

UNITED STATES POSTAL SERVICE®

Sustainability Report and Implementation Plan 2020

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United States Postal Service
2020 Sustainability Report and Implementation Plan

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Executive Summary

We are the United States Postal Service. Our mission is:

- To serve the American people and, through our universal service obligation, bind the nation together by maintaining and operating our unique, vital and resilient infrastructure.
- To provide trusted, safe and secure communications and services between our government and the American people, between businesses and their customers, and the American people with each other.
- To serve all areas of our nation, making full use of evolving technologies.

We are a daily presence in the life of our nation. We provide economical and reliable services for consumers as well as commercial customers in a variety of industries and marketplaces, including communications, distribution and delivery, advertising and retail — throughout the nation and internationally. We operate and manage an extensive and integrated retail, distribution, transportation and delivery network. As a result of our scale, the Postal Service™ is a major part of the nation's financial infrastructure, facilitating millions of transactions daily for businesses coast to coast.

USPS® statistics as of the close of Fiscal Year 2019:

Employees — 624,219

Delivery points — 159.9 million

Vehicles — 226,899

Pieces of mail processed — 142.6 billion

Facilities — 31,783

We understand the direct impact we have on the communities we serve — and where we also live. When it comes to making a positive impact on the environment, we are leading by example. We are committed to driving positive change and inspiring others to do the same. We are putting our stamp on a greener tomorrow with initiatives including recycling and diversion of waste from landfills, environmental compliance, energy efficiency, sustainable procurement and smart water use.

Reflecting the success of our efforts, we have achieved notable progress in the areas of waste diversion, sustainable procurement focused on environmentally preferable products, and water intensity reduction. Our waste diversion efforts in FY2019 helped us to avoid landfill costs of more than \$32 million. We continue to refine and hone our waste handling with initiatives such as our National Recycling Operation (NRO). In this backhaul logistics effort, the Postal Service transports materials — primarily paper, cardboard and plastic — from Post Offices® to central hubs for recycling, using available space in postal vehicles.

While water is not a primary input for our operations, as environmental stewards we find it important to conserve. Our internal goal was to reduce water intensity — or gallons of water used per square foot at our facilities — 36% by 2025 with a 2007 year baseline. We achieved this goal in 2016 when we made a 50.8% reduction in water use. In 2019, we saw a 53.2% reduction compared to our 2007 baseline.

We continue to promote the integration of sustainability into our supply chain using these priority strategies: increasing use of sustainability contract clauses when working with our suppliers, increasing availability of environmentally preferable products (EPP) through our internal online catalog, and taking steps toward our

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own accountability by improving our supplier tracking and reporting system. Supplier contracts above a specific dollar threshold are required to submit EPP data to our online reporting system.

The foundation of the Postal Service's commitment to sustainability is environmental management. We focus our efforts on ensuring environmental compliance and we strive to minimize our impact on the environment. Accordingly, we've established programs and practices to meet applicable federal, state and local regulations put in place to protect our environment, our customers and employees.

The Postal Service will continue to focus on these notable progress areas to ensure solid environmental management and reap cost savings, and will also put special focus in FY2021 on renewable energy, greenhouse gas emissions reductions and facility energy efficiency. It is our goal to provide status updates and demonstrate our challenges and opportunities as we move through our sustainability journey and create a culture of conservation in our organization and beyond.

In FY2020 the onset of the coronavirus posed a challenge to the Postal Service that is still ongoing at the time of publication. As an essential service to the American people, we are an integral part of the federal response to this crisis. Our next report will contain more information on our response and its effects on sustainability matters. For the most up-to-date information on the Postal Service's response to COVID-19, please visit our website: <https://about.usps.com/newsroom/covid-19/>

Additionally, the spring of FY2020 included the decennial U.S. census season. Census data impacts large-scale matters like congressional representation, healthcare, education, infrastructure and employment, as well as issues within our own communities, such as school lunches, highway planning and helping those in need. The Postal Service is proud to play a key role in this important mailing.

The solutions we provide to our sustainability challenges make us more efficient and resilient. We're working hard every day to put our stamp on a greener tomorrow.

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Implementation Summary: Facility Management

FACILITY ENERGY EFFICIENCY

FY2019 Energy Intensity Progress (Btu/GSF):

32.4% reduction from FY03

2.7% reduction from FY18

FY2020-FY2021 Plan:

2.5 % reduction in FY20 from FY19

2.5% reduction in FY21 from FY20

The Postal Service's approach to reducing energy consumption and increasing energy efficiency is two-fold. We conduct energy audits and take action where the return on investment is at least 30%. Additionally, we rely on our Utilities Management System (UMS) to identify variances in utility use and take action when overages are identified.

Implementation Status

The Postal Service is focused on improving the energy efficiency of our facilities. We have more than 31,000 Post Offices, branches, carrier annexes, and processing and distribution centers across all 50 states and U.S. territories.

By FY2018, we had completed energy audits at most of our facilities larger than 75,000 square feet. We then began to focus on smaller facilities with high-energy use intensities in high-cost energy markets. In FY2018 and FY2019 we completed 216 audits of these medium-sized buildings, and audited 44 additional mail processing plants. The majority of these audits revealed the return on investment for Energy Conservation Measures (ECM) was below our 30% threshold. USPS will include any combination of ECMs in a building that meet the 30% threshold. If none of the ECMs or combinations of ECMs meet the 30% threshold, we will not move forward with implementing the project. Following the audits, we initiated 44 energy investment projects that met our requirements.

In FY2019, USPS started to take greater advantage of "direct install" programs in several states. These programs typically involve working with local contractors who perform audits and manage all incentive-related submittals. These programs are directed at small facilities, typically with less than 200 kW demand. However, direct install programs present challenges due to conflicts between program participation agreements and USPS policies or federal requirements so we evaluate these carefully before embarking on them.

USPS also monitors our facilities and utility billing. UMS identifies variances in utility usage based on prior month and prior year data. The system flags invoices for further review. Over the course of 2019, UMS helped save more than \$32,000 by identifying inefficient practices. In addition, the Enterprise Energy Management System (EEMS) allows us to locally and remotely monitor energy consumption and equipment data to better manage and realize cost and consumption savings at 11,650 facilities. EEMS receives data daily from UMS and combines it with data from our internal purchasing system. Additionally, EEMS enables skilled technicians to remotely monitor and control certain HVAC units, reducing maintenance costs. From FY2015 to FY2019, the system identified 1,341 rooftop units not operating properly that required repair or maintenance.

Priority Strategies & Planned Actions

USPS will employ the following strategies during FY2020 and FY2021 to reduce our energy usage:

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- Plan to invest approximately \$20 million per year on energy conservation measures, primarily new LED lamps and/or fixtures that meet an internal rate of return of at least 30%. New LEDs will reduce maintenance costs associated with fluorescent and high intensity discharge lamp and ballasts.
- Take advantage of direct install programs offered by states/utilities. We anticipate conducting over 100 audits and projects under these programs in FY2020 and FY2021.
- Utilize outlease and power purchase agreements to develop on-site renewable energy projects at USPS facilities. For future on-site projects, we will be obtaining replacement renewable energy certificates (RECs) in locations where the local RECs have significant value. Through a process called REC arbitrage, the developer will sell the more valuable RECs and replace them with very low-cost RECs, allowing USPS to claim increased renewable energy usage while increasing the overall value of the project to USPS.
- Plan to implement hundreds of HVAC upgrade and replacement projects across all USPS areas. New HVAC components/systems will reduce maintenance costs and downtime by allowing personnel to view the system status from a remote location.

EFFICIENCY MEASURES, INVESTMENT AND PERFORMANCE CONTRACTING

FY2019 Performance Contracting – Investment value and number of new projects awarded:

N/A in FY19

FY2020-FY2021 Plan:

N/A in FY20

N/A in FY21

The Postal Service does not utilize performance contracting to achieve energy, water, building modernization and infrastructure goals.

Implementation Status

Development and use of indexed power purchase agreements is a first for USPS and, generally, innovative in the on-site renewable market. These are new processes for USPS as we try to think innovatively to secure needed funding. We evaluated the Jacksonville, FL, Network Distribution Center for the installation of a hydrogen fuel cell pilot project, unfortunately the return on investment was unfavorable. We will continue to evaluate mail processing and distribution centers across our organization to identify facilities that meet the requirements for a hydrogen fuel cell project installation.

Priority Strategies & Planned Actions

Strategies such as ESPC, Utility Energy Service Contracts, and ESPC ENABLE projects are currently not seen as viable options due to potential interactions with the USPS debt ceiling limit. USPS is exploring more partnerships, rebate programs, and agency incentive programs to fund our projects.

RENEWABLE ENERGY

FY2019 Renewable Electricity Use:

0.1% of total electricity in FY19

FY2020-FY2021 Plan:

0.1% of total electricity in FY20

0.2% of total electricity in FY21

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The Postal Service's strategy to purchase renewable energy is to complete the installation of planned projects and research the feasibility of additional projects.

Implementation Status

The Postal Service's FY2019 goal was to maintain performance from our existing on-site renewable energy generation as we continue to explore further opportunities for both on-site generation and purchases. At USPS, we have electric solar photovoltaic projects and non-electric geothermal heat pumps. Our current strategy is to give priority to on-site renewable projects based on our success with our Los Angeles Processing and Distribution Center solar installation. This project consisted of rooftop and carport units totaling more than 38,000 panels and will save USPS approximately \$3.4 million (approximately \$170,000 annually) over the life of the project because the net energy metering system supplements a portion of our everyday energy needs at the facility.

In addition to our solar installations, the Postal Service has begun exploring purchasing renewable energy in the form of renewable energy certificates. In 2019, we prepared a solicitation for electricity in 13 deregulated states and the District of Columbia. As part of our negotiation we requested suppliers provide 25% of the power from renewable energy sources including wind power, hydro power and solar installations. This purchase will result in 883,248 megawatts of green power over a four-year period.

Priority Strategies & Planned Actions

In FY2020, we embarked on four additional projects based on our success with our Los Angeles facility solar installation. The new projects at our Washington, DC; Anaheim, CA; Springfield, MA; and South Jersey mail processing centers will provide additional clean energy to our portfolio. These facilities were selected due to their high-value renewable energy certificate markets, site acreage, roof condition, and facility buy-in as well as other factors. These solar projects were uniquely funded through power purchase agreements without using USPS capital or expense funding.

In FY2020, USPS plans to complete a study to quantify the potential renewable energy opportunities at our larger facilities. This study will provide guidance for future renewable energy solicitations, enabling USPS to target locations that will provide the greatest increase in the portion of renewable energy used by the Postal Service and the greatest reduction in utility costs.

WATER EFFICIENCY

FY2019 Water Intensity Progress (Gal/GSF):

53.2% reduction from FY07

8.4% reduction from FY18

FY2020-FY2021 Plan:

2.0% reduction in FY20 from FY19

2.0% reduction in FY21 from FY20

The Postal Service works to improve water efficiency, manage stormwater, and reduce potable water consumption by monitoring water consumption, using audits to identify areas of high consumption, and investing in water-saving infrastructure.

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Implementation Status

Water is not a primary input for our operations but as environmental stewards we find it important to conserve. Our goal was to reduce water intensity — or gallons of water used per square foot at our facilities — 36% by 2025 with a 2007 year baseline. We met this goal in 2016 when we achieved a 50.8% reduction in water use. In 2019, we saw a 53.2% reduction compared to our 2007 baseline and an 8.4% reduction compared to FY18.

USPS achieved the 8.4% reduction in water usage primarily by incorporating water efficiency strategies into the strategies employed for energy use reduction. Water usage was evaluated along with energy in performance audits at more than 260 facilities in the past two fiscal years. Where financially feasible, water fixtures have been replaced with low-flow options at facilities as part of this program. Low-flow fixtures include 1.6 gallons per flush or less toilets and 0.5 gallon per minute faucet aerators. These fixtures also reduce hot water heater energy consumption in fixtures that use hot water. Our operations are not water intensive and the major source of water use is through these fixtures. Additionally, a small number of site consolidations and closures occur from year to year. Consolidating our locations helps us save water by reducing such activities as grounds irrigation required by local ordinance.

We also closely monitor our larger sites that are within our UMS for excess water use based on prior billing cycles.

The Postal Service’s “zero discharge” policy mandates that no pollutants will be released or discharged into stormwater systems by the Postal Service or third-party contractors. All USPS sites must follow specific stormwater best management practices to comply with this policy. We also comply with all stormwater permitting requirements at sites undergoing construction or that have the potential to discharge pollutants such as oil and grease, heavy metals, acids and bases, soil, and other debris (e.g., vehicle maintenance facilities).

Priority Strategies & Planned Actions

USPS will invest in water-saving upgrades that are identified during audits and HVAC upgrades that meet an internal rate of return of at least 30%. Plumbing fixtures beyond useful life will be replaced with equipment that meets or exceeds the Environmental Protection Agency WaterSense criteria. Landscape irrigation is prohibited across USPS, except where required by local ordinance.

USPS will also continue to use standard contract clauses and definitions for water-efficient products in our applicable procurement actions. This will help increase availability of water-efficient products that are EPA WaterSense certified in our online purchasing catalogs.

In addition, we pledge to continue to reduce water use through our successful monitoring program with UMS. Repeated instances of high water use are reported to our Facilities team for action, such as installation of WaterSense-labeled fixtures and other high-efficiency bathroom fixtures. These projects often provide very high return on investment. We will also evaluate opportunities to optimize cooling tower efficiency when repairs are conducted. Cooling tower optimization/repairs will continue to be completed as needed.

HIGH PERFORMANCE SUSTAINABLE BUILDINGS

FY2019 Sustainable Buildings Progress:

N/A sustainable Federal buildings

N/A of buildings N/A of gross square footage (GSF)

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FY2020-FY2021 Plan:

N/A in FY20

N/A in FY21

The Postal Service does not report or track high-performance sustainable buildings.

Implementation Status

We do not report our buildings in the Federal Real Property Profile and therefore we are not assessed against the high-performance sustainable buildings goal. As such, we do not have a formal program to track compliance. We do, however, have the Green Initiative Tracking Tool (GITT), our internally developed application that we continue to refine to track financial and volumetric sustainability performance data. GITT captures data on facility energy and water use, petroleum consumption, spending on consumable materials, solid waste disposal costs and recycling revenue. These metrics reflect many of the high-performance sustainable buildings principles and impact both facility operating costs and greenhouse gas emissions. At the end of 2019, GITT tracked \$1.3 billion in expenses including facility energy, vehicle fuel, water, consumables and waste to landfill. It also tracked \$4.5 million in recycling revenue.

Our Chief Sustainability Officer issues quarterly Sustainable Facility Update newsletters using GITT metrics that highlight priority programs and consolidate performance metrics. The newsletter targets field executives and managers who are in a position to lead implementation of sustainable business practices at the facility level.

Additionally, our Building Design Standards incorporate many of the Guiding Principles for Sustainable Federal Buildings.

Priority Strategies & Planned Actions

We continue to use our Building Design Standards for new postal facilities to ensure designs are consistently implemented. The Standard Design Criteria (SDC) also require that all new postal facilities exceed the ASHRAE 90.1-2010 Compliant Base Case by 30%, or to the greatest extent practicable.

All alternate quarters (existing space buildout) are constructed as close as feasible to the SDC. In FY2019, the Facilities organization committed 88 projects to develop 1.3 million square feet of space. Looking toward FY2020, the team has committed 96 projects affecting 519,219 square feet. In addition, another 62 planned projects have been identified. Project commitment is contingent on the following:

- Successfully negotiating and signing required leases on spaces to be built out for USPS use.
- Successfully closing on the purchase of sites for construction of owned USPS facilities.
- Impact of COVID-19 on the construction contractors.

- USPS uses a resiliency mapping tool to increase our understanding of facility exposures to coastal flooding and other hazards. This enables postal managers to improve business siting decisions made for our facilities. The resiliency mapping tool uses information from the National Oceanic and Atmospheric Administration and Federal Emergency Management Agency as well as postal data regarding facility size, mail processing equipment, and employee count. It also includes publicly available information on flood risks. We plan to expand on this tool's use in the future by creating additional reports and enhancing facility and vehicle data. Our universal service requirement requires us to balance our resiliency efforts against our need to provide service everywhere.

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WASTE MANAGEMENT AND DIVERSION

FY2019 Non-hazardous Waste Management and Diversion:

550,366.22 metric tons of non-hazardous solid waste generated*
58.2% diverted and 41.8% sent to treatment and disposal facilities

FY2020-FY2021 Plan:

TBD reduction in metric tons in non-hazardous solid waste generated in FY20 from FY19
50% diverted and 50% sent to treatment and disposal facilities in FY20

TBD reduction in metric tons in non-hazardous solid waste generated in FY21 from FY20
60% diverted and 40% sent to treatment and disposal facilities in FY21

**not including construction and demolition waste*

The Postal Service's approach to reducing waste and increasing recycling is two-fold. We focus on pollution prevention to reduce waste at the source and we continue to improve our National Recycling Operation (NRO).

Implementation Status

Our strategy focuses on increasing recycling and maintaining a waste diversion rate of 50% or more annually. We do not have a goal for the metric ton quantity reduction of non-hazardous solid waste generated, as this waste is primarily undeliverable marketing mail from our customers which varies year-to-year. However, we do work with our customers to reduce waste at the source where we can by promoting properly addressed mail – through our Address Correction Service – and recycling undeliverable marketing mail. Postal Service customer mail volumes vary from year to year. An example is the 2020 census mailing which includes nearly 590 million mailpieces.

In FY2019, with the support of postal employees across the country, we recycled over 297,000 tons of material and 24,200 tons were converted to energy resulting in a 58.2% landfill diversion rate. This is 8.2% above our goal to divert 50% of solid waste from landfills. Because of our backhaul consolidation efforts, even with the downturn in the recycling market, the Postal Service generated over \$4.5 million in revenue from recyclables. We estimate we avoided more than \$32 million in landfill costs.

The majority of USPS non-hazardous recyclable solid waste – consisting primarily of discarded lobby mail, undeliverable marketing mail, cardboard and shrink wrap plastics – is managed by our NRO program. We have invested in our recycling infrastructure by installing recycling compactors and container dumpers at approximately 170 facilities across the country between FY2015 and FY2019. Existing transportation is used to backhaul recyclables from Post Offices to recycling hubs for consolidation and sale to recyclers. We also developed a web-based Recycling Toolkit that enables any USPS site to enter its ZIP® Code to get information about the types of recyclables their backhaul hub site accepts. Employee talks, trainings, and videos on recycling are provided to educate USPS employees.

In FY2019, we updated and reissued Maintenance Management Order (MMO) 013-19 on Pollution Prevention and Waste Minimization. This MMO describes Postal Service pollution prevention (P2) policies and internal resources that should be used to save money, reduce non-hazardous and hazardous waste generation, and create a safer and healthier work environment. It focuses on source reduction, or eliminating pollutant creation, and the overall USPS waste management hierarchy that is to be adopted by each USPS facility. Source reduction is the preferred method of reducing waste while disposal is the least preferred method. Tools and resources, including our P2 Economic Assessment Tool and Waste Minimization Advisory Bulletins, have been developed to implement these policies.

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Additionally, for more than two decades, we have been working in partnership with EPA to reduce waste and promote recycling. Today USPS is an agency-wide member of the Federal Green Challenge and Wastewise programs. These are a voluntary programs that help us apply sustainable materials management practices to achieve cost savings, improve efficiency, and reduce our carbon footprint through waste reduction.

In FY2019, we began pursuing zero waste initiatives at some of our facilities in California. We engaged our Los Angeles District to pursue zero waste efforts to comply with state and local regulations and meet a California state goal. Our zero waste efforts focus on providing infrastructure, training, and continuous improvement by tracking performance.

The Postal Service is committed to reducing hazardous waste generated through pollution prevention policies, process changes, and product substitutions. We have successfully eliminated most types of hazardous waste generated at our facilities. The majority of our regulated hazardous waste generator sites now fall under the Federal Resource Conservation and Recovery Act (RCRA) Very Small Quantity Generators category. Efforts to continue to reduce hazardous waste are focused at facilities that still fall under RCRA large or small generator status.

Priority Strategies & Planned Actions

The Postal Service will work to continuously to improve upon the same strategies in FY2020 and beyond. This includes:

- Furthering our efforts to reduce waste at the source and to divert at least 60% of solid waste from landfills annually beginning with FY21. Our goal for FY20 is 50% due to fluctuations in the volume of undeliverable marketing mail. This type of mail makes up the bulk of waste.
- Making our recycling efforts more economically efficient through NRO.
- Expanding organization-wide (30,000+ facilities) our participation in the WasteWise and Federal Green Challenge programs.
- Gathering input through our Green Survey, conducted every two years to capture feedback from employees to focus resources and expand adoption of sustainable business practices.
- Providing employees with pollution prevention process management tools to help guide decisions that lead to source reduction and waste minimization.
- Working with our internal Supply Management team partners to optimize trash and recycling contracts for best value, while we work to improve performance to reduce disposal costs. This means we reduce, where possible, the number of trash pickups per week and/or the size of waste containers.
- Testing and investing in recycling equipment to continuously improve facility recycling operations.
- Supporting Lean Green Teams and other groups associated with continuous improvement that are implementing Lean Six Sigma projects and events aimed at reducing waste in our operations.
- Communicating national policies geared towards hazardous waste minimization.

Additionally, the Postal Service has a number of programs in place to minimize generation of hazardous waste including:

- **Regulated waste.** National contracts are in place to properly manage regulated wastes, some of which are hazardous, and many of which can be recycled.
- **Thirteen targeted chemicals.** The procurement and use of products containing 13 targeted chemicals that are known to be hazardous to human health and the environment is prohibited.

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- **Integrated pest management program.** The program emphasizes nonchemical control techniques over chemical control techniques.

Implementation Summary: Fleet Management

TRANSPORTATION / FLEET MANAGEMENT

FY2019 Petroleum Reduction Progress (Gal):	FY2019 Alternative Fuel Use Progress (Gal):
34.2% increase in petroleum fuel since 2005	10.6% decrease in alt fuel since 2005
4.8% increase in petroleum fuel since FY18	18.6% decrease in alt fuel since FY18
FY2020-FY2021 Plan:	FY2020-FY2021 Plan:
To be determined in FY20 from FY19	To be determined in FY20 from FY19
To be determined in FY21 from FY20	To be determined in FY21 from FY20

The Postal Service works to improve fuel efficiency while balancing our mission-oriented requirement to deliver to every address in the United States six days a week. USPS is continually testing new vehicle technologies as we are financially incentivized to increase the fuel efficiency of our fleet.

Implementation Status

The Postal Service has nearly 229,000 vehicles of every class, both purpose built and commercial-off-the-shelf vehicles, to fulfill our mission to deliver mail six days a week. In FY2019, USPS owned and leased vehicles traveled more than 1.3 billion miles to deliver mail to nearly 160 million delivery points across the country. From FY2018 to FY2019, we added 1.3 million new delivery points. We operate a mixed delivery vehicle fleet, using multiple vehicle models to meet customers' delivery needs. The primary vehicles used on delivery routes are purpose-built Long Life Vehicles purchased between 1987 and 1994. Additional purpose-built flex-fuel vehicles were purchased from 2000 to 2001. The majority of these vehicles have exceeded their planned life of 24 years.

Approximately 40,000 of our vehicles can be powered with alternative fuel including electric, compressed natural gas, liquid propane, E85, biodiesel (B20) and hybrids. This is a decrease from over 44,000 alternative fuel vehicles in FY2018 because aged E-85-powered Dodge Caravans were retired and continue to be replaced with new gas-powered RAM ProMasters. Alternative fuel currently comprises 0.24% of our total fleet fuel use. Additionally, about 7,000 of our mail delivery routes are walking routes. We also deliver mail by bicycle on select routes. We continue to pilot electric vehicles. Our current pilots include:

- The Postal Service purchased three Nissan Leafs in late 2016 and three Chevrolet Bolts in early 2017. The Postal Service installed Level 2 chargers at four test sites. These vehicles were retrofitted for mail delivery and are being tested for delivery efficiency and operations, battery reliability, and vehicle maintenance.
- The Postal Service purchased an all-electric Chevrolet Bolt in 2019 to test the vehicle for administrative uses at the Engineering headquarters office.
- In 2017, the Postal Service purchased 100 hybrid 2-ton vehicles. This includes 50 electric hybrid 2-ton vehicles from XL Hybrids and 50 hydraulic hybrids 2-ton vehicles from Lightning System as part of a contract with Morgan Olson for the 2-ton vehicle purchase. This testing continues in major metropolitan areas, including Washington, DC, New York, New Jersey, Pennsylvania and California.
- In 2018, the Postal Service received a grant from California Air Resources Board through CALSTART to test and evaluate 15 electric-powered, 2-ton vehicles. Eight are from EDI and seven from Motiv

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Powers System. First article testing for both vehicles was completed in the first quarter of FY2019 and all vehicles are presently being used and evaluated in the California cities of Fresno and Stockton.

- In 2019, the Postal Service awarded a contract for four all-electric spotters to Orange EV that are being tested for monitoring tractor-trailer movements in the yard at the San Francisco Network Distribution Center.

Specific strategies and projects that have been implemented to increase our efficiency:

- We continue to use carrier optimization routing for our city and rural routes. This system focuses on our line of travel and safety for our drivers, avoiding U-turns and left-turn driving. Rural mileage is optimized with this program to ensure shortest line of travel.
- Our Sunday delivery is conducted through dynamic package routing using a “hub and spoke” concept which can reduce miles driven. Mail is returned to a hub and redistributed to the proper ZIP Code for delivery.
- USPS uses contract routes — highway contract transportation — to move mail to and from mail processing facilities and mail delivery locations. Our dynamic route optimization program reduces highway contract route miles by scheduling transportation based on predicted volume rather than on a fixed schedule as in the past. Additionally, it right-sizes transportation equipment, reducing the need for empty trucks to travel down the road. Since the program’s inception in 2017 the number of miles driven by our contract transportation has been reduced by 7.9 million miles. For the participating contract transportation partners in this program, we have saved \$255,000 on fuel. Alternative fuel vehicles are also considered for contract transportation. We include sustainability as a factor in our technical evaluations for award in our solicitations and talk to suppliers throughout the year about alternative fuel conversion.
- We use three systems to track our vehicles and fuel use to ensure only the most accurate asset level data is recorded and reported:
 - o Solution for Enterprise Asset Management is a web-based application designed to improve inventory tracking and visibility, implement forecasting and automatic replenishment capabilities, and standardize asset tracking and maintenance/repair functions.
 - o Corporate Energy Interface is a web-based application that enables users to generate key energy, vehicle petroleum, water, recycling, landfill and consumable spending reports for managing utilization and cost.
 - o Fuel Asset Management System is a web-based application that is a cost management tool for managing and controlling fuel costs.

Priority Strategies & Planned Actions

In FY2020 and FY2021, we plan to replace our 2008 Chevy Uplanders and 2009 Dodge Caravans with 7,200 gasoline RAM ProMasters. These vehicles will be used on delivery routes. In addition, we will place Mercedes Metris into our rural routes. Carriers that currently use their personal vehicles to deliver mail will receive these vehicles.

Two core strategies of the Postal Service are to accelerate the path of innovation and invest in our future. Vehicles are an important part of our operations, and the Postal Service is planning to upgrade its delivery fleet with the Next Generation Delivery Vehicle program. The Postal Service is in the evaluation and negotiation phase of the program with suppliers. Our goal is to obtain and operate vehicles that will incorporate new technology to accommodate a diverse mail mix, enhance safety, improve service, reduce

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emissions, and produce operational savings, while enabling employees to perform their jobs safely. In February 2020, the Fleet Management team started a telematics pilot in the Richmond, VA, area. The Postal Service outfitted 500 vehicles ranging in service type, such as delivery and administrative, to evaluate the benefits and monitor performance of vehicles. The pilot will run for six months and provide financial and operational value to the organization.

The Postal Service is teaming with the Department of Energy to explore a pilot installation of electric vehicle charging technology for our employees at one of our processing and distribution centers. This pilot test would provide data and information to assist USPS in determining the utility and feasibility of deploying electric vehicle chargers for employee use at postal facilities.

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Implementation Summary: Cross-Cutting Operations

SUSTAINABLE ACQUISITION / PROCUREMENT

FY2019 Sustainable Acquisition Progress:

\$449.4 M	Total Spend on Environmentally Preferable Products (EPP)
55%	Total EPP Spend vs. Total Applicable Contract Spend
+5%	Percent Change compared to Same Period Last Year

*See footnote¹

FY2020-FY2021 Plan:

Our goal is 5% improvement per year for FY 20, 21 and 22 for EPP Spend/Total Applicable Contract Spend performance

The Postal Service has been a leader in sustainable purchasing for over a decade and created a sustainable purchasing tracking system in 2007 as part of our agency-wide Green Purchasing Program. Today the Postal Service remains committed to being a leader in the area of sustainable acquisition and continues to vigorously track EPP purchases.

Implementation Status

The Postal Service has a highly developed national Green Purchasing Program that is focused on increasing the sustainable acquisition of products and services. USPS uses sustainability contract clauses requiring suppliers to provision environmentally preferable products that meet at least one of five environmentally preferred attribute categories defined within the clauses. The environmentally preferable product categories covered include 1) Recycled Content, 2) Bio-Based, 3) Energy Efficient, 4) Water Efficient and 5) Reputable Ecolabel Certified. From the time our Green Purchasing Program was put in place in 2008, it has always been our goal to continuously improve our performance metrics in comparison to SPLY. The success of this effort lies across all USPS functions. We are working towards 5% improvement with the EPP Spend/Total Applicable Contract Spend performance indicator. USPS complies with applicable statutory requirements. Key elements of our program have been in place since 2007 and include:

- USPS Green Purchasing Guide and webpage
- Green Product Advisory Bulletins
- Sustainable purchasing practices and clauses that have been adopted and integrated into the USPS corporate Supply Practices and Principles
- Comprehensive EPP tracking system
- Online EPP reporting through the USPS Supply Chain Management Reporting System
- Annual Supplier Sustainability Excellence Awards
- EPP attributes highlighted in our online catalog ordering system
- P2 Policies, Webpage and Economic Assessment Tool

Our program focuses on national contracts valued at \$500,000 or more. We have six sustainability clauses in our Supplying Practices and Principals manual to better integrate sustainability into our supply chain. The practices and principals in this manual are implemented jointly by USPS and our suppliers. Our sustainability clauses cover sustainable services and five clearly defined categories of EPP.

¹ USPS does not use or have access to the Federal Procurement Database System, which is the primary information source for reporting from other federal agencies under this objective.

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For over a decade, the Postal Service has been tracking and measuring actual contract spending on EPP purchases. We are not subject to federal acquisition regulations and do not use or have access to the Federal Procurement Database System. USPS has our own procurement requirements and contracting systems.

Overall, our corporate goal has been one of continuous improvement over same period last year (SPLY). Improvements are measured by the percent of total spending on all EPP as compared to the value of applicable contract spending. While we have a continuous improvement goal for all EPP there is no separate target for bio-based items. In FY2018, the Postal Service spent \$937,000 on bio-based products and in FY2019 we spent \$1.23 million. Within this category, we increased our annual spending on bio-based products by \$293,000 over the same period the year before, which aligns with our continuous improvement goal.

Suppliers also provide EPP to USPS through our internal online catalog ordering system. Through contracting mechanisms to foster the purchase and supply of EPP, in FY2019 the Postal Service spent more than \$449 million dollars on these items. This represents approximately 55% of total applicable contract spending on USPS supplies, which is a 2.28% increase over FY2018.

Priority Strategies & Planned Actions

Our Supply Management teams have also established a goal to increase EPP on-catalog spending by 10% in FY2020. This goal will help drive improvements towards our overall continuous improvement EPP goal for both on- and off-catalog spending. In a normal year our goal would be to increase bio-based product spending over the \$1.23 million dollars of bio-based products we purchased in FY2019. That may not be possible in FY2020 with the overall decrease in all product spending from the impacts of the ongoing pandemic, but exceeding this target for FY2021 should be achievable.

We continue to promote the integration of sustainability into our supply chain using the following priority strategies:

- Increasing availability of EPP through our new internal online catalog system.
- Improving our supplier tracking and reporting system by continuing to use our newly developed EPP reporting module in the Supply Chain Relationship Management System. This is a supplier portal website used to manage supplier reports, notifications, performance reviews and other required contract submittals.
- Extending sustainable acquisition to our customers by providing them free Priority Mail® and Priority Mail Express® boxes and envelopes. Our cardboard boxes are made with either Forest Stewardship Council® or Sustainable Forestry Initiative® certified materials. In FY2020 and FY2021, we are embarking on a partnership with the organization How2Recycle® to help our customers understand how to properly recycle our products. How2Recycle is a labeling system that gives consumers clear recycling instructions. We plan to apply How2Recycle labels on our free Priority Mail and Priority Mail Express products to ensure responsible disposal of our products at end of life. We will also research goals and targets related to sustainable packaging and the How2Recycle program.
- We also provide sustainable services to customers via our USPS BlueEarth® branded mail services programs, which include USPS BlueEarth Secure Destruction Mail Service, USPS BlueEarth Federal Recycling Program and USPS BlueEarth Carbon Accounting Tool.

ELECTRONICS STEWARDSHIP

FY2019 Electronics Stewardship Progress:

100% of newly purchased or leased equipment met energy efficiency requirements

100% of electronic equipment disposed using environmentally sound methods*

**Reuse, donation, recycling, transfer, sale, or demanufacturing.*

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The Postal Service's approach to electronic stewardship is to reduce energy use within our facilities and promote proper end-of-life product disposal within the Postal Service. We also pledge to assist our customers with end-of-life product disposal as permitted by law.

Implementation Status

Information technology office equipment procurement requests contain sustainability clauses that include minimum energy efficiency and/or ENERGY STAR requirements. In 2019, this requirement ensured the Postal Service purchased more than \$29 million of energy-efficient products. This was an increase of \$4 million over the prior year total of \$25 million.

The Postal Service operates two primary data centers in two different climates — Eagan, MN, and San Mateo, CA. Both employ energy-saving strategies suitable for data centers. The use of two sites provides an optimal way to manage disaster recovery, production, testing and development, while avoiding overhead that would be required to run additional sites.

The remainder of our IT infrastructure is distributed throughout the country. Users are instructed to power down computers and monitors when not in use for long periods of time. Power management is enabled on all USPS monitors and on all eligible and capable computers and printers. For non-eligible computers, USPS uses wake-on-LAN (local area network) software and wake-up at midnight BIOS (basic input/output system) settings to enable powered-down units to receive scheduled software updates and patches overnight. By FY2019, USPS had replaced all cathode ray tube monitors with energy-efficient flat panel monitors. All USPS eligible laptops and desktops are ENERGY STAR and EPEAT Gold compliant.

USPS investigates all new equipment and purchases only the most efficient hardware that meets ENERGY STAR requirements or energy-saving systems. In FY2019, the Postal Service's Eagan team, in collaboration with Xcel Energy, participated in a program to improve the efficiency of HVAC chiller controls and variable frequency drives and received a rebate check in the amount of \$38,250.

Our managed print services program requires all print hardware to have an EPEAT rating of bronze or higher. Currently all devices listed on contract are rated at silver or gold. In FY2019, 90 devices were purchased through the program and our field operations purchased 3,673 standard models. All hardware that was removed from the field is sent to our Material Distribution Center in Topeka, KS, for disposal through Asset LifeCycle recycling. In FY2019, we moved 470,475 pounds of electronics through our recycling program which netted USPS \$343,315.

The eDispose tool was launched nationwide in 2018. This one-stop portal explains how to handle assets ranging from e-waste to fluorescent lamps to mail transport equipment, based on current asset management and sustainability policies. Since inception, more than 4,000 transactions have been completed in the system.

Priority Strategies & Planned Actions

We plan to increase communications to employees through our quarterly Sustainable Facility Update newsletter and other channels to increase visibility of our goals. Additionally, we will work with our internal partners to ensure the clause on energy-efficient products is incorporated and tracked.

USPS will evaluate branch circuit monitoring to enable more granular power management. Branch circuit monitoring is the active monitoring of every electrical circuit that feeds the IT load. There are about 2,500 circuits in our Eagan data facility today and a similar amount in San Mateo. The load and condition of each circuit are currently checked manually about twice a year. Real-time monitoring at this level will enable the calculation of the power utilization efficiency without using assumptions that are in place today.

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We are planning to buy 10,000 laptops to replace older models. The newer equipment will consume less energy and we expect to save 300,000 kWh as a result of this purchase. Older model laptops will be removed through our eDispose program.

The provisioning and purchase of energy-efficient products are required elements of our Green Purchasing Program. In acquisition, USPS encourages suppliers to submit contract proposals with electronic products that meet the definition of energy efficiency. Then the requirements are embedded in our standard contracts. In 2019, the Postal Service purchased more than \$29.4 million of designated energy efficient products.

When disposing of electronic waste, we work with R2 certified recycling providers. In FY2019, we recycled 921 tons of electronics and 270 tons of toner cartridges.

USPS also enables other federal agencies to recycle small electronics and used toner cartridges through our USPS BlueEarth Federal Recycling program. Participating agencies can get online reports on their recycling activity and the disposition of each item recycled.

GREENHOUSE GAS EMISSIONS

FY2019 Scope 1&2 Greenhouse Gas (GHG) Emissions:

22.4% decrease from FY 2008

0.1% decrease from FY 2018

Our strategy for greenhouse gas emissions focuses on reporting, tracking, and understanding our largest emissions sources. Our largest Scope 1 and Scope 2 emissions sources are fleet and facility operations so improving operational efficiency is our key focus with reducing these emissions. Specific strategies are discussed in the Facility Energy and Fleet Management sections of this report. Our Scope 3 emissions are primarily due to contract mail transportation.

Implementation Status

We assemble and voluntarily report GHG inventories through Executive Order 13834 Efficient Federal Operations, International Post Corporation, and The Climate Registry® and participate in their Climate Registered status recognition program. In FY2019, we achieved Climate Registered Platinum Status.

Our largest source of Scope 1 and Scope 2 emissions is from facility energy consumption followed closely by mobile vehicles and equipment. Our strategies for reducing Scope 1 and Scope 2 emissions are focusing on improving operational efficiency of our facilities and fleet as discussed in the Facility Energy and Fleet Management section of this report.

Scope 1 emissions — direct emissions from sources including owned vehicles and building heating — and Scope 2 emissions — purchased electricity and steam — have remained stable from FY2018 to FY2019, with a slight reduction. From our FY2008 baseline, we've achieved a 22.4% reduction. Our reduction goal is 25% by 2025 from a 2008 baseline. Improvements in building efficiency, discussed in the Facility Energy section, have helped us achieve this reduction in Scope 1 and 2 emissions from 2008. In Scope 1 emissions, we saw reductions in facility fuel use (natural gas, propane and fuel oil) while in Scope 2 emissions there were reductions in purchased electricity and steam use. While facility emissions decreased, fleet emissions (Scope 1) increased, resulting in only a 0.1% decrease from FY2018 to FY2019.

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Our Scope 3 — indirect — emissions are tracked separately based on emission source. Our Scope 3 emission reduction goal is a 30% reduction by 2025 from a 2008 baseline. This goal includes emissions associated with transmission and distribution losses, employee air and ground business travel, employee commuting, contracted wastewater treatment and contracted solid waste disposal.

These emissions have increased by 7.9% from FY2018 to FY2019. However, this is a 19.8% reduction from the FY2008 baseline. Based on a FY2019 employee commuting survey, we saw an increase in the average commute distance.

Separate from our Scope 3 reduction goal, the Postal Service also tracks Scope 3 emissions associated with air, ship, rail, and road contract transportation as well as leased facilities. Scope 3 emissions associated with contract transportation increased 9.9% from 2018 to 2019 while leased facilities emissions increased 11.6%. The mileage associated with extra highway contract route trips has been increasing. Additionally, we expanded the number of air carriers in 2019. These changes contributed most of the impact to this category of emissions.

Priority Strategies & Planned Actions

Our strategies discussed in previous sections to improve the efficiency of our operations, saving fuel and electricity, also result in avoided GHG emissions. When improving the operational efficiency of our fleet at our facilities and through our contract transportation providers, we are working to better understand GHG emissions avoided due to improvements. For example, our Dynamic Route Optimization program has reduced contract transportation 7.9 million miles since 2017, saving 1.2 million gallons of fuel. We continue to calculate and report our emissions from our operations and evaluate our largest sources of GHG emissions.

At our facilities we are working to expand our energy audit program and use tools like our EEMS and UMS to more closely monitor energy use and improve efficiency. Energy saved directly translates into GHG emissions avoided. We are also continuing to expand our on-site renewables and REC purchases, as discussed in the renewable section, helping to offset our GHG emissions.

We will continue initiatives like our Dynamic Route Optimization program which reduce miles driven on contract routes and translate to less fuel used and less CO2 emissions.