibility for establishing GHG reduction objectives and targets, overseeing the monitoring and reporting of performance towards goals, and developing reduction strategies and initiatives in collaboration

with functional vice presidents and senior managers who participate in the USPS Sustainability Leadership Committee.

Goal Implementation

Implementation of Scope 1 and 2 GHG emissions reduction strategies and related facility energy and fuel performance initiatives is an ongoing, cross-functional effort that is integrated into core business planning and operational coordination between a variety of Postal functions, including but not limited to Facilities, Engineering, Network Operations, Delivery and Post Office Operations, and Sustainability.

Our GHG reduction strategies focus around three major objectives (also primary USPS corporate sustainability performance goals):

1. Reduce total facility energy use 30 percent by FY 2015 against an FY 2003 baseline.
2. Reduce Postal-owned vehicle petroleum use 20 percent by FY 2015 against an FY 2005 baseline.
3. Increase Postal-owned vehicle alternative fuel use 10 percent annually by FY 2015 against a FY 2005 baseline.

While progress towards these three facility energy and fuel objectives will have the largest impact in helping to reduce our Scope 1 and 2 GHG emissions, continuous improvement towards all 15 of the Postal Service's corporate sustainability performance goals will help to reduce our carbon footprint. Facility energy and vehicle fuel goals, strategies, and FY 2010 performance are discussed in more detail below.

FACILITY ENERGY

Building portfolio overview

At the end of FY 2010, the Postal Service's total real estate inventory included 33,620 facilities. USPS owns 8,621 buildings, leases 24,671 buildings from the private sector and 328 from the General Services Administration (GSA). Facilities range in size from approximately 50 to 1.5 million square feet under one roof, and include about 32,000 retail Post Offices, as well as other buildings that enable delivery, mail processing, maintenance, administrative, and support activities.

The total square footage of the USPS building portfolio is 288,629,033 square feet (SF), and for FY 2010 is reported as 283,355,329 SF of "goal-subject facilities" due to the identified 5,273,704 square feet of excluded facilities and activities that are identified through the Energy Policy Act of 1992 (EPAAct 1992), Section 166.

USPS does not discriminate between owned and leased facilities for energy efficiency investments and projects, provided we control the utility use; while facilities having "fully serviced" leases with utilities bundled into the lease payment are outside our energy control and therefore not targeted. On the other hand, our overall energy conservation efforts such as facility consolidation, space optimization, and culture change initiatives do not differentiate among facility categories.

Goal Discussion: Reduce total energy use and reduce energy intensity

The Postal Service is committed to operating sustainable facilities — supporting mail delivery with the greatest energy efficiency, and lowest possible facility-related energy costs, consumption, and impact on the environment. USPS is reducing energy use in our facilities and throughout our network, and has two ambitious goals to guide our performance:

1. **Reduce total facility energy use (Btu) 30 percent by FY 2015 against a FY 2003 baseline.** This is a voluntary goal and one of our 15 primary corporate sustainability performance goals. It is a measurement of absolute energy consumption, and does not take into account square footage. It includes all energy sources and applies to all Postal facilities.
2. **Reduce our facility energy intensity (Btu/SF) 30 percent by FY 2015 against a FY 2003 baseline.** This is a federally mandated target to which the Postal Service is subject per the Energy Policy Act of 2005 (EPAAct 2005). Intensity is a per-unit based metric affected by two factors – consumption and area (square footage). In addition, it applies only to “goal-subject facilities” rather than to all Postal facilities. Therefore, the total facility energy use reduction goal and the energy intensity reduction goal cannot be directly compared.

Facility energy reduction strategies and programs

Faced with continuing declines in mail volume and revenue, the Postal Service remains focused on facility consolidations and redesigning its internal activities to reduce operating costs. In order to become leaner, greener, faster, smarter — a more sustainable organization that can provide more efficient service to Postal customers — USPS is pursuing a wide range of strategic approaches to help reduce our facility energy consumption and costs, improve energy-efficiency across our network, and reduce facility-related Scope 1 and 2 GHG emissions.

The Postal Service is continuing aggressive implementation of the following “total network energy efficiency” strategies:

- Automation to improve our network operational efficiencies.
- Space optimization to consolidate operations and reduce underutilized facilities and equipment across our network.
- Selective project implementation to improve building and equipment efficiency.

While this approach is expected to decrease our total energy use and increase overall energy efficiency — as well as decrease the amount of energy used per piece of mail processed — some individual facilities may actually become more energy intensive per square foot, while becoming less energy intensive per mail piece. For these reasons, USPS believes that our total facility energy use may be a more accurate indicator of our actual energy reduction performance than energy intensity, and has chosen total energy use reduction as one of our 15 primary corporate sustainability performance goals.

The Postal Service uses a variety of policies, programs, systems, and initiatives to make USPS facilities as energy-efficient as is life-cycle cost effective, to reduce total utility costs where the Postal Service pays them, to reduce facility energy consumption, and to encourage energy efficiency and conservation by our employees. These include:

- **USPS National Energy Management Policy:** This policy forms the foundation for USPS goals and efforts to reduce energy consumption and costs, while supporting continuity of operations. It identifies goals, objectives and strategies for all aspects of postal operations, including utilities management, facilities design, construction, major renovations, and operations and maintenance. Related policies, guidance standards, procedures and plans that support our energy reduction goals include the U.S. Postal

Service National Energy Management Strategy; Handbook AS-503 Standard Design Criteria; a comprehensive set of Building Design Standards (BDS); Handbook AS-558 Facility Energy Management Guide; Management Instruction AS-550-97-4 Facility Energy Management Program; an Energy Compliance Certification (ECC); an energy ROI calculator standard tool; Facility Energy Audit Standard Operating Procedures; and a Life-Cycle cost analysis tool.

- **Facilities Energy Program:** The number one driver for USPS energy reduction performance is the Facilities Energy Program, which ensures that Postal facilities are as energy efficient as is cost-effective over their lifetime, that facilities are designed, constructed and provided with tools to manage building systems with the lowest possible energy cost and impact on the environment. Under the direction and guidance of the Facilities department this program focuses on identifying energy efficiency and conservation opportunities, implementing energy projects that provide a favorable return on investment (ROI), and ensuring the building portfolio meets applicable regulations. The Facilities Energy Program executes a range of energy management activities such as planning, guidelines and standardization, energy auditing, project evaluation and implementation, and energy data analysis and reporting.
- **Comprehensive facility audits:** The Facilities Energy Program continually audits USPS facilities to evaluate energy use and identify potential energy conservation and efficiency opportunities. These opportunities are then evaluated based on expected energy savings versus cost and are bundled into conservation and efficiency upgrade projects that represent an attractive return for capital investment dollars spent. In FY 2010, USPS conducted energy audits at 916 facilities covering 43.1 million square feet of its facilities and identifying potential energy reductions of 965 billion BTU per year. This brings the Postal Service's cumulative 2007-2010 audit totals to over 2,000 unique sites, 149 million square feet, and 3.9 trillion BTU in potential energy reduction.
- **Investment orientation for energy projects:** The primary consideration of the Facilities Energy Program is to save both energy and money. We balance operational and financial objectives — meeting facility energy and sustainability goals while minimizing facility-related utility costs and maximizing the value of energy investments. To achieve this USPS utilizes a rigorous technical and financial evaluation process for potential energy projects to ensure they will produce a strong return on investment. Generally, historical results have shown that actual reductions have met or exceeded estimates. Since 2007, these implemented projects that helped the Postal Service avoid more than \$400 million in energy costs.
- **Sustainable building design, construction, operating guidelines:** USPS facilities are designed, constructed and provided tools to operate to exceed the energy efficiency guidelines set forth in the leading building energy standard — ASHRAE 90.1-2004 — set by the American Society of Heating, Refrigerating and Air-Conditioning Engineers. Our policies, requirements, and Building Design Standards are updated at least once per year to strengthen energy performance requirements and conservation practices, and ensure that the most cost effective and environmentally preferable technologies are used as standard practice to support the most efficient building operation.
- **Enterprise Energy Management System (EEMS):** This system enables USPS to measure, monitor, and control energy use remotely and locally — including real-time building equipment and system energy performance — in one system. The Postal Service's EEMS implementation plan is unmatched across government and industry in its size and scope. It enables USPS to compare facility energy performance across

differences in weather, location, facility size, and time period — further improving our ability to manage facility energy, as well as identify and take advantage of energy consumption and cost saving opportunities.

- **Lean Green Teams:** USPS is actively engaging its employees at its mail processing facilities, network distribution centers (NDCs), Post Offices, and administrative offices to help USPS implement low-cost and no-cost projects to enhance energy conservation and efficiency. Cross-functional employee “Lean Green Teams” at facilities across the country are helping USPS build a conservation culture, and reduce our operational costs, carbon footprint, and impact on the environment through more efficient resource use and conservation in five sustainability performance goal areas: facility energy, petroleum fuel, consumable materials, waste and water reduction. See “*Goal 8: Agency Innovation*” for a more detailed discussion of Lean Green Teams.
- **Training and education:** In addition to broad-based employee learning through Lean Green Teams, USPS uses a variety of methods to educate and train its employees about energy efficiency and conservation. Examples include an energy awareness and education program initiated at facilities beginning in FY 2007, ongoing communication and conservation tips through the Postal intranet, and two “Going Green” web-based videos rolled out to all employees in FY 2010. Some training efforts are more specialized, focusing instruction in key areas such as building systems, environmental controls, and energy management for project and facility managers.
- **Energy indicators and Postal manager performance assessment:** In FY 2010, the Postal Service became the first federal agency to add an energy reduction indicator to its National Performance Assessment — the suite of performance metrics used to determine postal managers’ merit pay raises. This energy performance indicator quantifies progress toward the Postal Service’s sustainability and EISA 2007 goal to reduce total facility energy use. See the “*Highlights*” section below for more information.

Goal Discussion: Increase renewable electricity installation and use

The Postal Service currently operates site-specific renewable energy projects in several states from California to Rhode Island, including solar photovoltaic panels and film technologies, geothermal heating and cooling systems, fuel cells, and combined heat and power generation technologies. In addition, the Postal Service pursues cost-effective opportunities to obtain portions of its purchased power from utility programs offering renewable sources such as water and wind.

USPS is not subject to the renewable energy provisions of the EPCA 2005 nor the associated goals to increase renewable energy electricity installation and use outlined in Executive Orders 13423 and 13514. While the Postal Service recognizes that the vast majority of GHG emissions come from electricity production — particularly from coal-burning electric plants — and we are committed to reducing our electricity purchases from the grid over time, we also are working to shift a cost-feasible portion of our energy supply toward renewable and cleaner energy sources.

As a non-appropriated federal agency, USPS must finance our renewable energy initiatives and power purchases. Our current financial crisis and need for a larger and more immediate return on investment limits the number and scale of these renewable energy capital investments. Therefore, committing to a specific (and voluntary) corporate goal that would align with the suggested federal renewable energy provisions — use at least 5 percent electricity from renewable sources as a percentage of total facility electricity use and at least 7.5 percent beyond FY 2013 — is not feasible or responsible given our current financial situation and business strategies to regain financial solvency.

Within this context, while the Postal Service pursues overall end-use reduction as our first energy management priority, we also are working towards shifting a proportion of our energy supply toward renewable and clean energy sources, a key factor affecting GHG emissions. Although experience shows us that energy conservation and efficiency usually have better return on investment than site-specific renewable energy projects, USPS continues to explore and pursue renewable energy solutions throughout the country where it is financially responsible, technically feasible, and creates environmental benefit. USPS tests a limited number of renewable technologies that support other corporate objectives, such as continuity of operations through on-site energy generation, or corporate social responsibility through projects that support the local community.

Goal Discussion: Reduce per capita energy consumption through space management

While the Postal Service is not subject to the EO 13514 requirement to establish a formal goal to reduce per capita energy consumption through space management policies or the Federal Data Center Consolidation Initiative, USPS is voluntarily pursuing aggressive facility space optimization initiatives to consolidate, vacate, and eliminate underutilized space and facilities and increase utilization and occupancy rates where appropriate.

This strategy is intended first and foremost to reduce annual financial operating expenses. Reducing total energy consumption across our facility portfolio will result in lower energy utility expense. The facility space optimization efforts cover all facility and building types regardless of size or ownership, including Post Office stations and branches (SBOC), mail processing and delivery centers (P&DC), delivery units (DUO), headquarters and administrative offices.

POSTAL-OWNED FLEET

Fleet overview

USPS has a large and broad service mandate to provide mail service to more than 150 million delivery points, along more than 230,000 routes, six days a week. To collect, transport and dispatch the mail on this scale we operate the world's largest civilian fleet — nearly 216,000 Postal-owned vehicles at the end of FY 2010 — which includes the country's largest alternative fuel-capable fleet of more than 44,000 vehicles. Our fleet of Postal-owned vehicles logs more than 4 million miles per day, which requires a very large amount of fuel to power them.

So it comes as no surprise that USPS watches fuel prices closely — every few cents that fuel prices increase greatly impacts the Postal Service's operating costs. Most Americans can modify their driving habits when gasoline prices rise — change commuting modes, combine multiple errands into one trip and cut out non-essential driving. Not as easy to do for the Postal Service. We deliver six days per week, regardless of the price at the pump.

Transportation fuel strategies

USPS continually explores innovative ways to optimize routes to be more fuel and cost-efficient, and seek out alternative and flex fuel options. Less fuel consumption equates to reduced operating costs and less exposure to business risk as fuel prices rise. But reducing our petroleum dependency is more than risk and cost management for the Postal Service — it's about honoring our social and environmental responsibilities as a leading 21st century business. Less fuel used by Postal vehicles means less greenhouse gas emissions from their tailpipes, which benefits the environment and the air we all breathe.

Our transportation fuel strategies to reduce Scope 1 greenhouse gas emissions focus around two major objectives — each of which is one of the Postal Service’s 15 primary USPS corporate sustainability performance goals, and our federal agency requirement under Section 142 of the 2007 Energy Independence and Security Act (EISA 2007):

1. Reduce Postal-owned vehicle petroleum use 20 percent by FY 2015 against an FY 2005 baseline.
2. Increase Postal-owned vehicle alternative fuel use 10 percent annually by FY 2015 against a FY 2005 baseline.

In addition, the Postal Service has a third transportation fuel performance goal — a voluntary effort — to reduce our contract vehicle petroleum fuel use 20 percent by FY 2020 against a FY 2008 baseline, in collaboration with our supply chain network. Contract transportation fuel is a large percentage of the Postal Service’s Scope 3 emissions and our operating costs, so USPS feels it is both a responsible and strategic business decision to establish and work towards this sustainability performance goal. This goal is discussed in more detail in the “*Goal 2: Scope 3 GHG Emissions*” section of this SSPP.

Goal Discussion: Reduce petroleum use in fleet vehicles

USPS is committed to making Postal-owned vehicles as fuel efficient as life-cycle cost effective and to reduce total operating costs to achieve the aforementioned mandated fuel reduction goals. The *U.S. Postal Service National Energy Management Policy* and the *U.S. Postal Service National Energy Management Strategy* guide our efforts to reduce fuel consumption and costs while supporting continuity of operations. Related policies and guidance standards — such as the vehicle idling policy set forth in section 245.27 of *Postal Handbook PO-701: Fleet Management* — support strategic planning and implementation efforts.

For USPS to achieve the federally mandated target — and our corporate sustainability performance goal — to reduce Postal-owned vehicle petroleum use 20 percent by FY 2015 against an FY 2005 baseline, we must reduce annual petroleum fuel consumption by at least 33 million gasoline gallon equivalents (GGE) of petroleum fuel. This is challenging because the number of addresses that USPS must deliver to increases by an average of one million per year.

USPS continues efforts towards achieving this fuel reduction target by implementing a range of strategic initiatives and evaluating new ones. These include, but are not limited to:

- Reducing the number of Postal-owned vehicles in our fleet, as possible while being able to maintain high service levels and fulfill our universal mail service obligation.
- Optimizing carrier routes and reducing Postal-owned vehicle miles driven by our fleet by consolidating delivery points into fewer, but longer and more contiguous routes, and consolidating mail collection runs throughout the network.
- Implementing the flat sequencing system.
- Consolidating our transportation network.
- Engaging carriers on low-cost and no-cost fuel conservation and efficiency practices through field videos and Lean Green Team projects — including eliminating idling and deviations from routes, and monitoring air pressure.
- Engaging managers on fuel conservation and efficiency by adding a fuel metric to their pay for performance indicators included in annual National Performance Assessments.

- Expanding the functionality of the USPS Corporate Energy Interface (CEI) system to track fuel use by petroleum and non-petroleum fuel types.
- Conducting audits of USPS fuel data management systems and the CEI.
- Expanding Lean Green Team deployment to additional districts and Network Distribution Centers (NDCs).
- Evaluating technologies to replace our current fleet of long-life vehicles to reduce fuel and improve operating efficiency.
- Researching, testing and using viable alternative fuels and vehicle technologies.

The proposed initiative with the largest fuel reduction potential is the reduction of delivery days to better match declining mail volumes. USPS is continuing to seek congressional approval to reduce delivery frequency from six days to five days a week to align with declining mail volumes. This proposed strategy could help reduce our annual petroleum fuel use by 20-25 million GGE and could reduce our carbon footprint by about 315,000 to 500,000 metric tons of GHG equivalent per year. This is similar to taking 60,000 to 95,000 gasoline-powered passenger cars off the road for a whole year. If Congress approves this plan and it is implemented, USPS could save an estimated \$3 billion per year in operating costs. To learn more about this proposed initiative, please visit <http://www.usps.com/communications/five-daydelivery>.

Goal Discussion: Increase use of alternative fuels

The Postal Service has three primary objectives behind our interest and commitment to increase the use of alternative fuels and alternative fuel capable Postal-owned vehicles:

1. Help reduce a portion of the cost and amount of petroleum fuels needed to power our vehicle fleet.
2. Reduce the amount of associated Scope 1 GHG emissions from operating our vehicles.
3. Meet or exceed our federal agency requirement under EISA 2007 to increase alternative fuel use 10 percent annually by FY 2015 against a FY 2005 baseline. USPS interprets this requirement as an annual 10 percent increase from FY 2005 to FY 2015 — an equivalent overall increase of 100 percent, or doubling the FY 2005 baseline amount.

USPS has a longstanding tradition of identifying more effective and more sustainable modes of transportation to deliver the mail. USPS introduced the first electric vehicle to the Postal fleet in 1899. As of FY 2010, USPS operates the country’s largest fleet of alternative fuel-capable vehicles — more than 44,000 — that run on electricity, ethanol, compressed natural gas, liquid propane, bio-diesel, and fuel cell technologies. Table G1-1 at the end of this section includes the annual status since FY 1996 of the Postal Service’s compliance with the Energy Policy Act of 2005 (EPAAct 2005) alternative fuel vehicle requirements as well as a link to the public report.

In New York City, USPS has used 30 electric 2-ton vehicles on the streets since 2001. An additional 2-ton hybrid electric vehicle was recently added to the postal fleet in Long Island, NY. The Postal Service operates a hybrid electric vehicle fleet of 10 Ford Escapes for mail delivery, as well as 533 Chevrolet Malibus and 370 Ford Fusions for other administrative purposes across the country.

Under the direction and guidance of its Vehicle Programs department, the Postal Service continues to research, evaluate maintenance and fuel consumption, and test a wide range of alternative fuels, alternative-fuel capable vehicles, and explore emerging technologies. Examples of current pilot programs and tests include a hybrid electric step van from Azure

Dynamics, and a pilot program in which five companies converted USPS gasoline long-life vehicles (LLVs) to battery electric power. Each company has developed its own electric LLV prototype for testing in the summer of FY 2011. The Postal Service also recently awarded contracts to retrofit one LLV with a clean diesel drive train and another with a modern fuel efficient gasoline drive train. Testing of these vehicles will begin in FY 2012.

The Postal Service also has upgraded more than 100 compressed natural gas (CNG) vehicles to operate in Texas. CNG vehicles produce an estimated 40 percent less Scope 1 GHG emissions compared to gasoline vehicles. The cost of CNG fuel in Texas is less than petroleum, so the CNG upgrades pay for themselves through lower fuel costs. USPS Vehicle Programs is also testing vehicle parts that can save fuel costs and associated GHG emissions. An example is a secondary bypass oil filter in large Postal trucks that could reduce the frequency of oil changes.

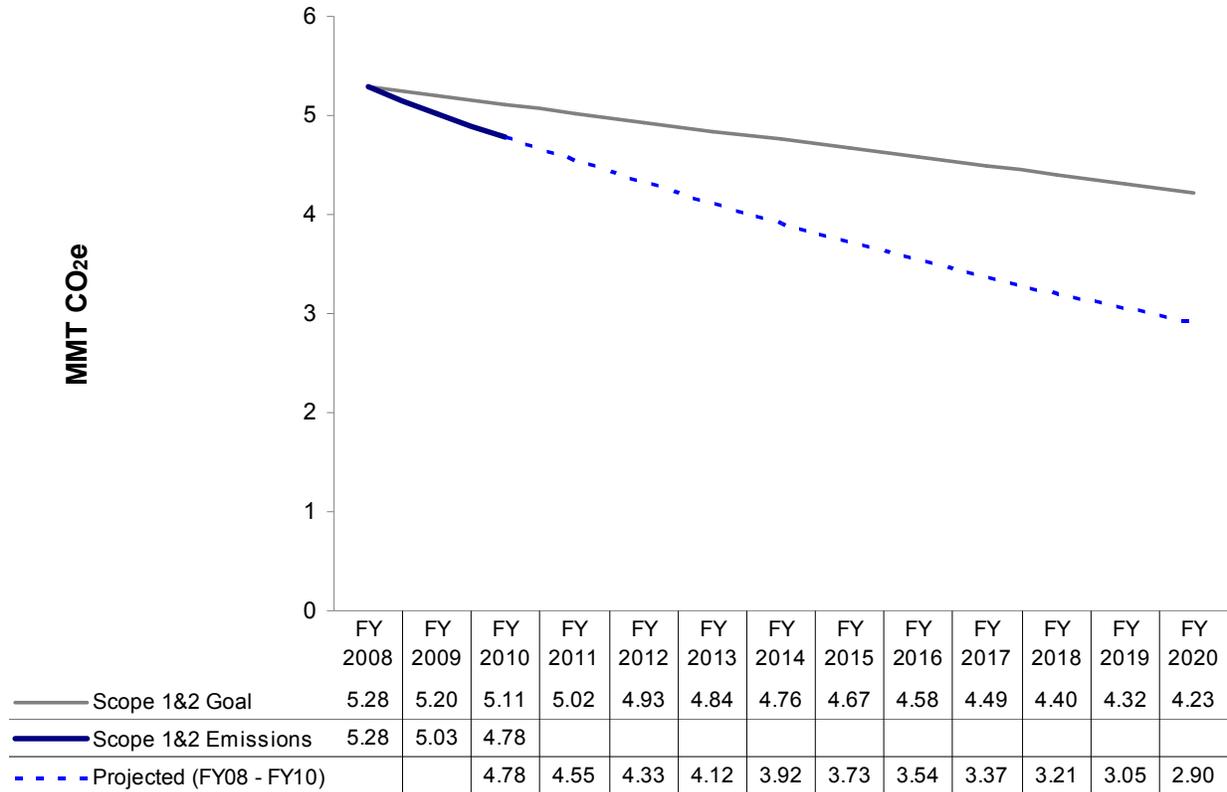
Goal Discussion: Other sustainable owned-fleet transport options

USPS also uses more than 70 bicycle routes to provide mail service. But perhaps the most energy efficient and sustainable that USPS delivers the mail is by walking. Our “fleet of feet” delivers mail door-to-door by walking nearly 9,000 mail delivery routes every day. We also have nearly 80,000 “park and loop” routes where carriers deliver mail on foot after driving to neighborhoods.

Agency Status — Goal Performance and Planned Strategies

As shown in Figure G1-1 below, the Postal Service is on track for reducing its Scope 1 and 2 emissions 20 percent by FY 2020 against FY 2008 baseline levels — in fact we are outpacing the necessary annual reductions to meet this goal. Between FY 2008 and FY 2010, USPS reduced its Scope 1 and Scope 2 GHG emissions by 9.5 percent, from 5.28 MMT CO₂e to 4.78 MMT CO₂e.

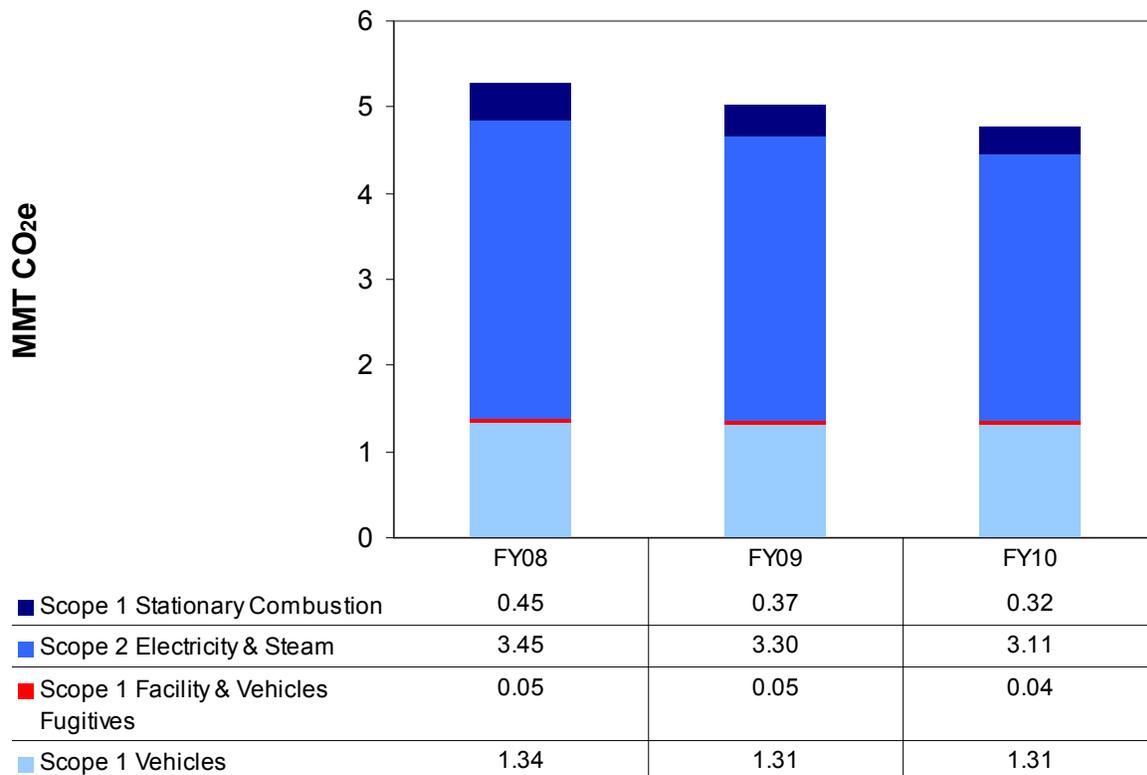
Figure G1-1: USPS Scope 1 and 2 GHG emissions — past and projected performance



As shown in Figure G1-2 below, USPS Scope 1 and 2 GHG emissions are primarily from Scope 2 emissions from electricity and steam purchased by facilities and Scope 1 emissions from petroleum fuel used to transport mail in postal owned fleet of trucks and administrative vehicles. Baseline FY 2008 USPS GHG emissions were calculated using the FEMP GHG and Sustainability Workbook with the USPS CY 2007 and CY 2008 third-party verified GHG emission reports submitted to The Climate Registry, following the Registry’s general reporting protocols. The USPS FY 2008 GHG emissions total is not third-party verified, as USPS extrapolated verified CY 2007 and CY 2008 data to estimate FY 2008 emissions. FY 2009 emissions were calculated in this same manner with CY 2008 and CY 2009 data.

FY 2010 USPS GHG emissions were calculated using fiscal year activity data collected by internal USPS data collection systems and established estimation methodologies for tracking spending.

Figure G1-2: USPS FY 2008 - FY 2010 Scope 1 and 2 GHG emissions



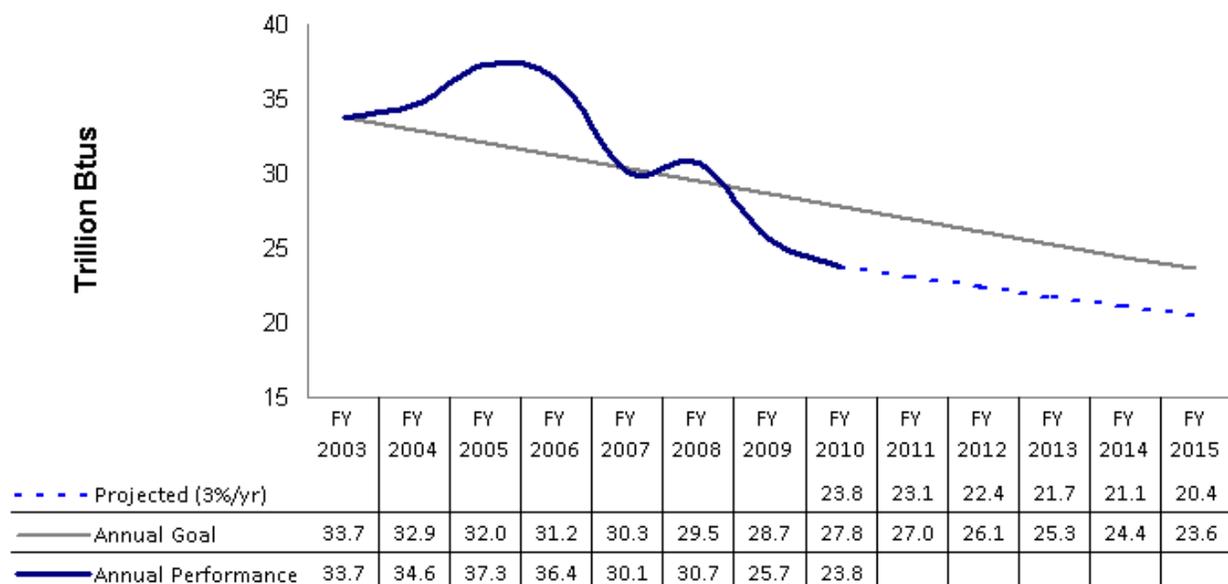
Facility energy and GHG performance

In FY 2010, facility energy was 72 percent of Scope 1 and 2 emissions and 28 percent of the total USPS inventory. Since FY 2008, USPS has reduced our facility energy related emissions 12 percent — nearly equivalent to powering 39,000 average American households for a year. In FY 2008, USPS stationary combustion emissions were 0.45 MMT and emissions from electricity and steam consumption was 3.45 MMT. In FY 2010, stationary combustion emissions decreased 28 percent to 0.32 MMT and electricity and steam emissions decreased 10 percent to 3.11 MMT.

For energy consumption, USPS is on track to meet or exceed performance towards both of its energy reduction goals. As of FY 2010, the Postal Service has reduced total facility energy use by 29.4 percent since FY 2003 baseline levels (from 33.7 trillion Btu to 23.8 trillion Btu). This 9.9 trillion BTU reduction is equivalent to the total energy used by nearly 100,000 average U.S. households in a year. The Postal Service has also reduced our goal-subject facility energy intensity — our energy use per square foot of building space — by 28.3 percent against our FY 2003 baseline (from 103.82 kBtu/SF to 74.4 kBtu/SF).

USPS facility energy reduction performance is summarized from FY 2003 to FY 2010 in our *FY 2010 GHG and Sustainability Report to FEMP and Key Performance Indicators* table in this SSPP. Figure G1-3 below displays historical and projected facility energy use.

Figure G1-3: USPS facility energy use — past and projected performance



So how does an organization as big as the Postal Service save so much energy and make progress towards reducing its associated Scope 1 and 2 GHG emissions? Some of our key FY 2010 (and ongoing) strategies, initiatives, and systems include:

- **Auditing facilities for energy improvement opportunities:** While USPS is not subject to the EISA 2007 facility audit provision, it performs facility energy audits for a percentage of covered facilities that is determined to be cost-effective and necessary by the PMG. This is outlined in USPS-specific Energy Requirements in 42 USC 8262j as set forth in the EAct of 1992. During FY 2010, USPS completed comprehensive energy audits at 874 facilities covering 36.9 million square feet to analyze energy use, and identify potential energy saving investments and upgrade projects.
- **Upgrading facilities:** The USPS Facilities Energy Program initiated 261 energy efficiency and conservation projects in FY 2010 that averaged a 17 percent return on investment and a simple payback of 4.9 years. Energy conservation projects completed in FY 2010 — including lighting, HVAC, system controls, and more — resulted in a reduction of more than 1 trillion BTUs, yielding \$24 million in utility savings. USPS continues to replace lighting in mail processing facilities with more energy-efficient fluorescent fixtures and controls, and explore options for even more energy-efficient light-emitting diode lighting. Other energy upgrades include replacing our older systems with energy efficient heating, ventilation and air conditioning systems, and compressed air systems — as well as the system controls necessary to produce savings.
- **Realigning the network:** In FY 2010, USPS identified a number of facilities that are included in future consolidation and space optimization plans, transformed its bulk mail center buildings into Network Distribution Centers (NDCs), reduced the number of Processing and Distribution Centers (P&DCs) from 268 to 260, closed all but one airport

mail center, and realigned and consolidated 23 mail transport equipment service centers down to 15 locations.

- **Reducing processing equipment:** During FY 2010, USPS removed unneeded machines, including 43 cancellers, 74 flat sorters, 84 labeling machines and 667 barcode sorters.
- **Improving equipment automation:** In FY 2010, USPS deployed 10 automated parcel and bundle sorters, and will deploy an additional 180 in FY 2011. We also are continuing use of address recognition software, which reduces the number of facilities needed for processing mail that is unreadable by automated sorting equipment — further reducing energy use and costs.
- **Improving energy data systems:** The Postal Service’s Enterprise Energy Management System (EEMS) helps us monitor energy consumption and equipment performance both locally and remotely. During FY 2010, a number of EEMS enhancements were made to improve data integrity and integration with other USPS databases that gather energy data. An energy management system with advanced metering, submetering, and remote HVAC monitoring and control capabilities was installed at 20 sites. A linkage with EEMS was piloted at two sites.
- **Strengthening energy conservation and efficiency guidelines:** In FY 2010, USPS expanded its Building Design Standards to incorporate additional energy-efficiency approaches, advanced energy metering and Energy Management System requirements.
- **Actively encouraging employees to conserve energy:** USPS is getting successful results from its broad efforts to educate and engage the help of its employees to reduce energy consumption. Employee “Lean Green Teams” are helping the Postal Service identify and implement energy efficiency and conservation projects. As of the end of FY 2010, USPS has deployed Lean Green Teams in NDCs and 21 of 83 districts.

Postal-owned vehicle fuel goal and GHG goal performance

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In FY 2010, Postal-owned vehicles emissions, at 1.31 MMT CO₂e, accounted for 27 percent of the Scope 1 and 2 emissions and 11 percent of the total USPS inventory. USPS has reduced Postal-owned vehicle related emissions by 1.8 percent from FY 2008 estimates of 1.34 MMT. Postal-owned vehicles produce GHG emissions from consumption of both petroleum and alternative fuels.

Key to the Postal Service’s continued progress towards achieving its FY 2020 GHG Scope 1 emission reduction goal is our improving performance towards the two goals for petroleum and alternative fuels:

1. Reduce Postal-owned vehicle petroleum use 20 percent by FY 2015 against an FY 2005 baseline.
2. Increase Postal-owned vehicle alternative fuel use 10 percent annually by FY 2015 against a FY 2005 baseline. Fuels include biodiesel, compressed natural gas, ethanol and other fuels.

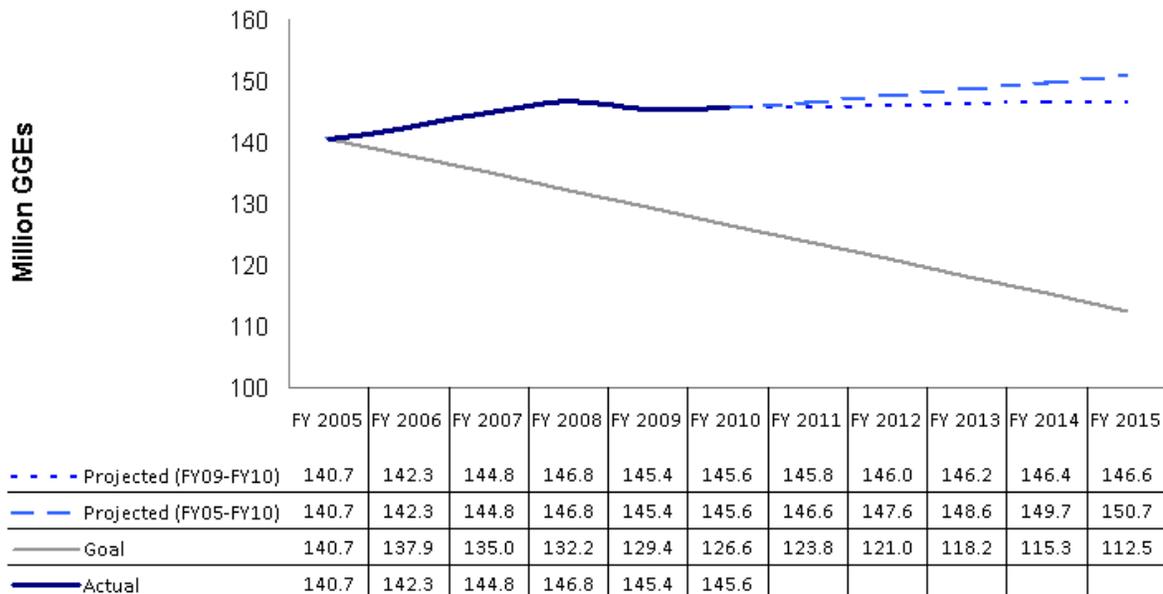
To achieve a 20 percent reduction by FY 2015 requires reducing annual petroleum fuel consumption by at least 33 million GGE (down to 112.54 million GGE). Although total mail volume decreased between FY 2005 and FY 2010, the number of delivery points increased, resulting in an increased amount of fuel used by delivery vehicles. Over the past few years,

USPS has been able to reduce a small portion of its petroleum fuel use through several initiatives, such as carrier optimal routing and use of our flat sequencing system.

Despite these small gains, USPS owned-vehicle petroleum fuel use has increased 3.5 percent from FY 2005 to FY 2010 — from 140.67 million to 145.58 million GGE of petroleum. USPS is not only off-target to reduce Postal-owned vehicle petroleum fuel use 20 percent by FY 2020, our fuel use is trending in the wrong direction.

Detailed performance information from FY 2005 to FY 2010 is discussed in the forthcoming *USPS FY 2010 Annual Sustainability Report (FY 2010 ASR)* and *USPS FY 2010 Federal Automotive Statistical Tool (FY 2010 FAST)* report, as well as in the *Key Performance Indicators* table. Figure G1-4 displays the historical and projected Postal-owned petroleum fuel performance.

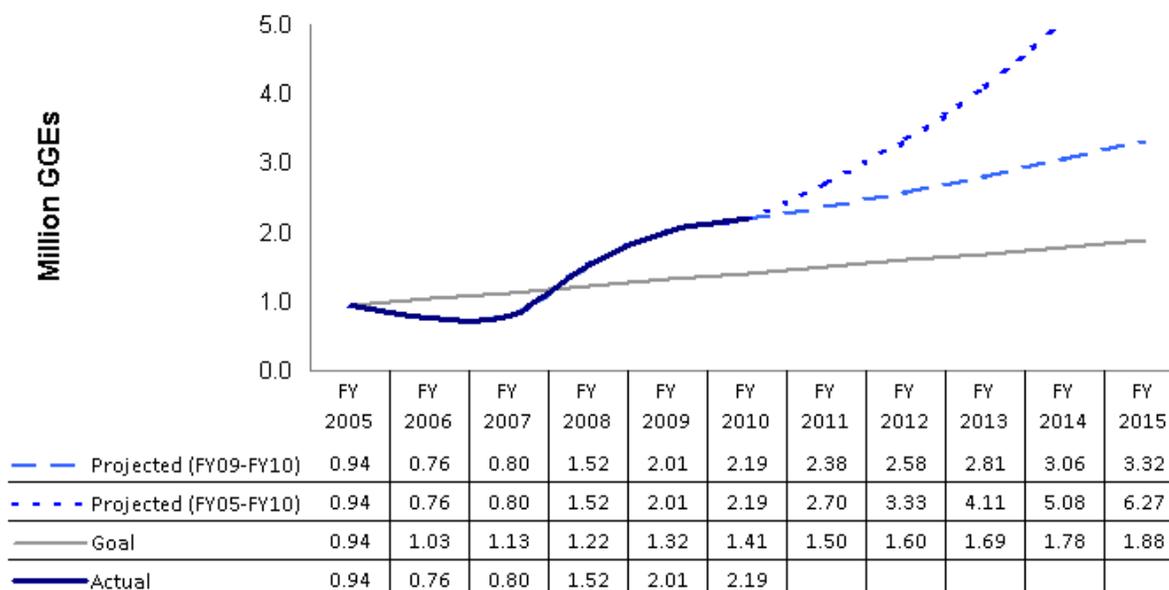
Figure G1-4: Postal-owned vehicle petroleum fuel use — past and projected performance



Similarly, USPS alternative fuel use also increased between FY 2005 and FY 2010, from 0.94 million GGEs to 2.19 million GGEs in our alternative fuel-capable vehicles. This amount of alternative fuels represents 1.48 percent of the total amount of Postal-owned vehicle fuels consumed. By increasing use of alternative fuel use 132.7 percent since our FY 2005 baseline levels, the Postal Service is achieving its FY 2015 goal to increase alternative fuel use 10 percent annually against a FY 2005 baseline — i.e. has more than doubled the FY 2005 baseline amount of 0.94 million GGEs.

In addition, USPS continues to update its fleet by replacing less fuel-efficient vehicles from its fleet. In FYs 2009 and 2010, USPS replaced 6,558 vehicles with more fuel-efficient vehicles, including 3,574 American Recovery and Reinvestment Act (ARRA) vehicles in FY 2010. Detailed alternative fuel performance is summarized from FY 2005 to FY 2010 in the forthcoming *USPS FY 2010 ASR* and *FY 2010 FAST* report, the *Key Performance Indicators* table and in Figure G1-5 below.

Figure G1-5: Postal-owned vehicle alternative fuel use — past and projected performance



Fugitive Emissions

A minor component of the Postal Service’s Scope 1 and 2 emissions is due to fugitive and process emissions. Fugitive emissions include refrigerants from facilities and vehicles and wastewater treatment and are 0.8 percent of the USPS’ Scope 1 and 2 emissions and 0.3 percent of the total inventory. USPS’ process emissions from welding consist of less than 0.0002 percent of the inventory and are included with the fugitives in Figure G1-1. These estimated fugitive emissions have decreased 17 percent since FY 2008, likely driven by changes in the facility inventory. USPS uses a survey of buildings with air conditioning and Climate Registry factors to estimate total refrigerant loss per year.

Return on Investment

There are both environmental and financial benefits — including reduced costs and Scope 1 and 2 GHG emissions — from our ability to better conserve energy and fuel, and reduce our dependency and cost of purchasing petroleum fuel, and electricity from the grid. Our efforts over the next three years focus primarily on reducing petroleum use and electricity purchases from the grid by better matching employee work hours, the number of mail processing plants and equipment, and delivery routes to decreased mail volumes. We are doing that through improved sorting and processing efficiencies, better route management and increased use of alternative fuels. We are also continuing to reduce the amount of processing facilities and equipment, and the energy needed to power them.

Due to our present financial crisis, we are not scheduled to make large capital investments over the next three to five years in new equipment, facilities, or our vehicle fleet. In addition, we are

scaling back projects with lower than expected ROI. One example is the Postal Service's T-3 three-wheeled electric vehicle initiative. The Postal Service has been testing T-3 electric vehicles in Florida, California and Arizona. These vehicles are designed to have a range of 40 miles, a maximum speed of 12 mph, and an ability to carry up to 450 pounds of mail. With zero direct emissions and an estimated two cents per mile in energy costs, the vehicles have potential; however, a number of maintenance and battery performance issues during testing have limited their immediate return on investment and large scale integration into the Postal vehicle fleet.

The most cost-effective initiatives will continue to be those that involve simple behavior changes and resource conservation practices such as engaging our employees to work on low and no-cost Lean Green Team projects. As our financial position improves and we can again consider capital investments for our facilities and fleet, our decisions will focus upon those projects with the strongest financial and energy conservation savings.

Highlights — Successes and Challenges

Challenge: Reducing Postal-owned vehicle petroleum fuel

One particular sustainability performance challenge that the Postal Service is facing is our ever-expanding delivery network. While total mail volume is decreasing each year, the number of addresses we must deliver to is increasing by one million every year. And that makes reducing our petroleum fuel use in Postal-owned vehicles extremely challenging, despite our continued efforts to use more fuel-efficient and alternative fuel vehicles, increase our use of alternative fuels, and improve fuel conservation practices.

Best practice: Linking energy and fuel reduction goals to performance assessment

Through annual goal setting and performance review, the Postal Service evaluates managerial actions based on organizational objectives, and determines merit pay based on meeting those objectives. To raise visibility and urgency to our corporate sustainability goals to reduce total facility energy use and Postal-owned vehicle petroleum use, USPS added two new energy and fuel reduction indicators for FY 2010 to its National Performance Assessment (NPA) — the suite of performance metrics used to determine postal managers' merit pay raises. These performance indicators quantify progress toward the energy reduction goals for facilities and fuel reduction goals for vehicles, and incent managers to help USPS work steadfastly to improving our corporate performance. The Postal Service is the first federal agency to add energy and fuel reduction metrics to its managers' pay for performance system.

Best practice: Energy-efficient co-generation

The Postal Service's Margaret Sellers Processing & Distribution Center located in San Diego, California is one of several Postal facilities using a co-generation system to provide electricity and help keep the facility cool. The 1.5 megawatt generator runs on natural gas, which is cleaner for the environment. It provides about two-thirds of the peak energy demand of this facility, helping to reduce purchased electricity and support continuity of operations. Unlike facilities where conventional generators of this size give off a large amount of wasted heat and add burden to the air conditioner system, this facility is able to use the heat created by the generator to drive the chillers that cool the plant. The co-generation system provides 300 of the 600 tons of cooling this facility needs per day. The facility also uses solar panels to help generate a portion of required electricity, thereby lowering Scope 2 and 3 GHG emissions.

Success: Testing solar energy

The South San Francisco Processing & Distribution Center has more than 100 solar panels operating on a special pivot that allows the panels to track the sun, allowing maximum power generation throughout the day. In FY 2010, these panels generated nearly 2,000 megawatt hours of electricity. Since the panels were installed in FY 2006, they've prevented more than 6,000 tons of GHG emissions. The facility also has thin-film solar panels on the roof which help provide energy and reduce GHG emissions. USPS has additional solar panel arrays located in California (Oakland, San Jose, Los Angeles and Sacramento), Virginia (Merrifield), and Maryland (our Bolger Management Academy in Potomac). The challenge with solar is the length of payback period required to offset the capital investment, a proposition that is especially challenging to the Postal Service in its current financial crisis. USPS will continue to test renewable alternatives as we believe it's the wave of the future.

Table G1-1: U.S. Postal Service's Compliance with EPO Act 2005

The Energy Policy Act of 2005 (EPO Act 2005) requires that 75 percent of all light-duty vehicle acquisitions (leases or purchases) be alternative fuel vehicles (AFVs). Initially, the requirement was set at 25 percent for FY 1996, 33 percent in FY 1997, 50 percent in FY 1998, and then 75 percent for all subsequent years.

The U.S. Postal Service strives to acquire AFVs whenever they are available to meet their operational requirements. For more information read the full *Alternative Fuel Vehicle Program Report*, http://www.usps.com/green/news/afv_program_2010_report.htm

Fiscal Year	Light-duty vehicle acquisitions	Total AFVs and other Credits	USPS Actual EPO Act%	Required EPO Act%	Total inventory of light-duty AFVs
FY1996	10,071	2,656	26%	25%	6,748
FY1997	2,916	825	28%	33%	7,653
FY1998	12,223	10,767	88%	50%	18,397
FY1999	13,865	13,267	96%	75%	31,560
FY2000	2,838	2,452	86%	75%	33,554
FY2001	1,405	1,189	85%	75%	31,110
FY2002	855	641	75%	75%	32,001
FY2003	9,197	7,861	85%	75%	37,573
FY2004	1,434	1,126	79%	75%	36,852
FY2005	2,302	1,387	80%	75%	37,618
FY2006	2,669	3,135	117%	75%	39,816
FY2007	1,710	5,889	344%	75%	43,563
FY2008	1,563	1,921	123%	75%	46,115
FY2009	2,104	1,684	80%	75%	45,214
FY2010	3,111	3,663	118%	75%	44,539

As of February 18, 2011

GOAL 2: Scope 3 Greenhouse Gas (GHG) Reduction & Develop and Maintain Agency Comprehensive Greenhouse Gas Inventory

This section of the Strategic Sustainability Performance Plan (SSPP) is divided into two parts: (1) a comprehensive review of the Postal Service's Scope 3 greenhouse gas reduction goal, supporting strategies, and FY 2010 performance; and (2) a detailed discussion of the status of the Postal Service's federal agency GHG inventory and reporting process. Scope 1 and 2 GHG emissions reduction goals and performance are discussed in the preceding "Goal 1: Scope 1 and 2 GHG Emissions" section.

Scope 3 Greenhouse Gas (GHG) Reduction

Goal Description

While not mandated to do so, the Postal Service has voluntarily established a goal to reduce select Scope 3 GHG emissions 20 percent by FY 2020 against a FY 2008 baseline. This reduction is the equivalent of 1.6 million metric tons of carbon equivalent (MMT CO₂e).

USPS defines its Scope 3 GHG emissions consistent with the federally-defined emissions categories included in EO 13514 and the *Federal GHG Accounting and Reporting Guidance*. These Scope 3 GHG emission sources include indirect emissions from:

- Transmission and distribution (T&D) losses from purchased electricity.
- Federal employee business travel and employee commuting.
- Contracted waste and wastewater disposal.

To properly account for a more comprehensive scope of our mail network and operations, the Postal Service voluntarily includes two additional Scope 3 emissions sources:

- "Scope 3 facility" energy use emissions and fugitive emissions from refrigerants related to the operation of "fully-serviced" leased facilities (where the landlord is responsible for utilities and USPS does not control building operations or efficiency),
- Emissions from fuel used by all contracted mail transportation vehicles — all mobile sources used to move mail including contracted trucks on highway routes, employee-owned vehicles used on rural delivery routes, planes, ships, and trains.

Agency Lead

The Postal Service's Chief Sustainability Officer (CSO) has lead responsibility for establishing Scope 3 GHG reduction objectives and targets, monitoring and reporting performance towards this goal, and developing reduction strategies and initiatives in collaboration with functional vice presidents and senior managers who participate in the USPS Sustainability Leadership Committee.

Goal Implementation

Implementation of Scope 3 GHG emissions reduction strategies and initiatives is an ongoing, cross-functional effort that is integrated into core business planning and operational coordination between a variety of Postal functions, including but not limited to Network Operations, Supply Management, Ground Shipping, Expedited Shipping, Engineering, and Sustainability.

The Postal Service's Scope 3 GHG reduction strategies focus around four major objectives:

1. Reduce contracted transportation petroleum fuel use 20 percent by FY 2020

The Postal Service is committed to reducing contracted transportation petroleum fuel use 20 percent by FY 2020 against FY 2008 levels. This strategy — also one of the USPS primary 15 corporate sustainability performance goals — is a voluntary collaboration with our supply chain partners to reduce petroleum fuels associated with the transport of mail by all contracted mobile sources other than postal-owned vehicles. These include contracted trucks on highway routes, employee-owned vehicles used on rural delivery routes, planes, ships, and trains.

Contracted transportation petroleum fuel makes up a very large portion of the Postal Service's annual financial spending, total energy and petroleum use, and is the most significant contributor to the Postal Service's Scope 3 GHG emissions and total GHG emissions (Scopes 1, 2, and 3). For these reasons, there is potential for significant fuel reductions and cost savings in related Scope 3 GHG emissions.

Key strategic initiatives that we are focusing on to achieve fuel reductions include:

- **Optimizing the logistics network** to reduce number of routes needed and total miles driven — thereby, saving fuel, Scope 3 GHG emissions, and financial costs. Optimizing the number and location of our mail processing centers also optimizes the number and length of mail transport routes.
- **Moving mail from air to ground transport** where cost effective and service levels are maintained. Truck transport costs less, is more fuel efficient and emits fewer carbon emissions per ton of material transported.
- **Collaborating with our suppliers to engage drivers** to adopt cost-effective, fuel reduction and fuel efficiency behaviors. USPS is also partnering with key suppliers to identify best practices.

USPS believes that our strategy to reduce contracted transportation petroleum fuel — and having an explicit FY 2020 reduction target — is key to improving the sustainability of our business and helping to improve the sustainability performance of our supply chain. USPS chose a FY 2008 baseline to maintain consistency with our Scope 3 GHG emissions reduction goal.

2. Minimize petroleum use from federal employee travel

The Postal Service is working to minimize petroleum use from federal employee travel by matching Post Office staffing levels to future mail volumes, encouraging carpooling and public transportation, and expanding use of web-based technologies for meetings and training. USPS recently launched a Green Commuter intranet site at Headquarters to provide employees with education, maps, and tools for a variety of public transportation options, our Headquarters ride sharing system, and a city-wide bike sharing program.

3. Minimize contracted waste disposal

While contracted waste disposal only accounts for approximately 2 percent of USPS Scope 3 GHG emissions, it is a significant financial cost and an ongoing interest of our customers and the public at large. Please see the SSPP section "*Goal 5: Pollution Prevention and Waste Reduction*" to learn more about reduction strategies.

4. Minimize transmission and distribution losses by reducing electricity purchases

GHG emissions from T&D losses account for approximately 3 percent of USPS Scope 3 GHG emissions. Our strategies to minimize these losses by reducing facility electricity purchases

from the grid are discussed in greater detail in the “Goal 1: Scope 1 and 2 GHG Emissions” section of this SSPP.

Agency Status — Goal Performance and Planned Strategies

As shown in Figure G2-1 below, the Postal Service is on track for reducing its Scope 3 emissions 20 percent by FY 2020 against FY 2008 baseline levels — in fact we are outpacing the necessary annual reductions to meet this goal. Between FY 2008 and FY 2010, USPS reduced its Scope 3 GHG emissions by 7 percent, from 8.09 MMT CO₂e to 7.52 MMT CO₂e.

Figure G2-2 provides detail on the six sources of Scope 3 GHG emissions. The largest contributing emissions sources to the Postal Service’s Scope 3 GHG footprint are contracted transportation and employee commuting. To calculate contracted transportation-related GHG emissions, USPS utilized both measured fuel use from our highway contract route transport, and estimated fuel use from our contract air transport, employee-owned vehicles used on rural delivery routes, contract rail transport, and contract ship transport.

USPS calculated emissions from employee business travel using data from our contracted travel vendor Omega Travel, and GSA information, as well as internal accounting reimbursement data. We used the *FedCenter Survey* and the *FEMP GHG and Sustainability Workbook* to estimate Scope 3 emissions from employee commuting.

USPS used estimation methodologies to determine Scope 3 emissions associated with contracted solid waste disposal and wastewater, and estimated Scope 3 emissions associated with T&D losses from the annual estimate of total electricity purchased by the Postal Service.

Figure G2-1: USPS Scope 3 GHG emissions — past and projected performance

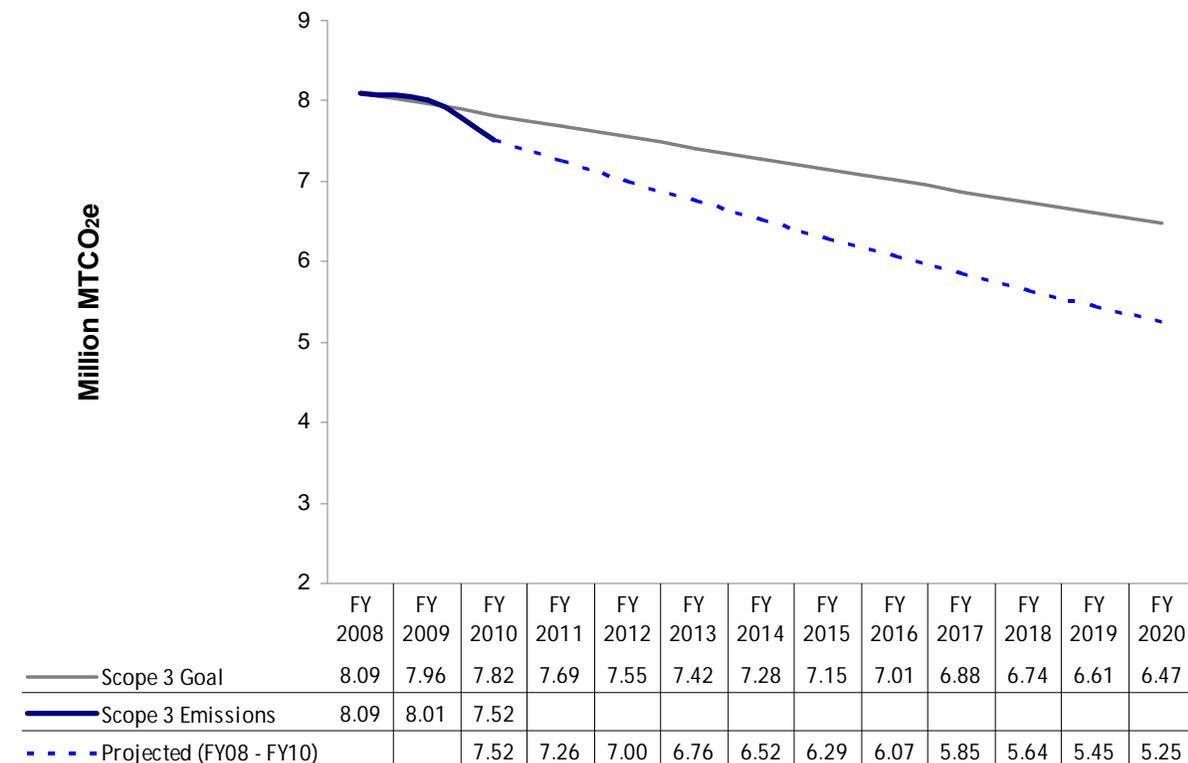
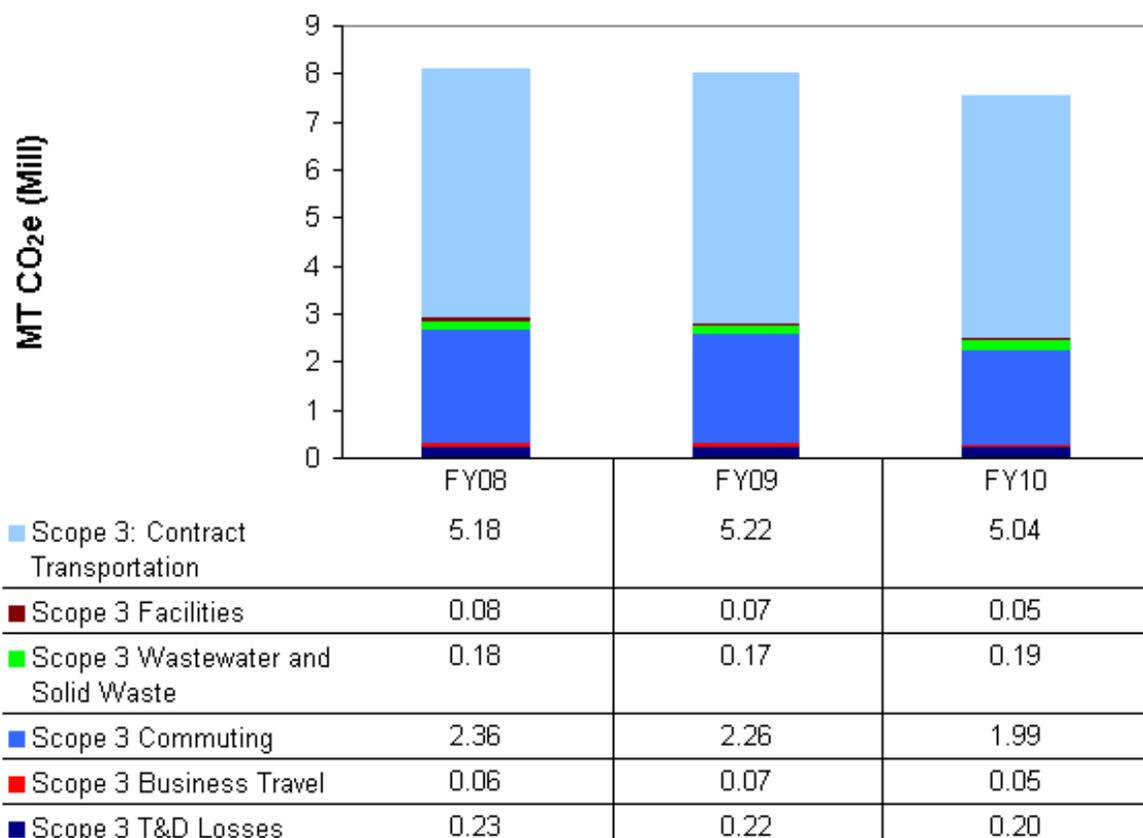


Figure G2-2: USPS FY 2008 - FY 2010 Scope 3 GHG emissions



Contracted transportation

In FY 2010, USPS contracted mail transportation vehicles — including all mobile sources used to move mail on contracted highway routes, air, ship, and rail transport routes, and employee-owned vehicles on rural delivery routes — consumed 553 million GGE of petroleum fuel at a cost of more than \$1.3 billion.

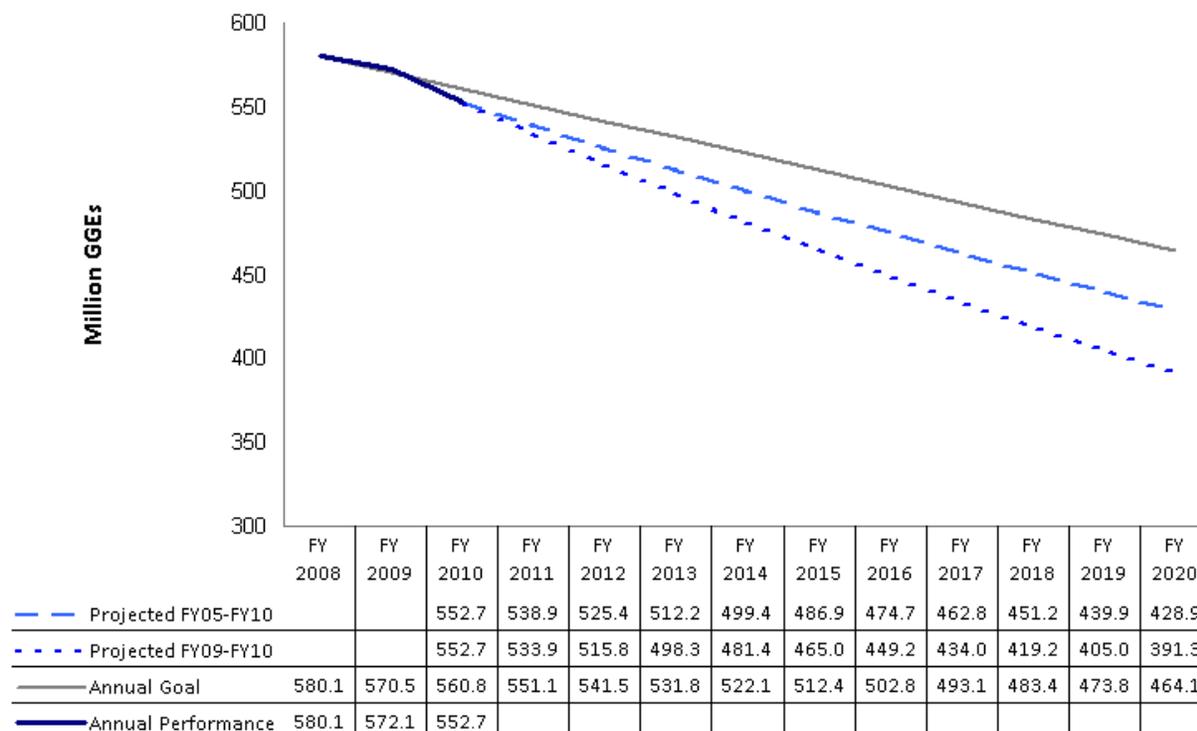
This contracted transportation petroleum fuel accounted for nearly 79 percent of the Postal Service’s FY 2010 total petroleum fuel use and 61 percent of its total energy use. It was also the most significant contributor to the Postal Service’s FY 2010 GHG emissions — contributing 5.0 MMT CO₂e to Scope 3 emissions (62 percent), and accounting for 41 percent of our total GHG footprint (Scopes 1, 2, and 3) of 12.3 MMT CO₂e.

In FY 2010, fewer trips and eliminating underused transportation helped USPS lower our total contract vehicle travel by 542 million miles since the FY 2008 baseline (10 percent) — from an estimated 5.67 billion to 5.13 billion miles traveled by all contract transport vehicles. This helped to reduce associated Scope 3 emissions by 3 percent during this same period.

As displayed in Figure G2-3, USPS is on target for meeting its voluntary goal to reduce contracted transportation petroleum fuel by 20 percent by FY 2020 against FY 2008 levels. From FY 2008 to FY 2010, contracted transportation petroleum fuel use decreased by more than 27.4 million GGEs, approximately 5 percent towards our 20 percent reduction goal.

Projected performance values are calculated using the average annual percent change compared to the prior year.

Figure G2-3: Contracted transportation petroleum fuel use — past and projected performance



“Scope 3 facility” energy use and fugitive emissions

A very minor portion of FY 2010 Scope 3 emissions is 0.05 MMT CO₂e of facility energy use and fugitive emissions from refrigerants related to the operation of “fully-serviced” leased facilities. This is a 32 percent decrease from FY 2008 baseline levels.

Contract waste disposal and wastewater treatment

In FY 2010, contract solid waste disposal and wastewater treatment accounted for 0.19 MMT CO₂e of Scope 3 emissions (99 percent from solid waste disposal). This was an increase of 6 percent from FY 2008 — driven by increased solid waste generation. Please see the SSPP section “Goal 5: Pollution Prevention and Waste Reduction” for additional discussion.

Employee commuting and business travel

In FY 2010, employee commuting contributed 1.99 MMT CO₂e and business travel accounted for 0.05 MMT CO₂e of Scope 3 emissions. From FY 2008 to FY 2010, Scope 3 emissions from commuting decreased 16 percent, while Scope 3 emissions from business travel decreased 18 percent. As USPS estimated FY 2008 baseline emissions for both categories using per capita averages from FY 2010 survey data, the decrease in these emissions is directly attributable to a decrease in the total employee count.

Transmission and distribution losses

In FY 2010, transmission and distribution losses accounted for 0.20 MMT CO₂e of Scope 3 emissions. This represents a 10 percent reduction from FY 2008 levels, driven by the Postal Service's success in implementing projects and behavior changes that conserve energy consumption, thus resulting in less purchased electricity from the grid.

Develop and Maintain Comprehensive Greenhouse Gas Inventory

Federal Agency GHG Inventory Development

For the preparation of the *FY 2010 USPS Federal Greenhouse Gas Inventory and Sustainability Data Report* — which includes our FY 2010 GHG comprehensive inventory and FY 2008 baseline inventory — USPS follows the *Federal GHG Accounting and Reporting Guidance*.

The Postal Service defines its greenhouse gas emissions consistent with the federally-defined emissions categories included in EO 13514 and the *Federal GHG Accounting and Reporting Guidance*. Our Scope 1 GHG emission sources include direct emissions from Postal vehicles and facilities, and our Scope 2 GHG emission sources include indirect emissions from electricity and steam used in our facilities. Our Scope 3 GHG emission sources include indirect emissions from transmission and distribution (T&D) losses from purchased electricity, federal employee business travel and employee commuting, and contracted waste and wastewater disposal.

To properly account for a more comprehensive scope of our mail network and operations, the Postal Service voluntarily includes two additional Scope 3 emissions sources:

- “Scope 3 facility” energy use emissions and fugitive emissions from refrigerants related to the operation of “fully-serviced” leased facilities,
- Emissions from fuel used by all contracted mail transportation vehicles — all mobile sources used to move mail including contracted trucks on highway routes, employee-owned vehicles used on rural delivery routes, planes, ships, and trains.

Contracted transportation petroleum fuel makes up a very large percentage of the Postal Service's annual energy use and financial spending, and is the most significant contributor to the Postal Service's Scope 3 GHG emissions and total GHG emissions (Scopes 1, 2, and 3).

For the preparation of the *FY 2010 USPS Federal Greenhouse Gas Inventory and Sustainability Data Report*, FY 2008 baseline GHG emissions were established using 25 percent of the emission sources reported for the *USPS CY 2007 Carbon Footprint Report* and 75 percent of the emission sources reported for the *USPS CY 2008 Carbon Footprint Report*. The FY 2010 GHG emissions were calculated using actual and estimated energy and fuel usage, solid waste and wastewater generation, employee commuting and business travel.

Verification and Validation of Federal GHG Inventory

The Scope 1 and 2 emissions and source data (from calendar year 2007 and CY 2008) that were included in the FY 2008 federal GHG inventory were verified by an independent, third-party according to the California Climate Action Registry (CCAR) and *The Climate Registry (TCR) General Verification Protocols*. FY 2008 Scope 3 emissions were reviewed by Logistics Management Institute (LMI), a government consulting firm. The Scope 1 and Scope 2 emissions for FY 2010 (CY 2009 and CY 2010) will be independently, third-party verified according to *TCR General Verification Protocol*. Any material discrepancies identified during this process will be restated in subsequent federal GHG reporting.

For the *FY 2010 USPS Federal Greenhouse Gas Inventory and Sustainability Data Report*, USPS used two approaches to ensure the inventories are complete, accurate using the best available data, consistent, transparent, and without significant errors. First, we have developed

a first draft Inventory Management Plan (IMP) that discusses our process for preparing these GHG inventories, ensures the quality and reliability of them, and outlines plans to improve our processes and the data quality and reliability in subsequent reporting years. USPS will update this IMP on a periodic basis to reflect planned improvements in our data collection, analysis, and inventory development processes.

In addition, USPS used LMI to provide review and confirmation that the USPS FY 2008 and FY 2010 GHG inventories for Scope 1, 2, and 3 emissions data were consistent with the reporting guidance and calculation methodologies required by the Federal Energy Management Program under Executive Order 13514. LMI concluded that the USPS inventories were developed in a consistent and transparent manner, and are fair representations of the USPS GHG emissions for those fiscal years. A copy of LMI's review confirmation letter was included with the inventory workbooks and materials submitted to DOE-FEMP with the *FY 2010 USPS Federal GHG Inventory and Sustainability Data Report*.

The Postal Service currently obtains third-party verifications for calendar year (CY) emissions and inventories reported via The Climate Registry and the International Post Corporation Environmental Measurement and Monitoring System (EMMS) protocols. In FY 2012 or a subsequent annual reporting period, USPS plans to pursue third-party verifications for our fiscal year Scope 1 and 2 GHG data that are submitted annually in our *USPS Federal GHG Inventory and Sustainability Data Report*.

Return on Investment

Reducing contracted transportation fuel use has significant environmental benefits, including lower Scope 3 GHG emissions and the reduction of other air pollutants. There are also financial and risk management benefits. The Postal Service's ability to decrease contracted transportation fuel use will reduce operating costs, and help to reduce risk from volatile fuel prices. USPS considers this return on investment potential when realigning networks or changing the mode of transportation it uses to move mail.

USPS facility energy project investments and low-cost Lean Green Team projects produce similar benefits through a positive ROI and reduced Scope 1 and 2 GHG emissions from USPS by conserving energy consumption and reducing the Postal Service's dependency and cost of purchasing electricity from the grid.

Quantifying the return on investment from the GHG accounting process is less direct, but equally substantial. USPS has been a forerunner and leader in creating annual GHG inventories — on both a calendar and fiscal year basis — among its federal government agency peers, and its postal peers in the International Post Corporation industry consortium. And while this enhances brand identity and license to operate, the real value is an improved understanding of which emissions sources — elements of the Postal Service's business strategy and operating costs — contribute to the Postal Service's carbon footprint.

Going forward, USPS plans to increase the use the GHG inventory process to better identify and prioritize projects and initiatives with a favorable environmental and financial return on investment. A reduction in GHG emissions is a useful indicator of reducing operating costs to the Postal fleet and facility portfolio.

Lastly, as opposed to collecting actual usage data from *every* contract transport vehicle and Postal facility in calculating consumption totals for contracted transportation, electricity use, stationary combustion, and waste, the Postal Service applies modeling and estimation methodologies to actual and sample data. USPS does not feel that it is a wise financial

investment to gain marginal accuracy improvements by implementing a full, network-wide data collection approach, particularly given our current financial constraints to invest in new systems.

Highlights – Successes and Challenges

Challenge: Data accuracy

USPS is continually improving its data collection and analysis methods to improve data accuracy and completeness. The largest challenge of the FY 2010 inventory was source data calculation consistency. One way USPS is working to overcome this challenge is by establishing robust, automated and auditable corporate GHG accounting processes and information systems. We are continuing to refine the USPS Corporate Energy Interface system (CEI) and the associated data warehouse to contain Postal District level Scope 1, 2, and contract mail transport fuel and facility energy usage data. In addition, the Postal Service's verification and validation process also identifies data collection and analysis inconsistencies.

Best Practice: Transparent and public GHG reporting

The Postal Service is a unique federal agency in that we voluntarily and publicly report our annual progress towards reducing our carbon footprint in three different ways. In our role as a responsible 21st century business, we report third-party verified GHG emissions each calendar year to The Climate Registry — the world's most recognized GHG corporate reporting registry. As the largest member of the international postal community, we report third-party verified carbon emissions each calendar year to the International Post Corporation (IPC) — the mailing industry's organizing global partner.

And in our role as a sustainability leader in the federal government, we voluntarily report our fiscal year GHG emissions to the White House Council of Environmental Quality through an annual submission of the *USPS Federal Greenhouse Gas Inventory and Sustainability Data Report* (February 2011 was the first submission). It is important to note that USPS is not subject to this federal agency GHG reporting requirement set forth by Executive Order 13514 because of our unique mission and status as a non-appropriated federal establishment. USPS participates because we support the collaborative federal agency effort to develop an aggregated GHG emissions inventory and to work together to reduce our individual and collective agency carbon footprints. Additional information about the Postal Service's GHG reports and carbon emissions inventories is available in the Climate Change section accessible at www.usps.com/green.

Success: Benchmarking our performance

In 2008, USPS collaborated with the IPC and 16 other Posts in the international mailing community to develop the Environmental Measurement and Monitoring System (EMMS) — a transparent, scientifically-based carbon measurement and monitoring system — based on international best practice standards such as the Greenhouse Gas Protocol, Dow Jones Sustainability Index, FTSE4Good, and ISO 14001 and 14064 standards.

The EMMS enables postal operators to measure and benchmark their carbon management proficiency (CMP) across 10 areas — principles and standards, policies and procedures, management, strategies, targets, activities and programs, employee engagement, measurement and verification, disclosure and reporting, and value chain management.

Our EMMS goals are to outperform both the sector-wide average CMP score from the preceding calendar year, and improve our CMP goal each calendar year. In CY 2009, we significantly improved our CY 2008 CMP score from 53 percent to 73 percent, and outperformed

the CY 2009 industry average CMP score of 61 percent. CY 2010 scores will be reported by IPC in the summer of 2011 and made publicly available at www.usps.com/green.

Carbon Innovation: Expanding our GHG tools to our customers

USPS is continuing to expand our sustainability website www.usps.com/green by adding GHG related tools that enable customers to calculate their “green savings” — the amount of fuel, money, and greenhouse gas emissions that could be saved by Skipping the Trip and ordering postal products and services online — based on how far a customer would drive, the fuel efficiency of their car, and how often they go to the Post Office. Check it out at http://www.usps.com/green/calculator_pop.html. There is also a tool that allows customers to estimate their individual lifestyle carbon footprint and track pledges to reduce it.

GOAL 3: High-Performance Sustainable Design / Green Buildings & Regional and Local Planning

High-Performance Sustainable Design / Green Buildings

Background

USPS is committed to designing, building and operating high performance sustainable buildings (HPSB). To help in our efforts to reduce waste, energy and water use across our facilities, we analyze all aspects of our buildings' natural resource management and efficiency — from the way buildings are designed and upgraded, to the way we manage energy and water, to the way we engage our employees to consume less energy and to reuse, recycle and conserve materials.

Due to our unique mission and status as a non-appropriated federal agency, the high-performance sustainable design and green building goals outlined by Executive Orders (EO) do not apply to the Postal Service. Specifically, USPS is not required to report into the Federal Real Property Profile (FRPP) database in accordance with EO 13327, is not subject to the “Guiding Principles for Federal Leadership in High Performance and Sustainable Buildings” (HPSB Guiding Principles) for new construction, major renovation or repair and alteration buildings per Executive Orders 13423 and 13514, and is not required to track and demonstrate annual progress towards conformance with the HPSB Guiding Principles for any specified percentage of our building inventory per EO 13514.

High-performance sustainable facility standards

For decades, the Postal Service's comprehensive set of sustainable facility design standards and criteria — our Building Design Standards (BDS) — have guided all new construction and significant renovations. These voluntarily-established standards are updated each year to strengthen energy and water performance requirements, and include environmentally preferable materials and technologies where cost-effective. The USPS building design standards meet, and in many cases exceed, the requirements outlined in the HPSB Guiding Principles and the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) guidelines. Example design criteria include Energy Star materials to improve energy efficiency, low volatile organic compound (VOC) paints to improve air quality, recycled-content materials to minimize waste, and low-flow plumbing fixtures and native landscaping plants to conserve water. In addition, all USPS new construction and significant renovation projects exceed the energy efficiency requirements of the leading building energy standard set by the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE 90.1-2004).

Agency status

In FY 2010, USPS updated its Building Design Standards to reflect emerging high-performance energy, water, and green building criteria. We also upgraded lighting in mail processing facilities with more energy-efficient fluorescent lighting and lighting controls, and replaced older heating, ventilation and air conditioning (HVAC) systems, compressed air systems, and associated system controls needed to improve building efficiency, air quality, energy and water savings. In the future, USPS will continue to explore even more efficient light-emitting diode (LED) technology, as well as other sustainable facility upgrade projects. Due to the current financial crisis, the Postal Service is more focused on consolidating and closing Postal facilities where possible, than on constructing new buildings or making significant investments to upgrade existing ones. The Postal Service makes upgrade project decisions based on both environmental and financial considerations, and our current financial situation requires a higher and faster return on investment. As a result, the number and scope of potential facility upgrade projects may be greatly limited in FY 2011 and FY 2012.

Return on Investment

The Postal Service recognizes that tracking sustainable building guideline adoption at more than 33,000 facilities – many of them very small – is a very resource-intensive burden with negligible return on investment. In our current financial crisis, USPS does not have the financial or administrative resources to develop and implement a portfolio-wide HPSB conformance program or pursue a specific and mandatory number of sustainable/green building certifications. The Postal Service believes that a smarter and more responsible use of limited resources is to invest where possible in energy efficiency upgrades and conservation projects with a shorter payback and exceptional return on investment, and to continue employee engagement efforts through our Lean Green Teams. Our continued desire to demonstrate sustainability leadership must be balanced with our financial responsibilities to control costs and pursue initiatives with a more immediate and favorable return on investment.

Highlights – Successes and Challenges

Challenge: Green building certification

The U.S. Green Building Council's LEED certification requires that a facility be constructed or upgraded — and demonstrate continued operation and management — according to a wide range of green building guidelines. These include eliminating irrigation, reducing energy consumption and waste generation, developing a green purchasing program and using environmentally preferable cleaning supplies, salvaging and reusing materials, using natural lighting and incorporating a mix of innovative environmental features. The USPS design standards and criteria for sustainable construction meet and in many cases exceed the requirements for LEED. Over the past few years, the Postal Service has achieved LEED green building certifications for several facility expansions. In FY 2010, our Greenville, SC, mail processing facility received LEED Gold and the Eagan, MN, mail processing facility received LEED Silver certifications. While the Postal Service is focused on reducing the size and number of facilities in response to declining mail volumes, any new building we do construct in the future will conform to LEED guidelines. Though eligible for certification, we do not apply for certification for all of our new construction — because it involves costs that don't have a favorable return on investment. Under the current certification pricing structure, LEED green building certification for all our new construction is not a cost-effective business decision for the Postal Service.

Success: Green performance high above the Big Apple

In FY 2009, the Postal Service continued its commitment to operating high performance sustainable buildings by installing a green roof, replacing 1,600 windows and deploying other energy-saving enhancements to its Morgan Processing and Distribution Center (P&DC) in the heart of New York City. While the energy-saving measures were projected to save \$30,000 annually in heating and cooling expenses, the project has surpassed that goal, saving more than \$1 million in the first year. The increased savings is attributed to a 40 percent per month reduction in energy use and an average decrease in energy expenses of 15 percent since the green roof project was completed. Other environmental goals of the green roof — such as reducing the amount of storm water runoff by as much as 70 percent in summer and 40 percent in winter — are also on track.

Regional and Local Planning

While the Postal Service is focused on evaluating potential consolidation and closure of Postal facilities in response to our financial crisis, when USPS does build new facilities or make significant renovations to existing facilities, we comply with all applicable Federal, State, Tribal, regional, and local environmental regulatory laws, regulations, planning and environmental management procedures. To address proposed new facility construction and significant renovations to existing facilities, the Postal Service, as appropriate, prepares Environmental Impact Statements and Environmental Assessments required under the National Environmental

Policy Act (NEPA), and coordinates with Federal, State, Tribal, regional and local management authorities regarding potential impacts to local ecosystems and watersheds.

As a matter of policy, USPS also conforms with a variety of additional Federal, State, regional and local environmental guidelines and provisions that are not required of our agency. The Postal Service's *Facility Environmental Guide - Handbook RE-6* provides regional and local planning guidance for new construction and facility renovations. It provides comprehensive processes for site evaluation and assessment of applicable Federal, State, Tribal, regional, and local environmental regulatory laws, regulations, requirements, and it outlines required planning and compliance actions. The *USPS Facilities Environmental Checklist and Instruction Guide* and *Stormwater Pollution Prevention Plan* are two examples of a variety of guidance documents and plans followed by USPS personnel in new construction and facility renovations. The Postal Service updates regional and local planning policies and guidance to ensure consistency with our Building Design Standards (BDS), the primary guidelines for new construction and significant renovations to existing facilities.

GOAL 4: Water Use Efficiency & Management

Background

Unlike peer federal agencies with larger water consumption needs, USPS requires relatively small volumes of water to support our mandated mail service obligation and supporting operations. Although the Postal Service operates more than 33,000 facilities across the country, water use is primarily limited to cooling towers that reduce energy use at our larger processing facilities, controlled water use at a small number of vehicle maintenance facilities, facility restrooms, and minimal amounts used to establish landscaping plantings and prevent fire hazards.

Goal Description

Due to its unique mission and status, the Postal Service is not subject to the EO 13514 federal agency requirement to establish and track progress towards a water intensity reduction goal. The Postal Service's water use efficiency and management objective is to use the minimum amount of water necessary to support our service obligation and operations. One of our primary 15 corporate sustainability performance goals is the following water conservation goal:

- Reduce total water use by 10 percent by FY 2015, against a FY 2007 baseline.

USPS selected total water use as our performance goal instead of water intensity (gallons per square foot) to keep our business and environmental strategy goals in alignment. The Postal Service's current financial situation requires that we reduce the number of facilities we operate to control costs, and as a result will reduce the total number of square feet in our facility portfolio. Therefore, continually reducing the square footage — the denominator in a water intensity equation — would distort our ability to accurately track and improve our performance against a water intensity reduction target.

Furthermore, the Postal Service does not differentiate between potable and non-potable water use as outlined in EO 13514 due to the extremely small amount of water used for industrial, landscaping or agricultural purposes. USPS policy restricts any outdoor irrigation to a very minimal amount necessary to establish landscaping plantings and to prevent fire hazards.

Agency Lead

The Postal Service's Chief Sustainability Officer (CSO) has lead responsibility for establishing water management objectives and targets, monitoring and reporting performance towards this goal, and developing reduction strategies and initiatives in collaboration with functional vice presidents and senior managers who participate in the USPS Sustainability Leadership Committee.

Goal Implementation

Implementation of water efficiency and management strategies and initiatives is an ongoing, cross-functional effort that is integrated into core business planning and operational coordination between a variety of Postal functions, including but not limited to Facilities, Network Operations, Delivery/Post Office Operations, and Sustainability. Facilities coordinates the planning and implementation of any water-related projects and investments related to new construction, major repair and upgrade projects. These projects incorporate high-efficiency, low-flow plumbing fixtures that are in line with EPA's Water Sense guidelines and the Postal Service's comprehensive sustainable building design standards.

USPS is communicating our total water reduction goal through Lean Green Team engagement (see Lean Green Team discussion in “*Goal 8: Agency Innovation*”). Employees at the facility level are working to improve awareness of and implement water conservation measures in low-cost and no-cost ways, often simply involving behavior changes such as:

- Conducting water conservation awareness training,
- Identifying and fixing plumbing leaks,
- Adjusting flush rates on toilets,
- Using minimal amounts of water required for hand washing,
- Minimizing vehicle washing, and
- Xeriscaping by using outdoor plantings that don’t require water.

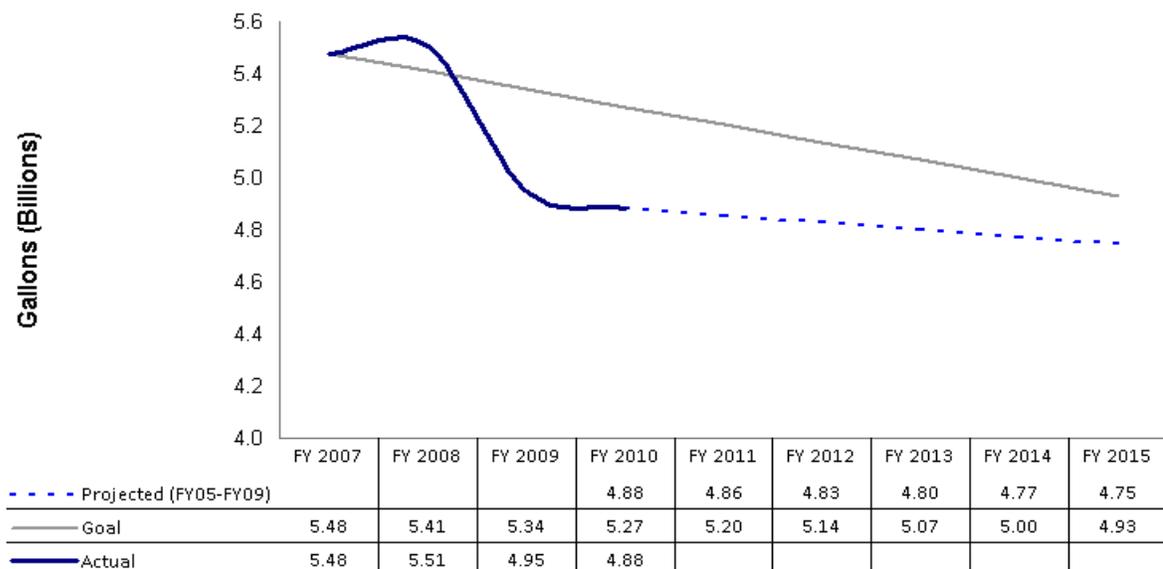
USPS has implemented policies and procedures for two decades to meet all federal storm water and other applicable water-related laws, regulations and requirements, and to standardize sound water management practices. As it has for many years, USPS continues to operate according to procedural guidelines and policies that govern water use in both existing buildings and new construction, including:

- U.S. Postal Service National Energy Management Strategy.
- Handbook AS-503, Standard Design Criteria, and related design and construction standards incorporated into a comprehensive set of Building Design Standards (BDS).
- Handbook AS-554, Water Reference Guide.
- Handbook AS-554-A, Water Management Guide for Facility Managers.
- Handbook AS-554-B, Water Conservation Guide.
- Handbook AS-554-C, Vehicle Washing Technologies.
- Handbook AS-554-D, Water Permitting Guide.
- Management Instruction EL-890-2007-6, Water Quality Management.

Agency Status — Goal Performance and Planned Strategies

In FY 2010, USPS estimates that it consumed 4,883 million gallons of water — about 7,300 gallons per employee. This represents a 1.3 percent decrease from FY 2009, and a nearly 11 percent decrease since our FY 2007 baseline year (see Figure G4-1). Currently, USPS is achieving its goal to reduce total water use by 10 percent by FY 2015, against a FY 2007 baseline. While not required to establish a water intensity goal or report performance, the Postal Service voluntarily reports that our FY 2010 water intensity is 16.9 gallons per square foot.

Figure G4-1: USPS total water use – past and projected performance



As discussed in the *USPS FY 10 SSPP*, the Postal Service planned to re-evaluate the methodology used to calculate water consumption using a model based on actual consumption levels. The previous method estimated water consumption from the total amount of dollars spent on water utilities with a unit cost indexed for inflation. USPS found that the price of water was unlikely to be changing at the rate of inflation and a FY 2010 water analysis concluded that the conversion factor in use was not capturing additional fees and sewage costs.

In FY 2010, USPS added 1,500 additional facilities to our Utility Management System (UMS) and improved the way we calculate and report our water consumption. We developed a new estimation methodology to determine FY 2010 water use totals, and applied this methodology to recalculate prior year water consumption. The new method uses a subset of the 1,500 facilities that were added to UMS, narrowed to include only those facilities where a full year of data was available.

We applied this model back to FY 2007, assuming that reductions in square footage represent real reductions in water consumption and the building type mix has not changed. This approach also assumes efficiency has not changed since FY 2007. In the future, USPS will be able to refine this estimation model by using an expanded UMS sample facility population, which will enable USPS to more accurately calculate its water consumption changes over time.

Return on Investment

In FY 2010, USPS added 1,500 additional facilities to our Utility Management System (UMS) and improved the way we calculate our water use. In FY 2011 and subsequent years, we will continue adding additional postal facilities to UMS to improve the accuracy of our water consumption data, improve our ability to track initiatives intended to reduce water consumption, and improve efficiency in the way water is used — when necessary for our operations.

In addition, USPS continues to improve the quality of its water consumption data in a number of ways, including data collection frequency and the implementation of a periodic quality

assurance audit process. Over time, this will provide both an environmental and financial return on investment, as the Postal Service will be able to improve its tracking of water consumption, identify additional reduction opportunities, and improve behavior in water use which will lead to reduced operating expenses.

Highlights – Successes and Challenges

Although we've surpassed our existing 10 percent reduction goal, we know we can improve even more. And our progress will result from setting higher performance expectations of ourselves in the future. In FY 2012, USPS will discuss setting a more aggressive total water reduction target.

The Postal Service's comprehensive facility energy and water audits identify cost-effective upgrades with potential to save water and utility expenses, such as installing aerators on faucets to minimize water flow. In FY 2011 and subsequent years, USPS will continue to explore other water conservation and efficiency upgrades, including additional installations of sink faucets with automatic sensors, waterless and automatic flush urinals, and dual-flush systems for toilets. However, our current and projected financial constraints will greatly limit the scope and speed of investing in water efficiency upgrades and projects.

The most cost-effective water reduction approach for USPS will continue to be our Lean Green Team initiatives that build awareness and engage our employees to take simple steps to conserve and use water more efficiently.

GOAL 5: Pollution Prevention and Waste Reduction

Background

Due to our unique mission and status as a non-appropriated federal agency, the pollution prevention and waste reduction targets outlined in Executive Order 13514 do not apply to the Postal Service. However, USPS complies with all applicable Federal, State, Tribal, regional, and local environmental laws, regulations, and environmental management procedures pertaining to pollution prevention, waste management and recycling. In addition, the Postal Service has longstanding commitments to minimize the amount and type of materials needed to support our service obligation and operations, to purchase environmentally preferable products and services, to reduce the amount of solid waste we generate, and to divert as much material as possible through recycling and waste to energy initiatives. The Postal Service's longer-term waste management aspiration is to become a zero-waste organization and help our business customers and suppliers do the same.

Goal Description

In addition to complying with all applicable waste management, recycling, and pollution laws and regulations, we have voluntarily established the following waste management related corporate sustainability performance goal:

- **Reduce the amount of waste sent to landfill 50 percent by FY 2015, against a FY 2008 baseline.** There are two ways to accomplish this goal: either generate less waste (and save money) or increase recycling (and generate revenue). We are continuing aggressive efforts to work on both.

The Postal Service also voluntarily tracks and reports our annual progress against the federal target to divert at least 50 percent of non-hazardous solid waste by FY2015; however, we believe that our corporate performance goal to reduce waste sent to landfill is a more accurate measure of our waste management performance because it accounts for both the amount of waste USPS generates and the amount of material we recycle and divert to waste to energy.

USPS does not separately account for construction and demolition (C&D) waste, or track the diversion of compostable and organic materials from the waste stream. USPS does not have specific annual reduction targets for reducing the disposal of hazardous chemicals and materials, but as a matter of policy and practice, we follow aggressive environmental purchasing policies and guidelines that minimize their use and disposal (described in "Goal Implementation" below and in "*Goal 6: Sustainable Acquisition*").

Agency Lead

The Postal Service's Chief Sustainability Officer (CSO) has lead responsibility for establishing pollution and waste reduction objectives and targets in collaboration with the functional vice presidents and senior managers who participate in the USPS Sustainability Leadership Committee. The CSO is responsible for monitoring and reporting performance towards goals, and developing reduction strategies and initiatives in collaboration with the Manager of Environmental Compliance and Risk Mitigation and the Manager of Corporate Sustainability Initiatives, both within the Office of Sustainability.

Goal Implementation

Roles and responsibilities

Pollution prevention, solid waste and recycling strategies, programs, and initiatives are coordinated by the Manager of Environmental Compliance and Risk Mitigation and the Manager of Corporate Sustainability Initiatives, and implemented cross-functionally by a variety of operational and facility personnel at the Area, District, and local facility level. Sustainable purchasing is a key component of USPS waste management and pollution prevention, and is coordinated by Supply Chain Management (see “*Goal 6: Sustainable Acquisition*”). In addition, USPS employee Lean Green Teams are developing and working on a variety of low and no-cost projects to reduce solid waste sent to landfill and to increase recycling (see the “Lean Green Team” discussion in “*Goal 8: Agency Innovation*” section).

Policies and guidance

In addition to complying with all applicable Federal, State, Tribal, regional, and local environmental laws, regulations, and environmental management procedures pertaining to pollution prevention, waste management and recycling, as a matter of policy, USPS also conforms with a variety of additional environmental guidelines and provisions in these jurisdictions that are not required of our agency. We also follow a variety of our own waste management, recycling, pollution prevention, and green purchasing policies, management instructions, and guidance documents. USPS periodically updates these documents and tools to improve our ability to better manage waste, recycle materials, and prevent pollution.

The following example instructions and handbooks establish policies for USPS facilities nationwide to manage waste safely, responsibly, and with minimal impact on the environment, as well as to manage and improve USPS recycling efforts:

- ***Management Instruction EL-890-2007-5: Integrated Waste Management*** establishes USPS policies and requirements to facilitate the safe and environmentally sound management and disposal of waste, including hazardous and regulated waste.
- ***Management Instruction MI EL-890-2009-9: Recycling Undeliverable Standard Mail, Discarded Lobby Mail and other Recyclable Materials*** establishes policies and procedures for recycling undeliverable standard mail, discarded lobby mail and wasted First-Class Mail generated at postal automated redirection systems sites, as well as policies for paper, cardboard, glass, metals and plastic waste resulting from Postal Service operations.
- ***Handbook AS-701 - Material Management***. Outlines policies and procedures related to material management, including asset accountability, recovery, redistribution and reuse, recycling, and responsible disposal when necessary. Includes guidance on reuse and recycling of electronics and IT assets.
- ***Handbook AS-550-A — Paper and Paperboard Recycling Guide, and Handbook AS-550-B — Paper and Paperboard Recycling Plan***. Both of these handbooks provide additional guidance to improve USPS recycling efforts. *AS-552 Pollution Prevention Guide* is a guide for developing and implementing a pollution prevention plan at postal facilities.

USPS has also used additional guidance documents to ensure that we adhere to mandated regulations and Postal standards for managing waste and preventing pollution, such as:

- *AS-552 Pollution Prevention Guide*.
- *Stormwater Pollution Prevention Plan*

- *V-07-95 - Pollution Prevention: Alternative Cleaning Solutions in Parts Washers.*
- *Facility Environmental Guide - Handbook RE-6*
- *Facilities Environmental Checklist and Instruction Guide*
- *Management Instruction EL-890-2007-1: Air Quality Management.*
- *Management Instruction EL-890-2007-6: Water Quality Management.*
- *Management Instruction EL-810-96-1: Response to Hazardous Materials Releases.*
- *Management Instruction EL-890-2008-2: National Storage Tank Program: Storage Tank and Bulk Storage Container Management.*
- *Postal Bulletin Notice: EPCRAv3.0: Federal reporting requirements on hazardous and toxic chemicals.*

Strategic approach and initiatives

The Postal Service’s waste management approach is to reduce the amount of solid waste we generate at our facilities and throughout our network, and to divert as much material as possible through a wide variety of recycling initiatives, as well as third-party waste to energy programs. USPS has been recycling long before there was a universal symbol for it. USPS identifies and develops practical and cost-effective ways to recycle a wide range of materials from our offices and operations. Some of these materials include mixed and white paper, undeliverable standard mail, discarded lobby mail, and wasted First-Class Mail, paper, wood pallets, plastic, cardboard and metal mail transport containers, tires, lights, motor oil, batteries, electronic and IT equipment. As described in *“Goal 7: Electronics Stewardship”*, the Postal Service coordinates the reuse or recycling of all computers, monitors, cellular phones, printers, and electronic devices.

Another key component of waste reduction is source reduction. USPS continually seeks practical and cost-effective ways to conserve existing resources, reduce the amount of materials and products we purchase overall — and when needed to support our offices and operations — purchase more sustainable products and materials with less packaging and increased reuse and recyclability.

The Postal Service uses a comprehensive *Green Purchasing Policy, Green Purchasing Plan*, and environmental preferable product (EPP) purchasing indicators to guide our actions. The USPS EPP indicators are very similar to the Executive Order sustainable acquisition guidance, and identify available product alternatives to USPS purchasing personnel that are chemical free or low-no toxic, bio-based, are made with renewable energy, are certified as more energy and water efficient, or contain recycled-content — such as the office paper that USPS uses which contains at least 30 percent post-consumer fiber. In addition, we are continuing to automate human resource systems, purchasing, contract management and other supply management systems to greatly reduce paper use.

USPS reduces the disposal of hazardous chemicals and materials by reducing the purchase and use of such substances. Similarly, we reduce the use of toxic pest management chemicals by requiring that our purchasing personnel and contractors use integrated pest management methods, and when chemicals are necessary, to purchase and use low and non-toxic alternatives.

“Goal 6: Sustainable Acquisition” provides a detailed discussion of our EPP guidelines and criteria, our efforts to reduce waste through less purchase and use of consumable materials and products, and how USPS is collaborating with suppliers to encourage their provision of more sustainable products and services.

Strategic engagement

The Postal Service's waste reduction and recycling performance depends on more than improving our own actions and following the policies and guidelines listed above. USPS must continue to build awareness and engage the participation of its employees, customers, and suppliers. Postal districts across the country are being asked to develop innovative ways to use less, recycle more, collaborate their efforts across wide geographies, and generate recycling revenue for the Postal Service. USPS is also working to improve customer engagement to reduce disposal of discarded lobby mail, a major source of our waste stream. The challenge is scaling our efforts to the enormous size of our operations and number of facilities. Following are a few examples of strategic engagement initiatives that support our waste reduction and recycling efforts:

- **Lean Green Teams.** USPS is continuing deployment of an initiative to proactively engaging its nearly 600,000 employees at its mail processing facilities, network distribution centers, Post Offices, and administrative offices to help reduce its operational costs and carbon footprint through participation on cross-functional employee teams. These "Lean Green Teams" identify and implement more than 45 low and no-cost projects to reduce waste and resource use, conserve energy and fuel, and reduce the purchase of consumable products.
- **Backhauling.** The Postal Service is increasing the scale and impact of our recycling efforts through the implementation of "backhaul" programs. Backhauling lets postal vehicles use available space on their daily return trips to transport recycled materials such as mixed paper, old corrugated cardboard and plastic wrap to a central Postal facility to facilitate direct transport to a paper mill that purchases the materials. This enables facilities that are widely spread out to participate cost-effectively in Postal efforts to increase recycling.
- **Lobby Mail Recycling.** USPS is showing our lobby mail customers how to reduce their environmental impact and help us reduce our waste generation by discarding unwanted mail in Post Office lobby recycling bins instead of our trash cans. Since FY 1995, USPS has offered mixed paper recycling in our Post Office lobbies. Our continued outreach campaign and secure containers in lobbies encourage customers to "Read, Respond, Recycle" their mail in a convenient and environmentally responsible way.
- **Supplier packaging improvement.** USPS Supply Chain Management is collaborating with the Postal Supplier Council Sustainability Task Force to help our suppliers identify and implement measures to use less packaging overall, and more sustainable packaging that can be recycled instead of becoming an additional part of our waste stream and landfill costs. The "*Goal 6: Sustainable Acquisition*" section provides a more detailed discussion of USPS-supplier collaborations to improve sustainability practices.

Improving estimation and calculation methodologies

The Postal Service continually looks for ways to improve data collection, analysis, and reporting processes for all our sustainability key performance indicators. For FY 2010, USPS improved data collection, calculation, and estimation methodologies for waste generation and recycling. These improvements provide a more accurate picture of our waste management and recycling performance to date, and will improve our ability to project future performance against our waste and recycling targets. We used these methodologies to recalculate waste and recycling totals for the past three fiscal years. In addition, we adjusted the performance goal baseline to FY 2008 to match the start of our operational and customer-facing recycling programs.

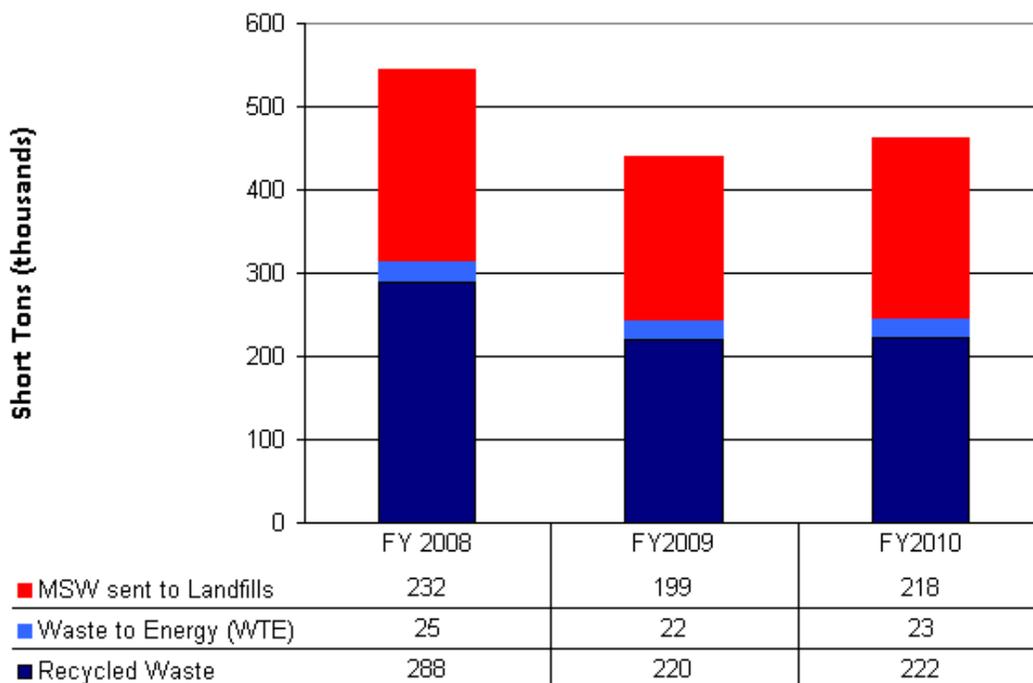
Agency Status — Goal Performance and Planned Strategies

Waste reduction and recycling objectives both impact USPS' success in reducing the amount of waste sent to landfill in FY 2015. In FY 2010, USPS was off target in its goal to reduce waste sent to landfill and the diversion rate to recycling also decreased.

FY 2010 waste management performance

Figure G5-1 shows the total amount of waste that USPS generated from FY 2008 to FY 2010, comprised of the municipal solid waste (MSW) that was sent to landfill, waste that was sent to be converted to energy (WTE), and waste that USPS recycled. In FY 2010, USPS generated 463,054 tons of solid waste. Of this total, we diverted 48 percent to recycling, sent 5 percent to waste to energy, and sent the remaining 218,225 short tons to landfills. This is a 5.8 percent reduction in waste sent to landfill from FY 2008 levels. In FY 2008, we generated a total of 544,845 short tons of municipal solid waste, diverted 53 percent to recycling, sent 6 percent to waste to energy, and sent the remaining 231,661 short tons to landfills.

Figure G5-1: USPS waste and recycling performance — FY 2008 to FY 2010



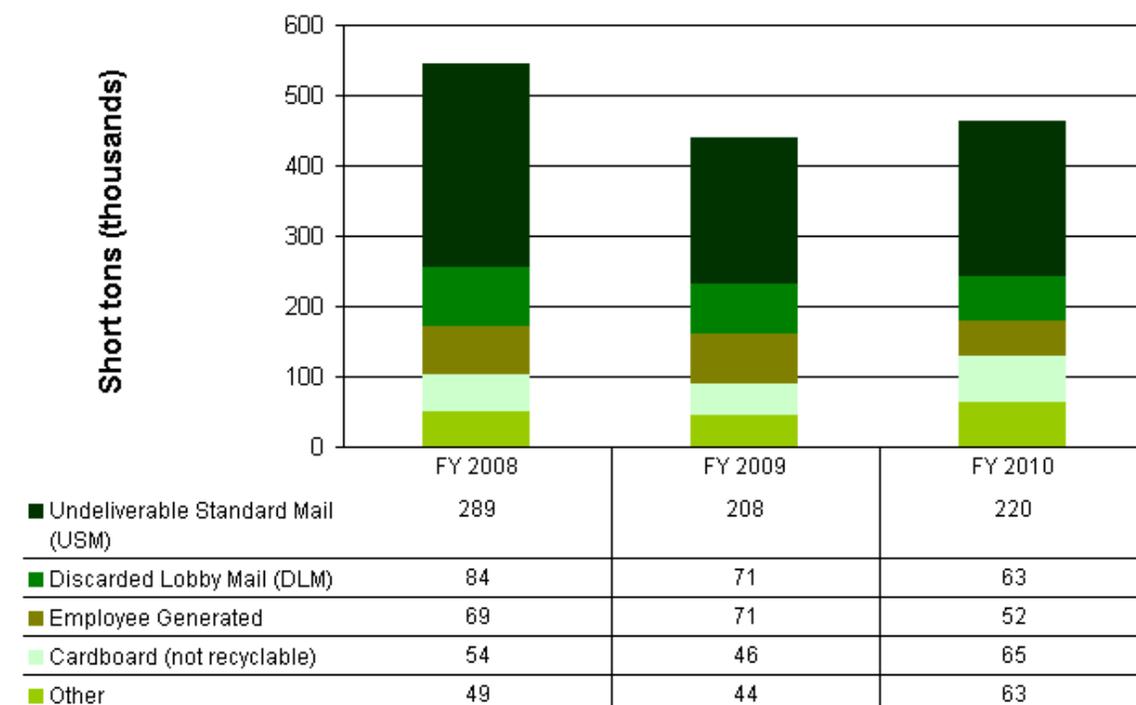
As *Figure G5-1* illustrates, our performance since FY 2008 has not been consistent. We decreased waste to landfill from FY 2008 to FY 2009. However, it increased between FY 2009 and FY 2010. The decrease in waste to landfill from FY 2008 to FY 2009 was driven by a significant drop in mixed paper waste, which includes both Discarded Lobby Mail (DLM) by customers and Undeliverable Standard Mail (USM) — mail that cannot be delivered to customers as addressed, and is returned to USPS and increases our waste generated.

Figure G5-2 shows the distribution of waste generated by USPS from FY 2008 to FY 2010. The biggest culprit for solid waste — 48 percent of our waste stream — was Undeliverable Standard Mail. In FY 2008, there were 6 billion pieces of USM treated as waste, accounting for 290,000 tons of our waste stream.

A decrease in USM was important to the change in waste generated between FY 2008 and FY 2010. In FY 2010, USM waste decreased by more than 2 billion pieces, a more than 33 percent decrease to 220,000 total tons. In FY 2008, USPS added Standard Mail to our Move Update program — which requires mailers to match their address records with change-of-address records more frequently. This program began in FY 1997 for undeliverable-as-addressed (UAA) First Class mail, which unlike USM, is sent back to the sender when the address is incorrect and the change-of-address is not up-to-date. In addition to declining mail volumes between FY 2008 and FY 2010, the Move Update program expansion may be responsible for some of the waste decrease.

A portion of the increase in total waste generated from FY 2009 to FY 2010 may be attributed to an improvement in solid waste methodologies that established five new waste generation categories and refinement of the waste generation rates and data for Discarded Lobby Mail (DLM), Undeliverable Standard Mail (USM) and cardboard that cannot be recycled. USPS continues to investigate the drivers of the changes between FY 2009 and FY 2010 to inform our management policies and strategies for the future.

Figure G5-3: USPS municipal solid waste (MSW) composition — FY 2008 to FY 2010



FY 2010 recycling performance

In FY 2008, the rising value of mixed paper drove large recycling revenue for USPS, but the subsequent drop in the stock market led to values of mixed paper at \$0 per ton in FY 2009. Consequently, USPS recycling rates decreased as we struggled to maintain local recycling support and many recycling contractors went into receivership. As *Figure G5-1* illustrates, USPS was able to increase its In FY 2010 recycling to 221,655 short tons. However, as the total amount of waste also increased, the diversion rate to recycling dropped to 48 percent. Although this does not currently meet the FY 2015 federal diversion target of 50 percent, USPS is optimistic that we can meet or exceed the FY 2015 target in future years, as we have done in several previous years.

An increase in mixed paper recycling is attributable to the expansion of the Lobby Mail Recycling program with 10,098 Post Offices recycling Discarded Lobby Mail in FY2010. This was an increase of over 80percent compared to the 5,579 Post Offices participating in FY 2009. In FY 2010, our Lobby Mail Recycling program kept 22,000 tons of discarded mail out of landfills and generated more than \$1.75 million in recycling revenue. USPS is continuing to expand the Lobby Mail Recycling program.

The increase in recycling is also driven by a 25 percent increase in the number of Postal facilities participating in backhaul programs. As of FY 2010, more than 11,000 Postal facilities across the country are using these programs to reduce the volume, frequency, and costs of solid waste disposal and hauling. Their keeping valuable recycled materials from being sent to landfill, generating recycling revenue, and avoiding the transportation fees usually subtracted from that revenue. Most importantly, USPS is gaining these benefits without additional costs. Looking to the future, USPS is exploring the wide range of other materials we could backhaul. And asking our customers to ask themselves and us similar questions. We are already visiting every U.S. address six days per week.

Another way that USPS is improving is by recycling mail transportation equipment when it cannot be used any more. In FY 2010, we recycled many plastic, cardboard and metal transport containers. Approximately 70,000 worn out wood pallets were recycled and an additional 500,000 chipboard pallets were repurposed into new products — bio-fuels, composting materials and long-life building products such as decking.

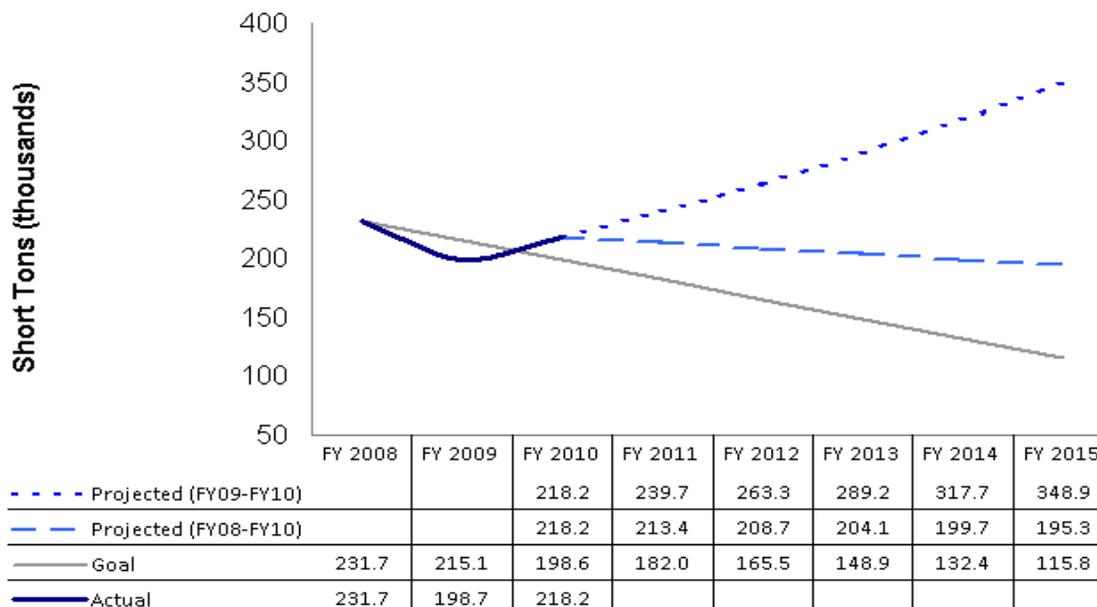
Also in FY 2010, USPS followed environmentally responsible practices that helped recycle what would otherwise be disposed of as regulated or hazardous waste. For example, a program with Safety-Kleen recycled 2.7 million gallons of used oil, 2.6 million gallons of oily water, more than 227,000 oil filters and nearly 20,000 gallons of solvent.

These recycling efforts continue to reduce our solid waste costs and impact on local landfills, as well as our Scope 3 waste emissions (see the *Goal 2: Scope 3 GHG Emissions* section). And while we can celebrate our success we're already searching for better ways to measure the amounts and types of waste we generate, and to track our recycling performance over time and across our more than 33,000 facilities.

Projected goal performance

Despite a 5.8 percent decrease in waste sent to landfill from FY 2008 to FY 2010, USPS is off-target to achieve our corporate sustainability performance goal of reducing waste to landfill by 50 percent by FY 2015. We must reduce waste to landfill by an additional 102,395 tons by FY 2015 to meet our voluntary 50 percent waste reduction goal. Achieving 44 percent more progress in the next five years to achieve our goal will be very challenging. *Figure G5-3* highlights our projected future waste to landfill performance at two different rates: (1) the rate of increase from FY09 to FY10 levels, and (2) a projected rate based on the annual average change between FY 2008 and FY 2010 levels. In either scenario, USPS will have a difficult time meeting our FY 2015 reduction goal. For FY 2011 and FY 2012, USPS will continue efforts to identify new opportunities to reduce waste generation and improve recycling, and initiatives to better engage our employees, customers and supply chain partners.

Figure G5-3: USPS Waste sent to landfill — past and projected performance



Return on Investment

In FY 2010, the Postal Service paid about \$38 million to dispose of solid waste and offset nearly \$15 million of those costs through waste prevention efforts and recycling revenue. We’re working hard to reverse those statistics. Reducing waste sent to landfills is good both for the environment and our financial bottom line — in essence; material that we send to landfills is lost recycling revenue. Our waste reduction efforts will help increase the expected life of community landfills and lower our Scope 3 greenhouse gas emissions related to USPS operations.

Using low and no-cost behavior and process changes, USPS can continue to decrease our solid waste handling fees and increase postal recycling revenues. We can encourage our customers to recycle more, and our suppliers to make more recyclable products and packaging. The Postal Service’s Lobby Recycling and Backhauling programs are examples of strategic initiatives with low investment costs and potentially large savings, as significant amounts of what would otherwise become a part of our waste stream, instead are turned into recycling revenue. However, the success of such programs will depend, in part, upon market conditions.

As is the case with all of sustainability performance goals, improved waste management progress will come from our increased success in engaging our employees, our customers, and our suppliers on ways they can help us in our efforts (additional engagement discussion is contained throughout this SSPP, particularly “Goal 6: Sustainable Acquisition” and Goal 8: Agency Innovation”).

Highlights – Successes and Challenges

Following are a couple additional examples of how we are working with our employees and business customers to reduce their waste and associated greenhouse gas emissions, while increasing recycling revenue.

Best practice: Engaging employees to increase recycling

Postal employees have long been encouraged to recycle — long before it was fashionable or profitable — to help USPS send less waste to landfills each year. In FY 2010, employee Lean Green Teams helped USPS recycle more than 222,000 tons of material, which generated about \$13 million in revenue and \$9 million in avoided landfill fees. Beyond saving money, Lean Green Teams are spreading a conservation culture throughout the Postal Service and their communities. They are also helping the Postal Service increase revenue by extending their recycling behaviors to their homes. An effort underway in the USPS Suncoast District is encouraging employees to not only recycle paper at work — but to bring in paper from home as well. The program is called “Bring UR Recycled Paper”— BURRP for short. Participating employees are given “BURRP” bags to help them transport newspapers and other recyclable paper from home to work. It’s then collected and sold to a recycler. Employees get to contribute to the recycling effort, and USPS generates revenue.

Success: Secure and sustainable recycling

Security and privacy rules require mailers and USPS to ensure that information contained in First-Class mailings is protected until it reaches recipients. But when undeliverable-as-addressed First Class Mail cannot be delivered, it is returned to the sender and becomes part of their waste stream. The transportation and processing of these nearly 1.2 billion undeliverable First-Class Mail pieces each year are a significant cost to both the mailer and USPS. And they represent significant amounts of fuel used and the associated greenhouse gas emissions that go with them. To offset these environmental and cost concerns, USPS began designing a secure destruction program this year with the participation of several large business mailers.

Instead of returning the undeliverable mail to the original sender, who will ultimately forward the mail for secure destruction, USPS will capture this mail and securely destroy and recycle it. Within First-Class Mail, only mail that would be returned to senders or treated as waste would be destroyed. First-Class Mail that is undeliverable because a customer files a change of address will continue to be forwarded to the customer’s new address, not destroyed. Consolidating the UAA recycling to a limited number of Postal facilities rather than across numerous business mailer locations achieves a recycling economy of scale. The Postal Service is developing the Secure Destruction service to respond to mailer’s concerns with security and privacy issues associated with UAA recycling, and to provide environmental and financial savings for USPS and our large mailing customers.

GOAL 6: Sustainable Acquisition

Background

USPS is committed to improving sustainable acquisition and product stewardship in our operations, within our supply chain, and in ways that improve sustainability performance for our customers. However, the federal agency sustainable acquisition criteria, contract tracking and reporting requirements that are established by Executive Orders 13423 and 13514 do not apply to the Postal Service because of its unique mission and status as a non-appropriated agency.

Sustainable acquisition is nothing new for the Postal Service. We developed a *Green Purchasing Policy* in FY 1996, and publically released the *USPS Green Purchasing Plan* in FY 2008 that provides guidelines and tools to help implement green purchasing at the national and local level.

The Postal Service's sustainable acquisition and product stewardship objectives are to:

- Purchase more sustainable products and materials for use in our offices and operations.
- Reduce the amount of consumable supplies we purchase.
- Lean and green our supply management and purchasing systems.
- Collaborate with our suppliers to improve the sustainability of their operations so USPS has increased access to cost-effective, sustainable materials, products and services.
- Extend product stewardship efforts beyond the products we purchase and use in our own operations, by offering more sustainable products and services to our customers.

In FY 2010 USPS voluntarily established five of our 15 primary corporate sustainability performance goals with a sustainable acquisition, product stewardship, and supplier collaboration focus. These goals align with — and in some cases exceed — the spirit and intent of the sustainability acquisition improvement guidelines outlined in the aforementioned Executive Orders.

Goal Descriptions

SUSTAINABLE ACQUISITION AND PRODUCT STEWARDSHIP

To support our vast operations, USPS uses a large variety of materials and products, including office products, cleaning supplies, vehicle and equipment spare parts, maintenance supplies, and mail transportation equipment. We are interested in purchasing and using sustainable materials and products when cost-effective options are available. Currently, we use water-based inks to print stamps. And soy-based inks and recycled paper from sustainably managed forests to make our expedited shipping products. We use refined bio-based oil, alternative fuels and retread tires for our postal vehicles. And green cleaning products in our Post Offices and plants. We print on both sides of post-consumer recycled paper. The Postal Service continually searches for opportunities to purchase more sustainably, and where possible, reduce the amount of materials and products we purchase overall. In FY 2010 we established two sustainable acquisition and product stewardship goals to guide our improvement efforts:

1. Reduce spending on consumables 30 percent by FY 2020 against a FY 2008 baseline.
2. Increase the number of identified environmentally preferable products (EPP) available to USPS purchasing personnel in our eBuy2 catalog by 50 percent by FY 2015, against a FY 2010 baseline.

EXTENDING PRODUCT STEWARDSHIP TO OUR CUSTOMERS

The Postal Service is a unique federal agency because it does not receive government appropriations and must fund its operations through product and service revenue. This is a challenge with mail volumes continuing to decline as more people use the Internet and e-mail for business formerly done through the mail. For our revenues to stabilize, USPS must meet the product and service needs of current customers, and create innovative solutions and access points for “next generation” customers with increasingly digital, environmentally and socially responsible purchasing preferences.

USPS believes this is an opportunity to extend our product stewardship efforts beyond the materials and products we purchase and use in our operations. The Postal Service is committed to providing a range of sustainable products and services to our customers — both small and large, residential and business — to help them save money and time, green their shipping and mailing operations, and reduce their carbon footprint. This includes bringing new products to market, making enhancements to existing ones, and providing more convenient and sustainable ways to do business with our company. In FY 2010, the Postal Service established a customer-focused product stewardship goal to guide our improvement efforts:

3. Provide a range of sustainable products to customers, including at least two new sustainable product and service offerings by FY 2012.

SUPPLIER COLLABORATION

A key element of the Postal Service’s sustainability commitment is to collaborate with our supply chain partners to help them identify and take action on sustainability opportunities that will improve their business. The size of the USPS supplier network and our relative purchasing power allows us to influence our suppliers to improve the sustainability performance of the materials, products, and services they provide to us. This improves the Postal Service’s sustainable acquisition efforts, as well as our ability to offer more sustainable products and services to our customers. In FY 2010, we established two goals to reinforce sustainability as an increasing expectation for doing business with the Postal Service:

4. Require suppliers with current contract commitments of over \$500,000 to provide sustainability data by FY 2015, against a FY 2011 baseline.
5. Include standard USPS sustainability clauses in new contract actions by FY 2015, against a FY 2011 baseline.

Agency Lead

The USPS Sustainability Leadership Committee — comprised of cross-functional vice presidents and senior managers — established the Postal Service’s sustainable acquisition and supply chain collaboration goals. The USPS Vice President of Supply Management has primary responsibility for establishing related policies and interim performance targets, developing strategic initiatives, and overseeing the reporting of progress towards goals in coordination with the Office of Sustainability.

Goal Implementation

Implementation of sustainable acquisition, product stewardship, and supplier collaboration strategies and initiatives is a cross-functional effort between Supply Management, Operations, Finance, and purchasing and contracting personnel in Postal Service headquarter and Area and District field offices, and facilities.

PRODUCT STEWARDSHIP

Strategic initiative: Greening supply management systems

In FY 2010, USPS implemented several strategic initiatives to green our supply management systems. We worked with 3,200 suppliers to fully implement eSourcing — reverse auctions that allow us to get the best deals for products and services. This automated system greatly reduces the amount of paper, while improving the speed and accuracy of supply management processes. Also in FY 2010, we completed deployment of eBuy2 — our online supplies catalog and ordering system — which averages 7,000 invoices a day and \$12 million in invoices every week. This system helps manage the quantity of goods and services purchased from suppliers, and provides a comparative shopping functionality that ensures the lowest price. Balancing a product's cost-effectiveness with environmental attributes is an important sustainability concept.

Goal: Increase environmental preferable products (EPP) available for purchase

Another way USPS is saving green is by adding “environmental product indicators” to the eBuy2 system to highlight environmentally preferable products and services (EPP) that are available to USPS purchasing professionals. The eBuy2 system allows the classification and display of EPP indicators for each on-catalog item, which allows the person making the requisition to use this information in addition to price and technical specifications to make an informed purchasing decision. The EPP indicators — which are identified by the supplier but added by USPS Supply Management — are very similar to the Executive Order guidance, and include sustainable acquisition criteria such as Green Seal certified; eco-labeled or third-party green certified; priority chemical free; Energy Star; bio-preferred; recycled content, Green-e (renewable energy); National Electrical Manufacturers Association Premium Efficient (NEMA); Electronic Product Environmental Assessment Tool (EPEAT) registered bronze, silver or gold; U.S. EPA-designated WaterSense.

In FY 2010, USPS set a goal to increase the number of EPP products available for purchase in eBuy2 by 50 percent by FY 2015, against a FY 2010 baseline of 11,131 EPP products. As discussed in the *USPS Supply Management Three-Year Strategic Plan: 2010-2012*, USPS has an interim performance target of a 10 percent increase by FY 2012. Employees are encouraged to buy EPP products when price and quality are comparable to a non-EPP product.

Goal: Reducing consumables spending

In addition to purchasing more sustainable materials and products, the Postal Service is focusing efforts on using less products overall, particularly reducing the use of “consumables” — office, custodial and maintenance supplies used in USPS offices or facilities. USPS is committed to reducing consumables spending by 30 percent by FY 2020 from the \$508 million we spent in the FY 2008 baseline year. Annual spending on these consumables is the closest proxy in determining the volume of actual consumable products used each year by the Postal Service.

Goal: Provide sustainable products and services to customers

The Postal Service is focused on providing a range of sustainable products to customers, including at least two new sustainable product and service offerings by FY 2012. USPS has additional targets to increase our online and Cradle-to-Cradle® certified product offerings each year.

SUPPLIER COLLABORATION

USPS uses a Lean Six Sigma approach to continuously improve our supply chain integration. We're optimizing our supplier base, and focusing on collaborating with and doing more business with suppliers that share our commitment to operating responsibly and improving long-term

financial, social and environmental sustainability performance. In FY 2010, we launched a Postal Supplier Council Sustainability Task Force to collaborate with us to develop ways to share knowledge, data, resources and goals across a range of activities from product design, sourcing, purchasing, reuse and recycling, and public reporting. This task force is also helping guide the Postal Service on our two supplier collaboration sustainability goals.

Goal: Require suppliers provide sustainability data to USPS

USPS is working toward requiring all of our suppliers with current contract commitments of more than \$500,000 to provide sustainability data to USPS by FY 2015. Sharing data will improve the transparency needed for USPS to purchase more sustainable products and materials, and improve visibility into the sustainability performance of our suppliers' business practices, and help us collectively identify improvement opportunities throughout the supply chain. Our Postal Supplier Council Sustainability Task Force is helping us develop supplier sustainability measurements and policies to support capturing and reporting this data.

Goal: Include sustainability clauses in supplier contracts

The second goal is to include standard sustainability clauses in all new contract actions by FY 2015. Although these clauses will not mandate sustainability practices, they will encourage suppliers to provide innovative supply chain practices, and offer us products and services that help the Postal Service become more sustainable. Baselines for both supplier collaboration sustainability goals will be established in FY 2011.

Agency Status — Goal Performance and Planned Strategies

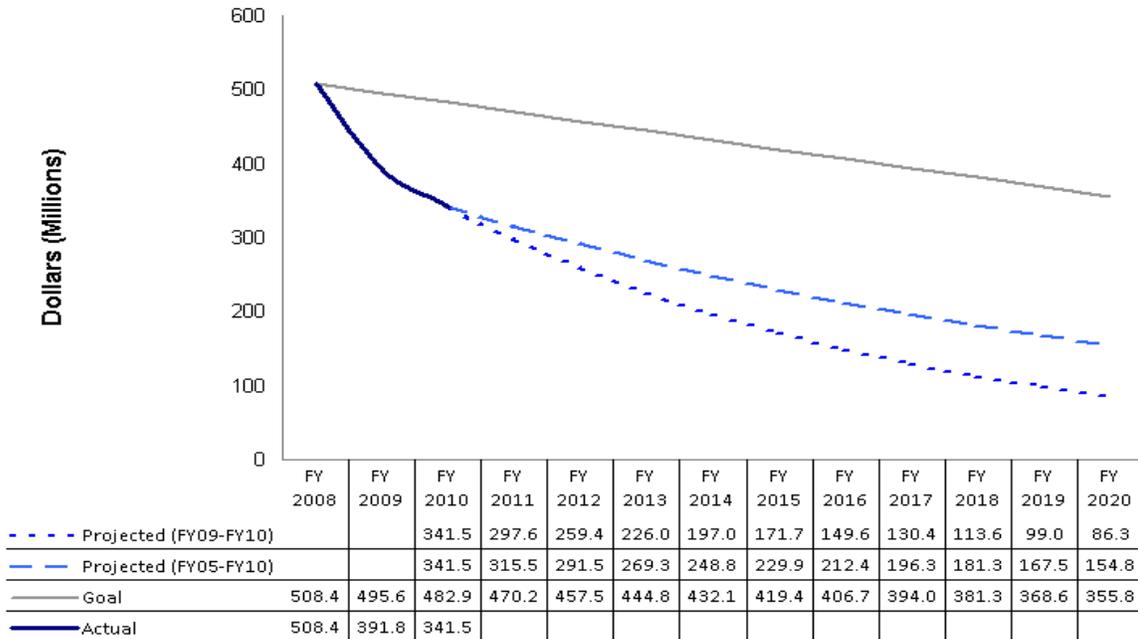
Increase EPP purchasing

To support its goal of increasing the percentage of EPP products available for purchase in eBuy2 system by 50 percent by FY 2015, the Postal Service established a FY 2010 performance baseline of 11,131 EPP products in eBuy2. In FY 2010, USPS spent nearly \$239 million on environmentally preferable products and services. USPS will continue making the eBuy2 catalog leaner and more sustainable in FY 2011 and FY 2012, by reducing the total amount of items available and removing those that are unaligned with our sustainability focus. USPS Supply Management has begun formal tracking of the number and percentage of EPP available for purchase in eBuy2, and is monitoring progress towards the interim performance target of a 10 percent increase by FY 2012 and the primary goal of a 50 percent increase by FY 2015.

Reduce consumables spending

The Postal Service's goal is to reduce spending on consumables 30 percent by FY 2020 from the \$508 million we spent in the FY 2008 baseline year. In FY 2010, USPS spent \$341.5 million on consumables. As of FY 2010, USPS has reduced consumables spending nearly 33 percent since the FY 2008 baseline — about \$167 million in avoided costs — and 13 percent since FY 2009 — nearly \$51 million in avoided costs. Figure G6-1 below shows historical and projected performance for consumables spending. Although we have already exceeded our 30 percent reduction target well ahead of the FY 2020 milestone, the challenge going forward is maintaining or improving this performance each year. In FY 2011, USPS will explore setting a higher reduction target for consumables spending.

Figure G6-1: USPS spending on consumables – past and projected performance



Extend product stewardship to customers

In FY 2010, USPS established a customer-focused product stewardship goal to provide at least two new sustainable product and service offerings to customers by FY 2012. USPS has additional targets to increase our online and Cradle-to-Cradle® certified product offerings each year. As of the end of FY 2010, USPS now offers customers more than 26.3 billion total Cradle-to-Cradle® certified product across 114 product types, including Priority Mail, Express Mail, Ready Post packaging, postage stamps and all stamped products (see Figure G6-2 below).

To complement the more than 32,000 retail outlets that provide access to our products, we are continuing to increase the availability of convenient Automated Postal Center machines, greatly expanding our mobile presence, and enhancing our online services which allow residential and business customers to “Skip the Trip” to their local Post Office. Nearly 54 percent of transactions were conducted online in FY 2010. Skipping the trip not only adds convenience, saves time and fuel costs for our customers — it benefits the environment and reduces their carbon footprint. USPS provides customers with a “Skip the Trip Calculator” at http://www.usps.com/green/calculator_pop.html that estimates the amount of fuel, money, and greenhouse gas emissions a customer might save based on how far he or she would drive, their car’s fuel efficiency, and how often they go to the Post Office.

Supplier collaboration

Baselines for both supplier collaboration sustainability goals will be established in FY 2011.

Return on Investment

The Postal Service believes that by adding EPP indicators to the eBuy2 system to highlight environmentally preferable products and services that are available to USPS purchasing professionals, we will improve our sustainable purchasing behavior more quickly and cost-effectively. Implementing the EPP initiative is a relatively low-cost investment of time and resources with potential to greatly improve the health, safety and environmental profile of materials and products our employees use, and reduce the impacts associated with their recycling and disposal.

Reducing the amount of consumable products we use reduces our purchasing and solid waste disposal costs, as well as the associated energy use and environmental impacts of product manufacturing, packaging, transport, consumption and end-of-life.

Although the Postal Service's two supplier collaboration goals — requiring large suppliers to provide sustainability data and including standard sustainability clauses in contracts — will not mandate sustainability practices, they will encourage suppliers to provide innovative supply chain practices, and offer us products and services that help the Postal Service become more sustainable.

Highlights — Successes and Challenges

Best Practice: Pushing the Envelope on Supplier Collaboration

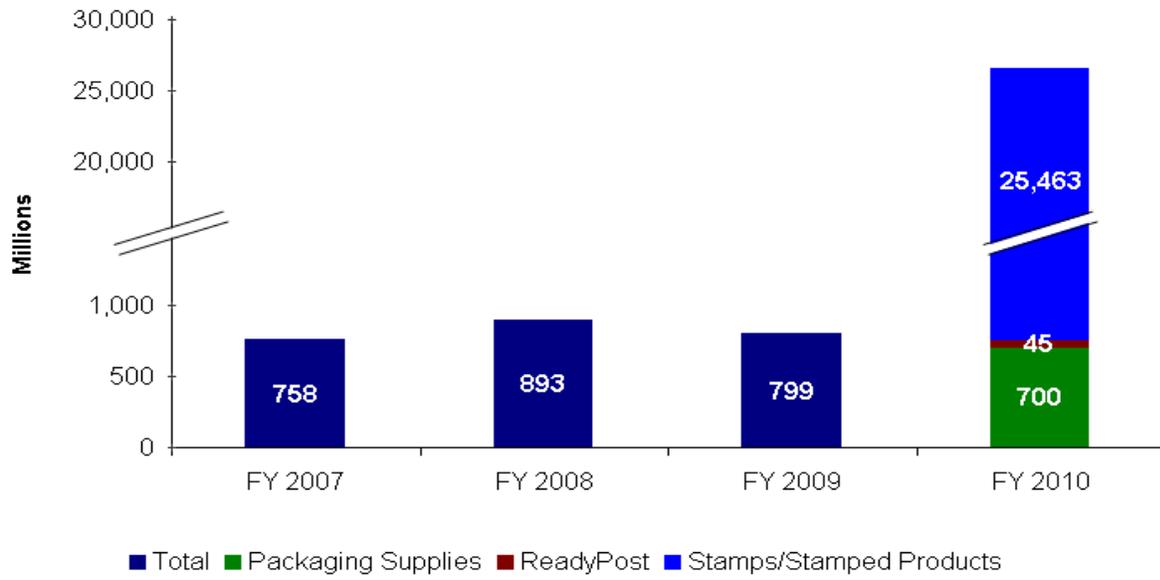
Cradle-to-Cradle® certification is a quintessential demonstration of the Postal Service's commitments to using more sustainable materials to make our packaging and products, offering more sustainable products to our customers, and collaborating with our supplier partners to make it happen. USPS is the only mailing and shipping company in the world whose shipping supplies and postage products have earned Cradle-to-Cradle Certification, meaning they are designed and manufactured with materials and processes that meet rigorous, globally-recognized environmental and social responsibility guidelines.

Certification involves grading these product materials and processes against comprehensive sustainability criteria, many of which align with or exceed the federal agency sustainable acquisition criteria outlined by Executive Order 13423 and 13451. These include impact on human and environmental health, social responsibility, renewable energy use, water stewardship, toxicity, recycled, renewable and biodegradable content.

In FY 2009, USPS achieved silver Cradle-to-Cradle® certifications for more than 800 million Postal-branded products. In FY 2010, we certified more than 26.3 billion total products across 114 product types, including Priority Mail, Express Mail, Ready Post packaging, postage stamps and all stamped products (see Figure G6-2 below). To accomplish this feat, USPS collaborated with more than 200 suppliers in their efforts to obtain independent, third-party verification against the Cradle-to-Cradle® certification requirements — including analysis of more than 250 materials and 1,400 individual ingredients in total. Maintaining these high supplier sustainability standards is now an integral part of doing business with the Postal Service.

USPS provides customers with many Cradle-to-Cradle® certified products and mailing supplies free of charge, including Priority Mail, Express Mail and Flat-Rate packages and envelopes. They are available in local Post Offices and online at www.usps.com/shop. To learn more, watch our video at <http://www.usps.com/green/video/gg201009.htm>.

Figure G6-2: USPS Cradle-to-Cradle® Certified Products



GOAL 7: Electronics Stewardship

Due to our unique mission and status as a non-appropriated federal agency, the electronic stewardship requirements — including those to develop, track, and report progress against goals and to develop purchasing and data center consolidation plans — that are outlined by Executive Orders 13423 and 13514 do not apply to the Postal Service.

However, USPS is committed to electronics stewardship (ES) through sustainable purchasing, energy-efficient use, and sound disposition practices for our electronic and IT assets — such as computers, monitors, printers, cellular phones, batteries, scanners, and other electronic devices that are involved in our operations and support functions.

USPS establishes and follows our own comprehensive policies, plans, and procedures to ensure that electronic and IT assets are acquired using energy-efficient and environmentally preferable purchasing criteria, assets are used according to energy efficient and power management practices, and assets are disposed of responsibly at their end-of-life. Most electronic and IT assets are reused internally for long periods of time, and then shipped to our centrally located USPS Asset Recovery Center, where they are either sold for reuse, remanufacture, or recycling.

As opposed to having independent ES performance goals, USPS develops and implements ES initiatives within the context of efforts to improve progress towards our corporate sustainability performance goals to reduce waste, purchase more environmentally preferable products, and reduce energy consumption, as well as our strategies to improve energy efficiency throughout all aspects of our business and network. Electronics stewardship is integrated across sustainable acquisition, supply management, information technology, product take-back, operational, facility and waste management functions and systems.

USPS information technology focuses on four primary environmental stewardship elements:

1. **Facilities Optimization:** USPS is not subject to the EO 13514 requirement to consolidate data centers or to develop a federal *Data Center Consolidation Plan*. However, to reduce energy consumption, USPS has previously consolidated its five data centers down to two data centers — the lowest possible level that can adequately support Postal operations and facilities.
2. **Virtualization of IT infrastructure:** Virtualization has enabled the data center consolidation and helped to maintain consistent electrical loads.
3. **Print Reduction:** USPS network printers default to two-sided and monochrome printing, which greatly reduces paper use and purchases, and color ink costs.
4. **Power Management:** Power management is enabled on all USPS monitors and on all eligible computers. For non-eligible computers, USPS uses wake-on-LAN software to enable power down mode. USPS has replaced CRT monitors with energy-efficient flat panel monitors. USPS assessed EPEAT and Energy Star feasibility for all IT assets and did not find EPEAT cost-effective or responsible given our financial crisis; however, all USPS eligible laptops and desktops are Energy Star 5.0 compliant.

In FY 2011 and subsequent years, USPS will work towards improving electronics reuse and recycling and our programs to reduce the energy demands of our IT infrastructure.

GOAL 8: Agency Innovation

In addition to the sustainability goals and initiatives previously discussed in this Strategic Sustainability Performance Plan, the Postal Service is highlighting several sustainability innovation examples that demonstrate how USPS is building a conservation culture within our organization, and promoting the adoption of more sustainable practices by our customers, supply chain, business and government peers.

Incenting sustainable management behavior

USPS field managers are aware that their management actions to help reduce corporate energy and fuel use can save money and reduce our agency's carbon footprint. In FY 2010, USPS added facility energy and vehicle fuel reduction indicators to its National Performance Assessment (NPA) — the suite of performance metrics used to determine postal managers' merit pay raises each year. These performance indicators quantify progress toward the Postal Service's facility energy and Postal-owned vehicle fuel reduction goals. The Postal Service is the first federal agency to add energy and fuel reduction metrics to its managers' annual pay for performance reviews.

Employee engagement — “Lean Green Teams”

USPS proactively engages its employees in a variety of ways — through videos, with online training, and by making sustainability a key focus of its management courses. In FY 2009, USPS began its most ambitious employee sustainability engagement effort — encouraging its nearly 600,000 employees at its mail processing facilities, network distribution centers, Post Offices, and administrative offices to help reduce its operational costs and carbon footprint through participation on cross-functional employee teams.

These “Lean Green Teams” identify and implement more than 45 low- and no-cost projects to reduce waste and resource use, focusing their efforts on five sustainability reduction goals:

- Facility energy use — 30 percent by FY 2015.
- Waste sent to landfill — 50 percent by FY 2015.
- Petroleum fuel use — 20 percent by FY 2015.
- Water use — 10 percent by FY 2015.
- Consumables spending — 30 percent by FY 2020.

Our goal is to have active Lean Green Teams (LGTs) in all of our districts and network distribution centers (NDCs) by the end of FY 2012. Our interim performance target is to deploy at least one active LGT to 67 percent of USPS districts and NDCs by the end of FY 2011.

At the end of FY 2010, we've deployed LGTs to 21 out of 83 districts and NDCs, meaning we are 25 percent towards our FY 2012 goal. But we face an ongoing challenge to engage all employees across 33,000 facilities as we focus on transitioning to a smaller organization. However, the potential cost savings and sustainability benefits of fully scaling this program across the country are a major opportunity.

In FY 2010, Lean Green Teams helped USPS achieve more than \$5 million in savings from resource reductions in energy, water, petroleum fuel use, and solid waste sent to landfills. In addition, these teams helped USPS recycle more than 222,000 tons of material, which generated about \$13 million in revenue and \$9 million in avoided landfill fees. Beyond saving money, Lean Green Teams are spreading a conservation culture throughout the Postal Service and their communities. In FY 2011, several LGT tools will be developed and implemented. These include an online “Green Dashboard” that will display progress towards five sustainability reduction goals at the national, area, district and facility level, and a Green Initiative Tracking Tool that will be used to monitor establishment of Lean Green Teams and completion of the more than 45 low- and no-cost LGT projects.

Co-opetition — Sustainable supplier collaboration

While most think of FedEx and UPS as Postal Service competitors — they are actually our sustainability “co-opetitors” — strategic collaborators that are reducing time, costs and our carbon footprints. And saving our customers money and adding convenience. The Postal Service already visits every U.S. address, so FedEx and UPS use our “last mile” network to reduce the need for three delivery vehicles to drive around all those neighborhoods. This partnership reduces total fuel required and lowers all of our greenhouse gas emissions. Also, the Postal Service sends some of its parcels across the country and globe on FedEx planes.

In FY 2010, the Postal Service and UPS partnered on a successful pilot program, through which UPS customers can return merchandise to participating merchants using any USPS mailbox or Post Office. UPS drivers pick up these specially labelled packages at Post Offices and transport them back to the retailer. Collaborative efforts like these could exponentially increase the size and scale of business-to-customer and business-to-business product recycling programs — the sustainability wave of the future.

Looking ahead, the Postal Service may explore other collaborations with FedEx and UPS, such as enabling their customers to use a local Post Office as an alternate address when they can't be home to sign for FedEx or UPS packages. This would save customers time and fuel costs by not having to retrieve their packages from remote FedEx and UPS locations. It would also reduce their carbon footprints.

Looking ahead: Product carbon accounting and offsets

Business customers of the Postal Service are increasingly requesting information on the greenhouse gas (GHG) emissions associated with using USPS for shipping and mailing services for their business, including shipping to their end-use customers. In the summer of FY 2011, USPS will be piloting a carbon accounting service with these large mailers that will enable them to determine the GHG emissions generated by their shipments and transactions.

For the past two years, USPS has been working with leaders from logistics, industry, academia, government and non-governmental organizations to develop this proprietary shipping and mailing carbon allocation service. The comprehensive methods used in this carbon accounting take into consideration the specific type of shipping or mailing service, the size and weight of an item, how it's processed and transported, as well as the distance traveled. The service will also provide business customers with accurate GHG data that they can use in calculating their own GHG emissions inventories.

Because there's a trend among these shippers to offer a carbon-offset option to their customers, USPS also plans to offer interested business customers the opportunity to invest in verified GHG emission reduction and renewable energy projects in the U.S. that would save an equivalent amount of carbon dioxide, help reduce our dependence on foreign oil, and support the creation of domestic green jobs.

Expanding product take-back programs

More than 1,600 Post Offices participate in the Electronics Mail Back program that allows customers to recycle their used cell phones, printer cartridges, cameras and small electronic devices to a national recycling center, using a postage paid mailer available in our lobbies. In FY 2010 alone, customers helped recycle 313,507 items — about 80,000 pounds of material. Since the program began in FY 2008, more than one million electronic items and cartridges have been kept out of landfills. This program not only has an great environmental benefit, it generates revenue for USPS.

In FY 2011 and FY 2012, the Postal Service will explore ways to offer similar electronics recycling programs to other businesses and to our government agency peers who are also

working towards responsible end-of-life options for used electronics. Looking ahead, USPS will continue to collaborate with other forward-thinking companies to develop additional product take-back programs that would reuse, repurpose and remanufacture a wide variety of household and office items that would otherwise be sent to the landfill. The Postal Service visits every home and business six days a week, so the potential of these programs is enormous.

Section 3: Agency Self Evaluation

Agency Self Evaluation	Answer
Does your Sustainability Plan incorporate and align sustainability goals, GHG targets and overarching objectives for sustainability with the Agency Strategic Plan?	Yes
Does it provide annual targets, strategies and approaches for achieving the 2015 and 2020 goals?	Yes
Is the Sustainability Plan consistent with the FY2012 President's Budget?	No
Does the Sustainability Plan integrate all statutory and Executive Order requirements into a single implementation framework for advancing sustainability goals along with existing mission and management goals, making the best use of existing and available resources?	Yes
Does your plan include methods for obtaining data needed to measure progress, evaluate results, and improve performance?	Yes

Agency Self Evaluation

Due to the Postal Service's unique mission and status as a non-appropriated federal agency, the FY 2012 President's Budget is not applicable. Appendix A (Energy & Sustainability Resources/Investments (Circular A-11, Section 25)) is also not applicable to USPS.

Other Key Questions for 2011

EO 13423 Electronic Stewardship goals: Due to our unique mission and status as a non-appropriated federal agency, the Postal Service is not subject to any EO 13423 Electronic Stewardship requirements, including establishing goals, plans, and demonstrating compliance. However, USPS has enabled Energy Star and power management features on all eligible personal computers, and coordinates the reuse or recycling of all computers, monitors, cellular phones, printers, and electronic devices in an environmentally responsible manner, using sound disposition practices.

Sustainable acquisition contracts: Due to our unique mission and status as a non-appropriated federal agency, the Postal Service is not subject to any requirement to track and monitor contract awards for inclusion of requirements for mandatory federally-designated green products in 95% of relevant acquisitions.

Energy evaluations: The USPS is not subject to the EISA 2007 facility audit provisions; however performs comprehensive facility energy audits at a percentage of covered facilities that is determined to be cost-effective and necessary by the PMG, as outlined in USPS-specific Energy Requirements in 42 USC 8262j (EPA Act 1992).

High Performance Sustainable Buildings: Due to our unique mission and status as a non-appropriated federal agency, the high-performance sustainable design and green building goals outlined by Executive Orders (EO) do not apply to USPS. USPS is not required to report into the Federal Real Property Profile database in accordance with EO 13327, is not subject to the "Guiding Principles for Federal Leadership in High Performance and Sustainable Buildings" per Executive Orders 13423 and 13514, and is not required to track and demonstrate annual progress towards conformance with the HPSB Guiding Principles for any specified percentage of our building inventory per EO 13514.

Appendix 1: Energy & Sustainability Resources/Investments (Circular A-11, Section 25)

Appendix 2. USPS Policy Statement: Climate Change Adaptation

While the scope, severity and pace of future climate change impacts are difficult to predict, it is clear that potential changes could burden and disrupt the U.S. Postal Service's (USPS) ability to fulfill its mission — to provide every U.S. residence and business with reliable, affordable, universal mail service, now and for future generations. Climate change adaptation planning (CCAP) will better prepare USPS to avoid or minimize negative impacts on our business operations and ability to carry out our mission, that could be caused by a range of climate change scenarios.

The Postal Service is a leader among the federal government in accounting for its contribution to global climate change, and establishing and reporting performance towards energy and transportation goals to mitigate its greenhouse gas (GHG) emissions. USPS recognizes that climate change adaptation is a critical complement to mitigation – to address the consequences as well as the causes of climate change.

In response to Executive Order (EO) 13514, Federal Leadership in Environmental, Energy, and Economic Performance Section 8(i), the Postal Service will (1) identify how climate change is likely to impact our ability to achieve our mission, operate our facilities, and meet our policy and program objectives; and (2) develop, prioritize, implement, and evaluate actions to moderate climate change risks and exploit any new opportunities that climate change may bring. These actions will be informed by the Interagency Climate Change Adaptation Task Force's relevant guiding principles:

Adopt integrated approaches. The goal of this policy is to ensure that the Postal Service executes its mission and operates securely, effectively and efficiently as the climate continues to change. To implement this objective, we will integrate CCAP and actions into postal programs, policies and operations.

Use the best available science and information. USPS will consider potential climate change impacts when undertaking long-term strategic and financial planning, updating the Postal Service's Strategic Sustainability Performance Plan (SSPP), and making relevant decisions affecting policies, planning, resource allocation, and operations.

Apply risk management methods and tools and continuously evaluate performance. USPS will develop and publish an organizational climate adaptation plan by June 2012 and update it regularly. The plan will identify how climate change may impact our ability to achieve the USPS mission, programs, policies and operations. USPS will consider how past extreme events have disrupted Postal operations and evaluate the impact of increased frequency of similar events. Focus areas may include the impacts of flooding, sea level rise, and extreme weather on route planning, route optimization and network operations, the impact of extreme temperature changes on facility and vehicle durability, and potential disruptions in transportation routes caused by negative impacts to the Nation's infrastructure. The plan will identify and prioritize actions, and establish a mechanism to evaluate progress to improve the Postal Service's capacity to adapt to future climate changes.

Maximize mutual benefits and prioritize the most vulnerable. The Office of Sustainability will establish a Climate Change Adaptation Steering Group to work cross-functionally to review existing policies, roles and responsibilities, authorities, programs, and operational guidelines to identify potential impacts of climate change; to prioritize and implement response actions; and to continuously assess and improve capacity to adapt to current and future changes in the climate.

Build strong partnerships. The Postal Service will coordinate with other federal and state agencies and interagency efforts as appropriate (including the Interagency Climate Change Adaptation Task Force) on climate change adaptation issues that cut across agency jurisdictions (including areas where national adaptation plans are being or have been developed), and will identify a process for sharing climate change adaptation planning information throughout the Postal Service and the public.

USPS Senior Sustainability Officer (SSO)



June 3, 2011

Appendix 3: USPS response to *Federal Agency Climate Change Adaptation Planning (CCAP) guidance questions*

Note: original submission signed by SSO and submitted to CEQ Chair Sutley via email

How is climate change likely to affect the ability of your agency to achieve its mission and strategic goals? Identify 3 of agency's strategic goals or objectives to evaluate. The Postal Service's mission is to provide trusted, affordable and universal mail service. USPS strives to focus on what matters most to customers, to leverage its strengths, and to embrace change – as illustrated in its strategic plan, *Vision 2013*. To support these strategies, there are three strategic goals outlined in the USPS 2010 *Comprehensive Statement*: (1) improve service, (2) improve employee engagement and (3) improve financial performance. Three initiatives to support these goals will be particularly impacted by climate change; expanding access, optimizing USPS' network and reducing delivery fixed costs.

Identify major climate change impacts that may significantly impact the ability of USPS to meet the goal or objective. Climate change could burden or disrupt USPS' services from increases in the frequency, intensity and duration of extreme weather events and increased flooding driven by sea level rise. Extreme events could also disrupt energy transmission and fuel that supports USPS' fleet and facilities. Climate change also could put stress on the Nation's transportation infrastructure – increasing delivery fixed costs. Higher temperatures and increased extremes can cause stress on pavement, raise risk of railway buckling and reduce flow in major waterways. More intense precipitation can change the safety and efficiency of some transportation modes. All of these changes would impact Postal network routes

What steps, if any, has USPS taken to manage the effects of climate change on these goals? The Postal Service's initial efforts to manage the effects of climate change include its climate change adaptation policy statement, discussions with internal stakeholders about adaptation, sharing information based on best available science data from the U. S. Global Change Research Program, and beginning to assess potential climate change impacts and adaptation responses.

How can your agency coordinate and collaborate with other agencies to better manage the effects of climate change? Identify Federal agencies that are likely to face similar climate change impacts and management challenges to your agency. Describe how their management challenges are similar to yours. USPS continues to identify agencies to collaborate with and sees some relationships with the Department of Transportation (DOT), the Department of Veterans Affairs (VA), and the Department of Health and Human Services (HHS). DOT deals with potential impacts to surface roads, rail and air infrastructure that is integral to USPS' mission. The Department of Veterans Affairs and Health and Human Services may need to depend more on the Postal Service to deliver medicines and other health-related parcels.

Is your agency already collaborating with other agencies to develop strategies to adapt to climate change impacts that cut across agency mission and operations? Identify and describe opportunities for new or additional collaboration activities with other agencies to leverage resources and develop consistent adaptation strategies. The Postal Service is not yet participating in collaborating with other agencies to develop strategies to adapt to climate change impacts that cut across agency mission and operations. Some opportunities may include sharing long-term facility and network planning information with DOT and the General Services Administration (GSA) for efficient planning of facilities and transportation management.

Appendix 4: U.S. Postal Service's OMB Scorecard on Energy and Sustainability (June 2011)

FY 2011 STATUS (As of June 2011)	PROGRESS	COMMENTS
<p><input type="radio"/> 1. Submitted FY2010 inventory (FY2008 baseline) for Scope 1&2 GHG Reduction Target of 20% by FY2020¹ (G)</p> <p>Color <input type="radio"/> Inventory submission late or incomplete (Y)</p>	<p>Goal-Specific actions taken since Jan 1, 2011:</p> <p>1. & 2. Developed FY08 and FY10 GHG inventories for Scope 1&2, and select Scope 3 emissions per the federal guidelines. Submitted as complete 2/14/11.</p> <p>3. Awarded contract to vendor for EEMS secure web-based solution. JACE solution at 3 sites.</p> <p>3. USPS not subject to EISA facility audit provision; however performed comprehensive facility energy/water audits at 195 additional sites covering 7.3 million SF</p> <p>5. Acquired historical water consumption and spend data for additional sites to enable water reduction analysis.</p> <p>5. Tracked monthly water consumption and cost at 1900+ facilities to develop a representative sample; utilized changes in total water use in the sample population as a proxy for the entire USPS facility population.</p> <p>6. Completed the testing of 3 ELLV (Electric LLV) prototypes at DOE's National Idaho Lab.</p> <p>6. Deployed 5 ELLV prototypes in Washington DC for field testing.</p> <p>6. Completed the evaluation of two prototype Fuel Cell vehicles. Vehicles were returned to General Motors.</p> <p>6. Continued monitoring fuel economy for Azure hybrid-electric step van</p> <p>6. Deployed 3 Neighborhood Electric Vehicles (NEVs) in Washington, DC.</p> <p>6. Developed Fuel Conservation kit to be distributed to Field Operations</p>	<p>1. & 2. USPS on track for both FY2020 20% GHG reduction goals.</p> <p>3. USPS on track for FY 2015 reduction goals for total facility energy use (29.4% reduction for FY10) and goal-subject facility energy intensity (28.3% reduction for FY10) since FY2003 baseline.</p> <p>3. USPS conducts energy audits for a percentage of covered facilities that is determined to be cost-effective and necessary by the PMG, as outlined in USPS-specific Energy Requirements in 42 USC 8262j (EPAct 1992).</p> <p>4. USPS is not subject to the renewable energy provisions of the EPAct 2005 nor the associated goals to increase renewable energy electricity installation and use outlined in Executive Orders 13423 and 13514.</p> <p>5. USPS not mandated to track or report water intensity. Facility consolidations will distort water intensity performance over time; thus, total water use is a more representative indicator of actual progress than intensity.</p> <p>6. USPS is not on track to reduce fleet petroleum use 20% by FY2015 because the number of mail delivery points is increasing, causing increased fuel use by delivery vehicles. FY2010 fleet petroleum use (145.58 million GGE) is a 3.5% increase versus FY2005 baseline.</p>
<p><input type="radio"/> 2. Submitted FY2010 inventory (FY2008 baseline) for Scope 3 GHG Reduction Target of 20% by FY2020¹ (G)</p> <p>Color <input type="radio"/> Inventory submission late or incomplete (Y)</p>	<p>Planned actions: July – Dec 2011:</p> <p>3. Conduct pilot testing of redesigned EEMS architecture design JACE solution at remaining sites.</p> <p>3. Evaluate pilot site results to determine feasibility of nation-wide rollout.</p> <p>3. Update EISA designated Covered Facilities list to include approximately 2,000 additional sites.</p> <p>3. Create a Facility Energy Conservation Kit</p> <p>5. Acquire historical water consumption and spend data for additional sites to continue water reduction analysis.</p> <p>6. Award contracts to convert one Long Life Vehicle (LLV) to a clean diesel drive train and one LLV to a fuel efficient drive train.</p> <p>6. Continue testing of 5 ELLV prototypes in Washington DC area</p> <p>6. Continue monitoring fuel economy for Azure hybrid-electric step van</p> <p>6. Continue testing of 3 Neighborhood Electric Vehicles (NEVs) in Washington DC area.</p>	<p>6. To achieve a 20% reduction by FY2020 requires reducing annual petroleum fuel consumption by at least 33.05 million GGE. (down to 112.54 million GGE).</p> <p>6. The proposed initiative with largest fleet petroleum fuel reduction potential is reducing delivery days from six to five to match declining mail volumes.</p> <p>7. Due to our unique mission and status as a non-appropriated federal agency, the HPSB/green buildings requirements outlined by EOs 13327, 13423, 13514 do not apply to USPS. USPS not required to report into the FRPP database; not subject to the HPSB "Guiding Principles" (GP); not required to track and demonstrate conformance with the HPSB GP for any specified percentage of our building inventory.</p>
<p><input type="radio"/> 3. Reduction in energy intensity in goal-subject facilities compared with FY2003:</p> <p>Color <input type="radio"/> at least 15% reduction: on track for 30% by FY2015 (G)</p> <p>Color <input type="radio"/> at least 12% reduction (Y)</p>	<p>Notes:</p> <p>* USPS submitted an updated FY11 SPP on 6/3/2011.</p> <p>* As a non-appropriated agency, USPS does not submit FY10-12 budget data to MAX.</p>	<p>6. USPS is not on track to reduce fleet petroleum use 20% by FY2015 because the number of mail delivery points is increasing, causing increased fuel use by delivery vehicles. FY2010 fleet petroleum use (145.58 million GGE) is a 3.5% increase versus FY2005 baseline.</p>
<p><input type="radio"/> 4. Use of renewable energy as a percent of facility electricity use (not applicable to USPS, our SPPP or goals).</p> <p>Color <input type="radio"/> Reduction in potable water use compared to FY2007 baseline</p> <p>Color <input type="radio"/> is on track for USPS-specific 10% reduction goal by FY2015 (G)</p> <p>Color <input type="radio"/> is not on track for USPS-specific 10% reduction goal by FY2015 (Y)</p>	<p>6. Reduction in fleet petroleum use compared to FY2005 baseline is: $\geq 10\%$ and/or on track for 20% by FY2015 (G)</p> <p>Color <input type="radio"/> ≥ 8 percent (Y)</p>	<p>6. To achieve a 20% reduction by FY2020 requires reducing annual petroleum fuel consumption by at least 33.05 million GGE. (down to 112.54 million GGE).</p>
<p><input type="radio"/> 5. Reduction in energy intensity in goal-subject facilities compared with FY2003:</p> <p>Color <input type="radio"/> at least 15% reduction: on track for 30% by FY2015 (G)</p> <p>Color <input type="radio"/> at least 12% reduction (Y)</p>	<p>6. Reduction in fleet petroleum use compared to FY2005 baseline is: $\geq 10\%$ and/or on track for 20% by FY2015 (G)</p> <p>Color <input type="radio"/> ≥ 8 percent (Y)</p>	<p>6. To achieve a 20% reduction by FY2020 requires reducing annual petroleum fuel consumption by at least 33.05 million GGE. (down to 112.54 million GGE).</p>
<p><input type="radio"/> 6. Reduction in fleet petroleum use compared to FY2005 baseline is: $\geq 10\%$ and/or on track for 20% by FY2015 (G)</p> <p>Color <input type="radio"/> ≥ 8 percent (Y)</p>	<p>7. Sustainable green buildings (not applicable to USPS, our SPPP or goals).</p>	<p>6. To achieve a 20% reduction by FY2020 requires reducing annual petroleum fuel consumption by at least 33.05 million GGE. (down to 112.54 million GGE).</p>
<p><input type="radio"/> 7. Sustainable green buildings (not applicable to USPS, our SPPP or goals).</p>	<p>7. Sustainable green buildings (not applicable to USPS, our SPPP or goals).</p>	<p>6. To achieve a 20% reduction by FY2020 requires reducing annual petroleum fuel consumption by at least 33.05 million GGE. (down to 112.54 million GGE).</p>
<p><input type="radio"/> 7. Sustainable green buildings (not applicable to USPS, our SPPP or goals).</p>	<p>7. Sustainable green buildings (not applicable to USPS, our SPPP or goals).</p>	<p>6. To achieve a 20% reduction by FY2020 requires reducing annual petroleum fuel consumption by at least 33.05 million GGE. (down to 112.54 million GGE).</p>
<p><input type="radio"/> 7. Sustainable green buildings (not applicable to USPS, our SPPP or goals).</p>	<p>7. Sustainable green buildings (not applicable to USPS, our SPPP or goals).</p>	<p>6. To achieve a 20% reduction by FY2020 requires reducing annual petroleum fuel consumption by at least 33.05 million GGE. (down to 112.54 million GGE).</p>
<p><input type="radio"/> 7. Sustainable green buildings (not applicable to USPS, our SPPP or goals).</p>	<p>7. Sustainable green buildings (not applicable to USPS, our SPPP or goals).</p>	<p>6. To achieve a 20% reduction by FY2020 requires reducing annual petroleum fuel consumption by at least 33.05 million GGE. (down to 112.54 million GGE).</p>

		
<p>Agency:</p> <ul style="list-style-type: none"> Developed a base year and a complete, comprehensive 2010 GHG inventory for Scopes 1&2 and submitted to CEQ and OMB by 1/31/2011. Developed a base year and a complete, comprehensive 2010 GHG inventory for Scope 3 and submitted to CEQ and OMB by 1/31/11. Reduced energy intensity (Btu/GSF*) in EISA goal-subject facilities by at least 15 percent compared with 2003 and on track for 30% reduction by 2015. USPS is not subject to the renewable energy provisions of the EPAct 2005 nor the associated installation and use outlined in Executive Orders 13423 and 13514. Reduced water intensity by at least 6 percent from final approved 2007 baseline and is on track for 10 percent reduction by 2015. Achieved a 10 percent reduction in petroleum use in its entire vehicle fleet compared to 2005 and/or is on track for 20 percent reduction by 2015. Due to our unique mission and status as a non-appropriated federal agency, the high-performance sustainable design and green building goals outlined by Executive Orders (EO) do not apply to USPS. USPS is not required to report into the Federal Real Property Profile database in accordance with EO 13327, is not subject to the "Guiding Principles for Federal Leadership in High Performance and Sustainable Buildings" per Executive Orders 13423 and 13514, and is not required to track and demonstrate annual progress towards conformance with the HPSB Guiding Principles for any specified percentage of our building inventory per EO 13514. 	<p>Agency:</p> <ul style="list-style-type: none"> Developed a base year and 2010 GHG inventory for Scopes 1&2 but was unable to deliver completed inventory on time to CEQ and OMB Developed a base year and 2010 GHG inventory for Scope 3 but was unable to deliver completed inventory on time to CEQ and OMB.. Reduced energy intensity (Btu/GSF) in EISA goal-subject facilities by at least 12 percent compared with 2003. Uses at least 5 percent renewable energy from electric, thermal or mechanical sources to power facilities and equipment; but less than half was obtained from new sources (not applicable to USPS Sustainability Plan or goals). Reduced water intensity by at least 4 percent from final approved 2007 baseline. Achieved at least 8 percent reduction in petroleum use in the entire vehicle fleet compared to 2005. Incorporates Guiding Principles into all new design contracts for construction, major renovations and leases and at least 5 percent of GSF of its building inventory over 5,000 GSF meets GP as reported in FRPP (not applicable to USPS Sustainability Plan or goals). <p>*GSF= Gross Square Footage</p>	<p>Agency:</p> <ul style="list-style-type: none"> Did not develop a base year and 2010 GHG inventory for Scope 1&2. Did not develop a base year and 2010 GHG inventory for Scope 3. Did not reduce energy intensity (Btu/GSF) in EISA goal-subject facilities by at least 12 percent compared with 2003. Did not use at least 5 percent renewable energy from electric, thermal or mechanical sources to power facilities and equipment (not applicable to USPS Sustainability Plan or goals). Did not reduce water intensity by at least 4 percent from final approved 2007 baseline. Did not achieve at least 8% reduction in petroleum use in its entire vehicle fleet since 2005. Cannot demonstrate compliance with GP on new construction, major renovations, or leases; and/or less than 5% of building inventory, either by number of buildings or GSF, over 5,000 GSF meets GP as reported in FRPP (not applicable to USPS Sustainability Plan or goals).

Appendix 5: Acronyms and Abbreviations

AFV	Alternative Fuel Vehicle
ARRA	American Recovery and Reinvestment Act of 2009
BTU or Btu	British Thermal Unit
C&D	Construction and Demolition
CEQ	Council on Environmental Quality
CFL	Computer for Learning
CIO	Chief Information Officer
CPU	Central Processing Unit
EISA	Energy Independence and Security Act
EMS	Environmental Management System
EO	Executive Order
EPA	Environmental Protection Agency
EPAAct	Energy Policy Act
EPCRA	Emergency Planning and Community Right-to-Know Act
EPEAT	Electronic Product Environmental Assessment Tool
EPP	Environmentally Preferable Purchasing
ESPC	Energy Services Performance Contract
EUL	Enhanced Use Lease
FEMP	Federal Energy Management Program
FTE	Full Time Employee
FY	Fiscal Year
gal	gallon
GHG	Greenhouse Gas
GPRA	Government Performance and Results Act
GSA	General Services Administration
GSF	Gross Square Feet
IT	Information Technology
MILCON	Military Construction
mtCO ₂ e	Metric tons of Carbon Dioxide Equivalent
NEPA	National Environmental Policy Act
O&M	Operations and Maintenance
OMB	Office of Management and Budget
PPA	Power Purchase Agreement
PUE	Power Usage Efficiency
R2	Responsible Recyclers
RIA	Regulatory Impact Analysis
ROI	Return on Investment
SF	Square Feet or Square Footage
SNAP	Significant New Alternatives Policy
SRPO	Senior Real Property Officer
SSO	Senior Sustainability Officer
TRI	Toxics Release Inventory