

SUSTAINABILITY

PUTTING OUR STAMP ON A GREENER TOMORROW

2011 REPORT



2011 United States Postal Service — Key Performance Indicators

	Units	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenue	\$Billions	\$74.78	\$74.93	\$68.09	\$67.05	\$65.71
Net profit (loss)	\$Billions	(\$5.14)	(\$2.81)	(\$3.79)	(\$8.50)	(\$5.07)
Mail volume	Billion pieces	212.23	202.70	176.74	170.57	167.93
Delivery points	Million points	147.99	149.19	150.12	150.86	151.49
Career employees	# of employees	684,762	663,238	623,128	581,775	557,251
Post Offices, plants and administration	# of facilities	34,318	34,175	33,264	33,620	33,260
Greenhouse gas emissions¹	Million MTCO ₂ e	n/d	13.37	13.03	12.31	12.39
Facility energy use²	Trillion BTU	30.1	30.7	25.7	23.8	25.1
Transportation fuel use³	Million GGE	795.8	729.7	720.5	700.9	718.0
Solid waste recycled	Short tons	n/d	288,211	219,649	221,655	215,879

2011 USPS Sustainability Target Snapshot

▲ Achieving goal ● On-target ✘ Off-target

Focus	Objective and Target	Baseline	FY 2011	Progress [% change from baseline]	Status
Greenhouse gas emissions	Reduce greenhouse gas emissions (GHG) 20% by FY 2020 (million MTCO ₂).	13.37 <i>FY 2008</i>	12.39	(7.4%)	●
Facility energy use	Reduce total facility energy use 30% by FY 2015 (trillion BTU).	33.72 <i>FY 2003</i>	25.08	(25.6%)	●
	Reduce total postal vehicle petroleum fuel use 20% by FY 2015 (million GGE).	140.67 <i>FY 2005</i>	152.34	8.3%	✘
Transportation fuel	Reduce total contract transportation petroleum fuel use 20% by FY 2020 (million GGE).	580.13 <i>FY 2008</i> ⁴	563.14	(2.9%)	✘
	Increase postal vehicle alternative fuel use 100% (i.e. 10% annually) by FY 2015 (million GGE).	0.94 <i>FY 2005</i>	2.14	128.1%	●
Solid waste diversion–recycling ⁵	Divert 50% of solid waste from landfill to recycling by FY 2015.	53% <i>FY 2008</i>	46%	(6.8%)	✘
Water reduction	Reduce water use 10% by FY 2015 (million gallons).	5,456 <i>FY 2007</i>	4,064	(25.5%)	▲ ⁶
Environmentally preferable products	Increase the number of environmentally preferable products (EPP) available in the supplier catalog 50% by FY 2015.	8,006 ⁷ <i>FY 2010</i>	8,679	8.4 %	✘
Reduction of consumables	Reduce spending on consumables 30% by FY 2020 (\$ million).	508.4 <i>FY 2008</i>	314.9	(38.1%)	▲

Notes: n/d: no historical data available

¹ Total GHG reported in million metric tons of carbon dioxide (CO₂) equivalents (MTCO₂e).

² Total facility energy reported in British Thermal Units (BTU).

³ Total transportation fuel use includes postal owned, General Services Administration (GSA) leased, and contract vehicle fuel use and is reported in Gasoline Gallon Equivalents (GGE). Restated 2007–2009

results due to a leased fuel correction.

⁴ A typographical error in the 2010 Annual Sustainability Report (ASR) listed the contract transport goal baseline as FY 2005; the baseline is FY 2008.

⁵ Restated target as “divert solid waste from landfills by 50%” from “reduce solid waste 50%” in previous reports to better reflect recycling progress as a percentage of total solid waste generation.

⁶ Water use baseline in 2007 was estimated using expenditures and unit cost. FY 2010 and 2011 water use was based on an extrapolation from actual facility water use data. FY 2011 extrapolation added more than 1,600 sites to improve our water use estimates.

⁷ Re-stated the EPP count baseline to 8,006 from 11,131 in the FY 2010 report due to changes in EPP counting practices.

From the Postmaster General

Leaner, greener, smarter, faster Good for the planet — and good for business

The United States Postal Service delivers the mail to every home and business in America. It's a big job — and it takes a big organization to do it.

We have almost 557,000 employees, more than 213,000 vehicles and approximately 33,000 Post Offices and other facilities. Together, they form America's most essential communications network.

This means our job isn't over when the mail is delivered. The Postal Service also has a special responsibility to make our organization as sustainable as possible.

Our mantra is "leaner, greener, smarter, faster." To achieve these goals, we're adjusting the size of our workforce and delivery network, eliminating waste, reducing energy consumption and encouraging our employees and customers to conserve. When the Postal Service is more efficient, everyone benefits.

So please take a few moments to review our sustainability report. As you'll see, the Postal Service is a big organization, and we're working hard to reduce our impact on the planet we all share. This is good for the environment, and it's also good for business.



Patrick R. Donahoe
*Postmaster General and
Chief Executive Officer*

Message from the Chief Sustainability Officer

With plans for significant network re-alignment, the Postal Service is ushering in one of the most transformational periods in its history.

During this time of unprecedented change and economic challenge, we have established targets to lead our organization toward a more sustainable future. We measure, and will continue to publically report progress toward our goals. We continue to work on new strategies to reach our targets and define new and better practices in support of our sustainability efforts.

Our vision is to be a sustainability leader by building a culture of conservation throughout the Postal Service. We will implement sustainable business practices by engaging our employees, customers, suppliers, mail service providers and our federal peers.

We have had many challenges and achievements during 2011. Our recycling efforts had a banner year with \$24 million in revenue. Our progress toward

reducing facility energy use 30 percent by 2015 continues to exceed our annual targets despite a slight increase in facility energy use this year.

We have been preparing a greenhouse gas emission inventory every year since 2007, and we now offer USPS BlueEarth™, our new carbon accounting service so our business customers can determine their own carbon footprint for the mailing and shipping services the Postal Service provides.

We continue our efforts to reduce the growth in fuel use by optimizing our delivery routes and efficient use of our vehicle fleet. However, the number of delivery points we serve continues to grow even during these tough economic times. The net result is that delivery growth is outpacing our ability to improve efficiency.

In anticipation of an improved financial situation that will allow us to replace our existing fleet of vehicles, we continue to test alternative technologies. New types of alternative fuel vehicles were deployed for street testing, while some existing postal vehicles were retrofitted with new technology to understand how it may help improve our fleet efficiency.

In 2011, we embarked on a special project to communicate “Green” directly to our customers with our *Go Green* stamps. We have featured the stamps throughout this report. The design team originally planned a four-stamp panel, but the enthusiasm and ideas for the project kept growing and eventually resulted in a 16-stamp panel (see front cover). We hope the excitement and pride experienced by our postal design team signal a broader willingness on the part of each of us to embrace more sustainable practices.



Thomas G. Day
Chief Sustainability Officer

About this report

The purpose of this report is to detail our corporate sustainability efforts and practices through 2011. We are now in the fourth year of our corporate sustainability commitment and have increased our interpretive content from previous years by presenting additional charts and graphs.

As a quick reference, a re-formatted *performance snapshot* can be found on the inside front cover to summarize our key corporate indicators and report on progress toward our corporate sustainability targets.

We also included a *Corporate Highlights* section to review sustainability-focused events that occurred during 2011. Our corporate sustainability performance targets and practices are reviewed in the *Environmental Stewardship, Services and Product Stewardship, and Supply Chain Stewardship* sections. Employee and community engagement are in the *People and Community* section.

This sustainability report is also provided online at usps.com/green. We encourage the reader to explore our sustainability website, which offers additional content and features. The Postal Service is a dynamic enterprise and we welcome the reader to take a look at our *Annual Report to Congress and Comprehensive Statement on Postal Operations* at <http://about.usps.com> to learn more about our business.

Our reporting conforms to version 3.0 of the Global Reporting Initiative (GRI) sustainability guidelines, the most widely respected international reporting standard for public sustainability performance disclosure. Our updated 2011 GRI application statement and content index will be provided upon receipt at <http://usps.com/green>. Learn more about GRI reporting at <https://www.globalreporting.org>.

USPS is committed to transparency and continues to improve its data collection efforts used to measure and analyze our performance. Within this report, results were calculated using actual information reported through internal databases or by estimation protocols. Data restatements or clarifications are footnoted on the inside front cover. We clarified our solid waste performance target as “diverting 50 percent of our solid waste from landfill” and not as stated in our 2010 report, to “reduce solid waste to landfill by 50 percent.” This more accurate description reflects our recycling progress as a percentage of total solid waste generation. We also restated the environmentally preferable products counts to adjust for improvements in product accounting.

Lastly, we note our performance target baseline year(s) established to measure our progress over time may vary. This is due in part by mandated federal regulatory baseline reporting year requirements for transportation fuel use and energy, and to better align our performance targets with those established by federal executive order.

Thank you for exploring this report and joining us on our sustainability journey.



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From left, Deputy Postmaster General Ronald Stroman discusses fuel cell technology with Engineering Systems Vice President Mike Amato and Technology Innovation Manager Han Dinh.

Corporate highlights

Go Green stamps dedication ceremony



EPA Administrator Lisa Jackson.

Stamps reflect our American culture, icons and lifestyles. As only the Postal Service can, we have issued stamps on nearly every imaginable topic. Our *Go Green* stamps dedication ceremony was held at Thurgood Marshall Academy Public Charter High School in Washington, DC.

Dedicating officials were Deputy Postmaster General Ron Stroman and Environmental Protection Agency (EPA) Administrator Lisa Jackson.

“We’re creating a culture of conservation at the Postal Service that will have a lasting impact in our workplace and our communities,” Stroman said. “These *Go Green* stamps carry 16 simple, green messages that have the power to help make the world a better place for us and future generations.”



DPMG Ronald Stroman, left, speaks with Moo Ho Bae, a senior at the Thurgood Marshall Academy in Washington, DC.

“With these *Go Green* stamps, the Postal Service is reminding us of the important steps we can take each day to have an impact on the world around us,” Jackson said.

Record performance turning trash to cash — nets \$24 million in revenue

Recycling not only helps the environment and reduces waste, it generates revenue for the Postal Service — \$24.4 million in FY 2011.

We recycled over 215,000 tons of material in 2011. By using our distribution network in new ways, improving contract services and working with recycling vendors to maximize revenue through economies of scale, we are starting to see results.

Strong recyclable commodity pricing during 2011 played a part in our record revenue earnings, but the real story is a long-term strategy of continuous improvement.

USPS BlueEarth carbon accounting service to be released in 2012

The new USPS BlueEarth carbon calculator developed in 2011 and scheduled for launch in 2012, provides business customers with a carbon accounting statement for their mailing and shipping activity.

Postal Service business customers are increasingly requesting information about the greenhouse gas emissions associated with USPS services.

The calculator will use proprietary USPS methodology to calculate greenhouse gas (GHG) emissions and takes into consideration the type of shipping or mailing product, size and weight, how it’s processed and transported and the distance the package or envelope travels.



The report is designed to provide our business customers with accurate GHG data they can then use to calculate their own carbon footprint. USPS BlueEarth carbon accounting is a “no fee” service that will provide statements monthly, quarterly and annually.

“The marketplace for carbon accounting is growing. We see this as a significant step forward in offering more services to our customers” said Chief Sustainability Officer Tom Day.

Climate Registry awards USPS gold status recognition for action on greenhouse gas emissions

USPS was awarded Gold status by The Climate Registry for its leadership in reducing GHG emissions by more than 5 percent. The Postal Service is among the first of the Registry’s over 400 members and the first government agency to achieve the recognition.

“Winning this Climate Registered Gold Award exemplifies the Postal Service’s efforts to reduce greenhouse gases. Our sustainability efforts continue to be excellent examples of USPS as an environmentally responsible organization. Our call to action is to be leaner, greener, faster and smarter,” said Postmaster General Pat Donahoe.

“We’re doing our best to create a culture of conservation throughout USPS. Our work to improve the environment demonstrates leadership in the adoption of sustainable business practices by employees, customers, suppliers, the mailing industry and federal government peers,” Day said.



USPS recognized for GHG reduction. From left, Joe Corbett, CFO and executive vice president; Louis Atkins, president, National Association of Postal Supervisors; Frederic Rolando, president, National Association of Letter Carriers; PMG Pat Donahoe; Tony Vegliante, chief Human Resources officer and executive vice president; Jeanette Dwyer, president, National Rural Letter Carriers’ Association; Bob Rapoza, president, National Association of Postmasters of the United States; DPMG Ron Stroman; John Hegarty, national president, National Postal Mail Handlers Union; Doug Tulino, vice president, Labor Relations; Tom Day, chief sustainability officer; Mark Strong, president, National League of Postmasters of the United States; and Megan Brennan, COO and executive vice president.

The Climate Registry is a nonprofit collaboration among North American states, provinces, territories and native sovereign nations, which sets consistent and transparent standards to calculate, verify and publicly report GHG emissions in a single registry.

Learn more about The Climate Registry at <http://www.theclimateregistry.org>.

DRIVE delivers results, innovation, value and efficiency for USPS



The Postal Service began a management process called DRIVE in 2011 to help it steer through an unprecedented period of organizational transformation. DRIVE stands for Delivering Results, Innovation, Value and Efficiency.

It is a portfolio of strategic projects and initiatives designed to help us achieve our ambitious performance and financial goals. DRIVE represents the Postal Service's commitment to maintain a viable and affordable delivery network for our nation now and into the future. The effort starts with increasing operational efficiency through better resource management and fostering sustainable practices. Sustainability, a core corporate function within the DRIVE process, has set key initiatives, including ensuring federal, state and local compliance, reducing energy consumption and improving our sustainability culture by engaging employees, customers and suppliers.

USPS completes environmental assessment under National Environmental Policy Act

The National Environmental Policy Act (NEPA) requires all federal agencies to implement policy goals to protect, maintain and enhance the environment. Knowing the importance of preparing environmental assessments, the Postal Service announced plans during 2011 to undertake a mail processing network rationalization initiative to create a more streamlined processing and distribution network using fewer facilities to handle an existing and projected decline in mail volumes.

To understand whether operational changes from this initiative could impact the environment, we prepared an assessment in accordance with established NEPA and Postal Service regulations. The effort was started in October 2011 and completed in early 2012. We found that our network rationalization plans would have no significant adverse impacts to physical and cultural resources or quality of the environment.

Energy awareness helps create a culture of conservation at USPS

"We're changing our business model and looking to save money and resources," USPS Deputy Postmaster General Ron Stroman told employees at an event in Washington, DC, kicking off National Energy Awareness Month. "This includes a commitment to sustainability and conserving energy," Stroman said.

"We want to position the Postal Service as a sustainability leader by creating a culture of conservation that engages our employees, customers and suppliers," said Chief Sustainability Officer Tom Day at the event.

Since 2003, the Postal Service has reduced total facility energy use by over 25 percent, nearly the amount of energy used by 90,000 average U.S. households in a year. USPS also reduced energy intensity, which is energy use per square foot of building space, by 22.4 percent in the same time period.



Postal Service leadership trainees make the case for sustainability

The Postal Service's leadership programs are designed to develop high-performing leaders to meet the changing needs of USPS into the future. They include a demanding curriculum offered over a six-month period, with classroom instruction and mentoring by existing and future executives on key topics in business finance, project management, leadership principles and presentation skills. The programs culminate with a business case presentation.

The 2011 classes were challenged with creating a "sustainability business growth model" to improve USPS waste reduction and recycling and to develop strategies to engage employees in Green Team initiatives. The participants used their new understanding of sustainability to present a business case of their findings before an executive review panel chaired by Chief Sustainability Officer Tom Day.

The average U.S. household uses 95 million BTU a year. Learn more at <http://buildingsdatabook.eren.doe.gov/>.

Supplier Sustainability Excellence award

Each year the Postal Service recognizes supplier achievements that enable us to reduce costs, enhance services and provide us with sustainable business solutions. Carolina Cabinet Company was the recipient of our Supplier Sustainability Excellence Award for their performance during 2011, which included the design, manufacture and delivery of counters and casework for USPS retail lobbies. The company created modern designs using bamboo wood and other eco-friendly materials that enhance the retail customer experience — and have resulted in lower costs for the Postal Service. Carolina Cabinet Company also was able to document its green manufacturing processes that reflect its larger commitment to recycling and energy-efficient lighting.



Environmental stewardship

We define our approach to environmental stewardship as taking responsibility for our choices and having a willingness as a business to minimize our environmental impacts.

We believe practicing sustainable environmental stewardship can allow us to derive business value from environmental excellence and holds the potential for decreasing our environmental impact, increasing operational efficiencies, evaluating alternatives and improving financial performance.

We have established policies for regulatory conformance, pollution prevention and sustainable practices to reduce our environmental footprint over time. We review how our business may impact the environment and have established targets and reduction strategies for greenhouse gas emissions, energy, transportation fuel use, waste reduction and water conservation.

We measure progress toward these targets and continually evaluate new ideas and best practices to reach them. We don't believe there is any single or quick fix. Rather, the key is our corporate commitment to practicing sustainability over time. The *Environmental Stewardship* sections in this report review our progress and strategies toward achieving our targets.

Carbon footprint: GHG emissions

Taking steps now to reduce our carbon footprint has become part of the Postal Service's overall environmental stewardship strategy.

We believe looking at our carbon footprint can offer new opportunities to evaluate less carbon-intensive practices and has the potential to drive greater efficiencies and reduce costs in how we use our natural resources.

We also believe it may inspire new customer-driven products and services, such as our USPS BlueEarth carbon accounting service.

We are committed to transparency and third-party verification and continue to strive for continuous improvement in our greenhouse gas (GHG) reporting. Since 2007, we have prepared an annual, third-party verified GHG emissions inventory to track our progress.

To report our GHG emissions, we are compliant with established protocols set forth by The Climate Registry, the International Post Corporation and under Federal Executive Order 13514.

We track our emissions against established corporate GHG targets. Our overall target is to reduce GHG emissions 20 percent by FY 2020 using FY 2008 as a baseline.



✓ CARBON FOOTPRINT

Target: Reduce GHG emissions 20% by FY 2020 from FY 2008 baseline (Scope 1, 2 and 3).

Progress: Total GHG emissions from FY 2008 to FY 2011 decreased overall by 7.4% or by almost 985,000 metric tons. Total GHG emissions increased from FY 2010 to FY 2011 by 0.7% or 83,000 metric tons.

Our overall 7.4% decrease in GHG emissions is nearly equal to removing 200,000 passenger vehicles from the road for a year.

WHAT ARE CARBON DIOXIDE (CO₂) EQUIVALENTS?

The CO₂ equivalent is a metric that many organizations use to report their total GHG emissions in terms of CO₂. Emissions from non CO₂ GHG are compared to CO₂ based on their global warming potential, with CO₂ having a global warming potential of 1.

Learn more about CO₂ equivalents at the U.S. Environmental Protection Agency (EPA) website: <http://www.epa.gov/cleanenergy/energy-resources/calculator.html>.

Total greenhouse gas emissions



On Oct. 5, 2009, President Obama signed Executive Order 13514 to establish an integrated strategy toward sustainability in the federal government and to make reductions in GHG emissions a priority.

The executive order requires agencies to measure, manage and reduce GHG emissions toward agency-defined targets.

As a self-funded agency, the Postal Service voluntarily conforms to the executive order GHG reporting protocol.

To better evaluate the full range of our GHG emissions, we also have set individual performance targets for our Scope 1 and 2 emissions and Scope 3 emissions.

The Postal Service goal for Scope 1 and 2 GHG emissions is a 20 percent reduction by FY 2020, using FY 2008 as a baseline. The Postal Service defines its Scope 1 and 2 GHG emissions boundaries as Scope 1 direct GHG emissions from the combustion of fossil fuels in owned boilers, furnaces and vehicles, and Scope 2 indirect GHG emissions from steam and electricity purchases.

In FY 2011, our Scope 1 and 2 GHG emissions decreased 11 percent, or 583,000 metric tons since baseline FY 2008.

The Postal Service goal for Scope 3 GHG emissions is a 20 percent reduction by FY 2020 using FY 2008 as a baseline. The Postal Service defines its Scope 3 GHG emissions boundaries to include contract vehicle fuel use, employee travel, contract waste disposal, transmission and distribution losses from electricity purchases, buildings with fully serviced leases and contracted waste disposal and wastewater treatment operations.

The Postal Service is the largest member of the International Post Corporation (IPC), a cooperative association of 24 members in Europe, North America and the Asia Pacific Regions.

We participate in the IPC sustainability efforts to coordinate postal industries around the globe in reducing their carbon footprint.

We report our carbon emission inventory to the IPC each calendar year using the IPC Environmental Measuring and Monitoring System protocol.

In FY 2011, Scope 3 GHG emissions increased over FY 2010 but have demonstrated an overall decreasing trend by 5 percent or 402,000 metric tons since baseline FY 2008.

There are many factors that contribute to GHG emissions. Progress toward reducing our GHG footprint starts with understanding what segments of our operations impact GHG emissions and then developing goals and practices toward reducing them.

The Postal Service has set goals for energy and vehicle performance. *In fact, the Postal Service is the first federal agency to add energy and fuel reduction metrics to our managers' national performance assessment score.* Learn more about GHG emissions at the U.S. EPA website: <http://www.epa.gov/greeningepa/ghg/>.

Energy Conservation and Management

The Postal Service's inventory of over 33,000 buildings, totaling 280 million square feet of floor space, is the largest retail network in the country. It takes a lot of energy to run all those facilities.

In FY 2011, our energy costs were over \$577 million, as we consumed 25 trillion BTU. That is nearly the

amount of energy it takes to power 270,000 homes a year. Because of our facility energy requirements, we have both a business need and an environmental responsibility for conservation and efficiency.

We have aggressive energy reduction targets and are making significant progress in lowering energy consumption and cost.

Facility energy reduction

We established two facility energy targets: to reduce both our total facility energy consumption and our facility energy intensity 30 percent by FY 2015 using FY 2003 as the baseline. We continued to make progress toward our FY 2015 targets even with a slight increase in facility energy use during 2011. As a federal agency, the Postal Service has aligned our facility energy targets with the Energy Independence and Security Act of 2007.

How does an organization with hundreds of thousands of employees and tens of thousands of buildings go about reducing energy? No one-size-fits-all technology or approach works for such a large and diverse business as the Postal Service.

Our energy management practices include improving our understanding of how we use energy so we can make informed decisions, investing in our buildings with energy efficient technology and fostering a conservation culture.



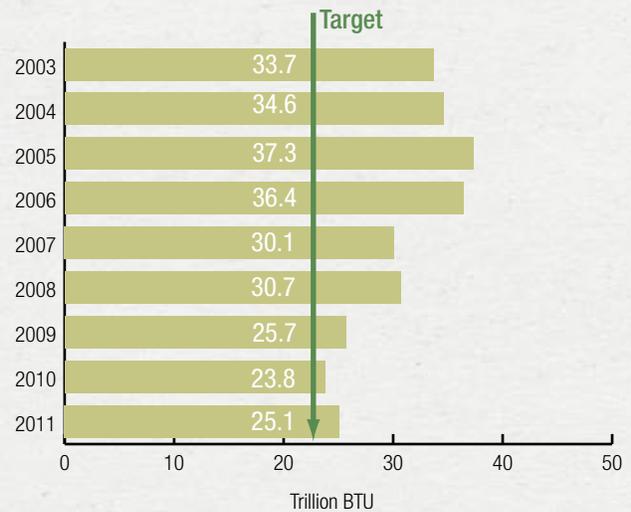
✓ **FACILITY ENERGY USE**

Target: Reduce total facility energy consumption (BTU) and energy-use intensity (BTU/sf of building space) 30% by FY 2015 from a FY 2003 baseline.

Progress: Total facility energy consumption was reduced overall from FY 2003 to FY 2011 by 8.6 trillion BTU or 25.6%. Total facility energy use increased from FY 2010 to FY 2011 by 5.4% or 1.3 trillion BTU. Total facility energy use intensity (BTU/sf) was reduced 22.4% since FY 2003.

The Postal Service total facility energy use reduction of 25% is nearly equivalent to the amount of energy used by 90,000 average U.S. households in a year.

Total facility energy use



Energy measurement and auditing efforts have driven development of energy management systems to better quantify and evaluate our energy use. Our Utility Management System now provides data on approximately 75 percent of USPS utility consumption. Utility cost and consumption data are used along with our Enterprise Energy Management System data, which helps us measure, monitor and compare facility energy use.

USPS continually checks its energy performance tracking methods. After submitting the FY 2011 *Annual GHG and Sustainability Data Report* to the federal government, our further review discovered inconsistencies in the way heating fuels are identified in source data systems. In FY 2012, we are evaluating the effect of accounting for the discrepancy. If a resulting change in total BTU consumed or energy intensity in BTU/GSF is significant, USPS will restate this performance in the 2012 *Annual Sustainability Report*.

This information, along with data from the completion of over 350 energy audits in 2011, enable us to better target energy investment projects and facility energy management opportunities.

Facility energy impacting projects totaled over 1,000 by the end of 2011, producing an impressive achievement — an estimated energy reduction of 1 trillion BTU per year. That is expected to result in annual savings of \$22 million.

We continued to employ rigorous technical and financial evaluation processes to review our buildings for energy improvement, capital investment funding and energy impacting repair and alterations projects.

Two examples highlight our facility energy investment achievements during 2011 are:

- The 392,000-square-foot Detroit network distribution center was upgraded with advanced lighting and heating/cooling systems. The change saves nearly \$470,000 and 34.8 billion BTU in energy, almost equal to 350 U.S. households annually.

The building was retrofitted with energy-efficient fluorescent lighting. Also, photo sensors enhance the work environment with natural light and occupancy sensors eliminate unnecessary lighting.

The boiler and chiller plant, along with dozens of air handler units, were upgraded to avoid unnecessary heating and cooling, saving energy and water. Digital controls automatically program thermostats and allow outside air intake, providing “free” cooling during temperate weather. Large fans were installed to provide better air mixing. Water-efficient, low-flow aerators on lavatory faucets save water and heating costs.

- The Palatine, IL, Processing and Distribution Center is saving \$510,000 annually due to lighting and heating/cooling system upgrades. The 591,000-square-foot facility yielded annual savings of nearly 25.2 billion BTU in energy, equal to 250 U.S. households annually.

Computerized lighting controls and energy efficient fluorescent fixtures were installed throughout the workroom floor. Occupancy sensors were put in administrative and support areas to eliminate lighting unoccupied space. HVAC upgrades included digital controls to improve outside air intake and automatically regulate thermostats.

New variable speed drive fans and pumps run only when needed, avoiding unnecessary energy use. These improvements reduce energy and water evaporation loss during cooling tower operations.

As we look to the future, continued capital investment in energy project funding must take into account our current financial constraints. Consideration of alternative financing, including exploring renewable energy opportunities, where cost effective, may offer competitive financial and environmental benefits.

Fostering a conservation culture remains key to our corporate energy management effort. By purposefully integrating our energy data collection tools to specific facility energy opportunities, along with educating and promoting employee energy awareness, we strive to continuously drive behavioral change within our organization.

Data Center and IT Network Services

Data centers may consume 10 to 100 times more power than a typical office building. Over the past several years, the Postal Service has consolidated its data center operations into two locations: Eagan, MN, and San Mateo, CA. We have begun benchmarking data center operations by measuring power usage effectiveness (PUE), which characterizes overall data center efficiency.

The PUE is becoming the standard performance benchmark in data center energy management. It will help manage our data center energy footprint and environmental impacts along with the ever increasing need to upgrade information technology services. We have implemented a number of energy efficiency practices, including virtualization, or running different operating systems on the same hardware, as well as improvements to cooling, heating and temperature control systems.

IT services group continues to introduce green network strategies. The Postal Service network supports and maintains nearly 125,000 desktop computers,

21,000 notebook computers and 85,000 printers. Our network printers have the default set to duplex printing (front and back). Paper is made from a minimum 30 percent post-consumer recycled content and the Postal Service has an established recycling program for ink and toner cartridges. IT has consolidated the purchasing options for printer, copier, fax machine, and multifunctional device to better manage equipment quality and network support services. Power-saving mode and energy-efficient monitors have been incorporated into employee computer workstations.

These features all act to reduce energy and the purchase of consumables, key Postal Service performance targets. The widespread use of online web and video conferencing services continues to accelerate internal communications while reducing employee travel and our carbon footprint. The Postal Service has become the second largest user of Cisco Unified MeetingPlace™ services, with an average of 10,000,000 minutes per month.



Fleet and transportation management



To maintain our delivery commitment to the nation, the Postal Service operates the largest civilian vehicle fleet in the United States.

This vast delivery infrastructure offers both challenges and opportunities in vehicle performance. Vehicle emissions are a primary contributor of greenhouse gases and also impact air quality. Vehicle maintenance services may generate regulated wastes and fueling operations that can impact land and water resources.

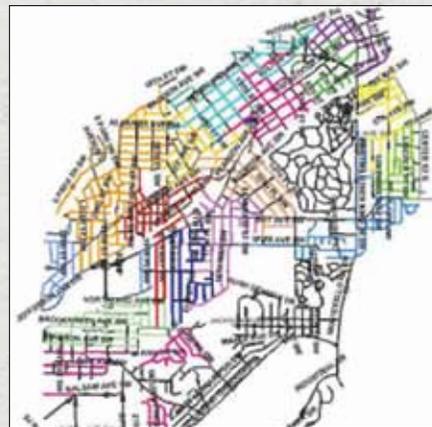
USPS has established vehicle fleet performance targets to reduce petroleum consumption for our postal-owned fleet and contract transportation partners. We also have an established target to increase the use of alternate fuels. As a federal agency, we are required to report petroleum use reduction efforts and alternative fuel utilization to the U.S. Department of Energy annually in accordance with the Energy Policy Act of 2005.

Reducing overall petroleum consumption continues to be a challenge, because the total number of annual delivery points that our vehicles must travel to serve our customers continues to grow. Our present strategy is to reduce petroleum consumption by optimizing delivery routes and vehicle fleet size. To reduce the environmental impact of our vehicle maintenance operations, we have established policies and best practices, such as pollution prevention and having closed-loop contract services to reuse and minimize waste generation.

Delivery route optimization: USPS IT technology at work

How we go about traveling to our daily delivery destinations makes a difference in the amount of fuel we use and overall emissions we produce. We have developed an advanced innovative web tool called WebCOR to help optimize carrier delivery routes.

The software provides computer modeling to configure carrier delivery routes to determine safe and more efficient lines of travel. The program makes objective decisions based on data and mail volumes to reduce unnecessary travel and mileage. Benefits include improved safety and a reduction in fuel and energy. By using optimization in FY 2011, we eliminated more than 6,800 delivery routes, while at the same time seeing growth in new city and rural delivery points by over 735,000.



WebCOR software helps create more efficient delivery routes.

The postal-owned vehicle fleet

The fleet of vehicles we own is used mainly to deliver mail from local Post Offices to the communities we serve. For two decades, the core of our vehicle fleet has been the long-life vehicle (LLV), which traveled an average of about 18.5 miles per day in FY 2011. It presently makes up the largest portion of our delivery fleet.

The LLV is custom designed for right-hand-side driving and made to withstand rigorous driving conditions of up to 500 stops and starts a day. Our current plan is to sustain our existing LLV fleet through continued maintenance while we decide on longer-term fleet options.

✓ POSTAL-OWNED PETROLEUM FUEL USE

Target: Reduce postal vehicle petroleum fuel use 20% by FY 2015 from FY 2005 baseline.

Progress: Postal vehicle petroleum fuel use increased from FY 2005 to FY 2011 by 8.3% or 11.7 million GGE. Postal vehicle petroleum fuel use increased from FY 2010 to FY 2011 by 4.6% or 6.8 million GGE.

The Postal Service added over 735,000 new city and rural delivery points during FY 2011.

WHAT IS A GGE?

Gasoline gallon equivalent or GGE is a factor that describes the number of gallons of a fuel, other than gasoline, which has the equivalent amount of energy as 1 gallon of gasoline. It is commonly used when comparing alternative fuel, such as ethanol usage to gasoline.

Learn more about fuel reduction planning and GGE at the U.S. Department of Energy website: <http://www.afdc.energy.gov/afdc>.

Our network optimization efforts have increased delivery efficiency, which has lowered the overall growth rate of petroleum fuel use. We track and report our postal-owned fleet petroleum fuel use against an established target.

Through network optimization, our vehicle fleet size was reduced by 1,700 vehicles during FY 2011 by eliminating 6,800 delivery routes. Despite that reduction in vehicles, our postal-owned vehicle fleet increased its petroleum fuel consumption by 6.8 million gasoline gallon equivalent (GGE) compared to FY 2010. That change was due in large part to growth in new rural and city delivery points.

Alternative fuel vehicles

We have been testing and operating alternative fuel vehicles for decades. We currently have vehicles capable of running on compressed natural gas, ethanol, electric, propane and biodiesel. Delivery vehicles that can run on ethanol, or E85, make up the largest part of our alternative fuel fleet due to that fuel's accessibility.

The heavy use demands on our fleet vehicles are a challenge to alternative fuel vehicle technology in terms of environmental performance, reliability, available support infrastructure and necessary capital investment.

Postal-owned vehicle fleet snapshot

Year	Vehicle Fleet Size	Total Miles Traveled (Billions)	Total Petroleum Consumption (in GGE)	Total Rural and City Delivery Points (Millions)
2008	221,047	1.269	146.8	126.38
2009	218,687	1.249	145.4	127.38
2010	215,625	1.258	145.6	128.08
2011	213,881	1.292	152.3	128.82

Postal-owned vehicle fleet size trends lower through delivery route optimization initiatives, while rural and city delivery points the Postal Service must service year to year continues to increase.

Fuel market volatility risk remains a key concern to providing affordable mail service, since the Postal Service does not pass on fuel surcharges to customers. Alternative fuel technology is one strategy to manage this risk. Our use of alternative fuel technology will adjust as the marketplace for alternative fuel technology continues to evolve. Our performance target tracks total alternative fuel use across the full spectrum of alternative fuel-capable vehicles in our fleet.

2011 Alternative fuel-capable vehicle fleet snapshot

Type	No. of AFV
Ethanol (E85)/gasoline	39,754
Compressed Natural Gas (CNG)	227
Electric	35
Propane	30
Conventional hybrid	910
Total AFV 2011	40,956

USPS operates a diverse fleet of alternative-fuel vehicles and has been in the forefront of testing alternative-fuel vehicle technology.

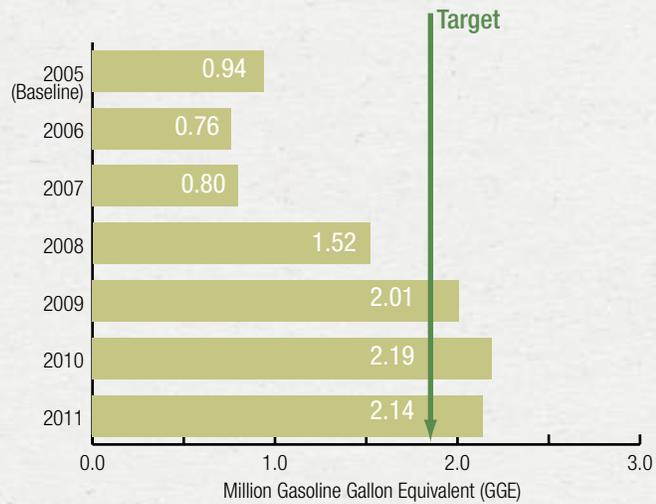
✓ **POSTAL-OWNED ALTERNATIVE FUEL USE**

Target: Increase total alternative fuel use 100% (10% annually) by FY 2015 from FY 2005 baseline.

Progress: Total alternative fuel use increased from FY 2005 to FY 2011 by 128% or 1.2 million GGE. Alternative fuel use decreased from FY 2010 to FY 2011 by 2% or 43,000 GGE.

Postal-owned alternative fuel use is on target to reach our FY 2015 goal.

Alternative fuel vehicle use



Highlights in our alternative fuel fleet operations in 2011 include:

Electric LLV conversion. Contract awards were issued to five electric vehicle suppliers to convert five gasoline-powered LLVs to all-electric vehicles. Each supplier offered a distinct technology approach, providing the Postal Service an opportunity to evaluate current state-of-the-art technology. During 2011, after extensive testing at a Department of Energy (DOE) facility, the five all-electric drive train LLVs were delivered to USPS for deployment at delivery locations in the Washington, DC, metropolitan area.

Electric 2-ton vehicle testing. We began testing 10 Navistar eStar 2-ton electric step vans in 2011. (See back cover.) The vehicles are rated for up to 100 miles on a single charge and can be fully recharged in six to eight hours.

The program is part of the America Recovery and Reinvestment Act funded through DOE. The fully electric vehicles are being field tested in three locations: Los Angeles, CA; Manhattan, NY; and Fairfax, VA; over a multi-year period to collect data on fuel efficiency, energy use, maintenance and vehicle utilization.

Repowering LLVs. Several advancements in automotive technology have occurred since the LLV was introduced into the postal fleet in 1987. In an effort to determine how this technology could improve the

operational efficiency of our delivery fleet, the Postal Service solicited suppliers to submit proposals to repower the LLV drive-train. Solicitations were issued for both gasoline and diesel repowered drive-train technology. Contract awards were issued during 2011. The repowered drive-train vehicles are scheduled to be deployed in 2012 in the Washington, DC, metropolitan area for testing and fuel efficiency performance.



Contract transportation partners

Our contract transportation partners fleet includes highway vehicles, employee-owned vehicles used to deliver mail and transportation by rail, ship and air. Contract operators must transport mail between processing facilities and regionally. They are a significant contributor to our total petroleum use and currently represent over 40 percent of our GHG inventory. Our present strategy is to achieve reductions in petroleum fuel use by our contract transportation vehicle operations through continued optimization of our network. Our performance target takes into account total petroleum fuel use from a variety of sources that provide contract transportation services.

Contract transportation fuel is a significant contribution to total fleet fuel use. Contract transportation provides regional network service and may travel longer distances. Optimization and network operation efficiencies are key strategies to minimizing the growth of contract transportation fuel use.

Vehicle fleet maintenance operations practicing pollution prevention

We continue to employ greener practices at our vehicle fleet maintenance operations by implementing pollution prevention strategies. Used motor oil, transmission fluid and antifreeze generated at our vehicle maintenance facilities are picked up for recycling by an authorized contractor.

We purchase re-refined motor oil and recycled antifreeze to run our vehicles. Up to 85 percent less energy is consumed in the re-refining of used oil compared to traditional refining of crude oil, so its use reduces our carbon footprint. A newly signed contract also will include the purchase of re-refined automatic transmission fluid for our vehicles. We have found purchasing recycled product is of the same or greater quality as new products, and through economies of scale and innovative contracting, pricing is the same or below the cost of new products.

We also use re-treaded tires in our vehicle fleet. The Postal Service has a national contract service to re-tread used tires that our fleet generates. Retreads are not only cost effective, but they are also dependable, reliable and safe.

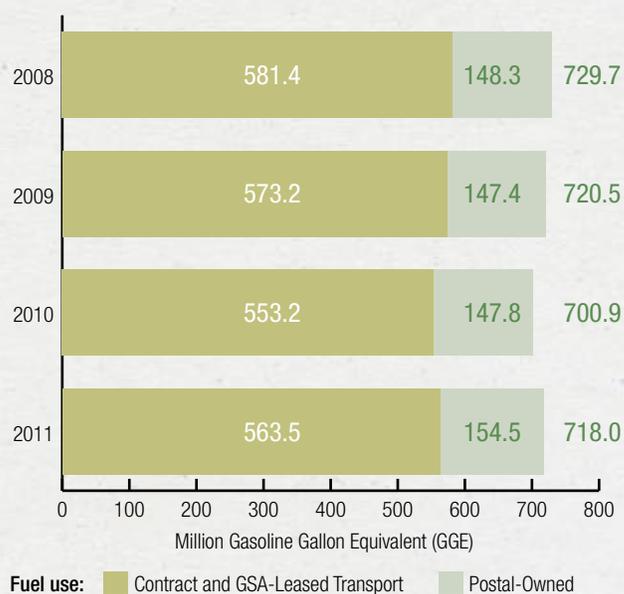
✓ CONTRACT TRANSPORTATION FUEL USE

Target: Reduce contract transportation petroleum fuel use 20% by FY 2020 from FY 2008 baseline.

Progress: Contract transportation petroleum use decreased from FY 2008 to FY 2011 by 2.9% or 17 million GGE. Contract transportation increased from FY 2010 to FY 2011 by 1.9% or 10.4 million GGE.

Contract transportation fuel use represents over 40% of our GHG inventory.

Total fuel vehicle use





Waste reduction and recycling

Waste reduction and recycling have significant environmental benefits. Recycling keeps waste out of landfills and avoids landfill fees. It's less energy and water intensive, decreases GHG and conserves natural resources.

Simply put, recycling helps sustain the environment. We have been active participants in EPA's WasteWise program, which supports and assists businesses in working toward eliminating waste disposal costs. In FY 2011, we recycled over 215,000 tons of material. This reduced our carbon footprint, and more importantly, kept these recyclables out of landfills.

We have put significant effort into improving our recycling, and believe we have developed a long-term sustainable recycling business model for our organization.

The next several years will prove very challenging as mail volume continues to drop and our network, which underpins our recycling efforts, undergoes consolidation and re-alignment. In meeting this challenge, we will make the necessary adjustments to our recycling business model to stay on track.

We established a zero waste proof of concept over the last several years and set an overall target for reducing our waste. Our approach is to focus on efforts to reduce, reuse and recycle our waste.

Reduce and re-use

A large component of our waste stream is Standard Mail bulk-priced mail pieces, such as printed matter, flyers, circulars and advertising that can't be forwarded or returned.

Reducing the amount of undeliverable Standard Mail that enters our network is key, and in 2008 USPS created the "Move Update" standard, which requires large mailers to more frequently match their address records with USPS change-of-address records. We extended "Move Update" to Standard Mail, which has further decreased the amount of undeliverable mail entering the system — another important factor in reducing overall waste generation.

Mail transport equipment. Sorting and moving mail requires an array of rolling equipment, pallets, containers and trays all commonly referred to as mail

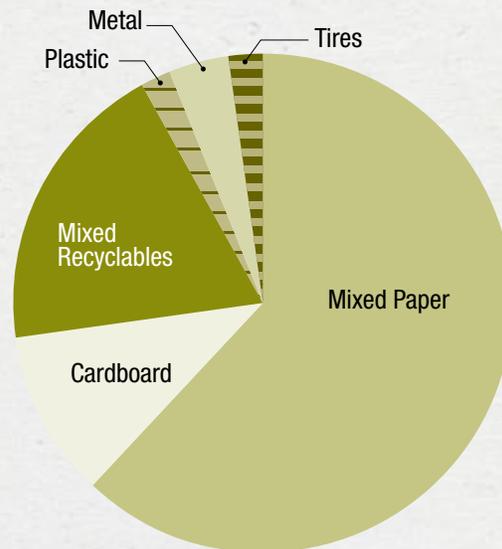
✓ SOLID WASTE AND RECYCLING

Target: Divert solid waste sent to landfill 50% by FY 2015 from FY 2008 baseline.

Progress: Recycled 46% of solid waste in FY 2011 or more than 215,000 tons of solid waste recycled and sent 252,000 tons to landfill.

The Postal Service generated over \$24.4 million in recycling revenue during 2011.

2011 Material Recycling Composition



transport equipment, or MTE. The containers we use are designed for durability and extending their life even longer can reduce replacement and waste disposal costs.

We have established guidelines to make better re-use of our mail transportation equipment at Post Offices and processing centers. To redistribute, repair and replace our MTE, the Postal Service operates a network of mail transportation equipment service centers across the country.

In FY 2011, our service centers recycled over 5,000 tons of MTE that could not be repaired or reused, resulting in \$1.7 million in recycling revenue.

Recycling and value-based contracting — reverse logistics

By using our distribution network in new ways, such as reverse logistics, we can increase recycling tonnage through economies of scale.

We can use value-based recycling contracts that include revenue sharing, along with performance tracking and reporting.

This is central to the Postal Service sustainability mission. We know that if it isn't measured, it isn't managed. To reduce costs and increase revenue, we backhaul recyclables such as mixed paper from local Postal Offices during daily return trips to our distribution centers.

This allows facilities that aren't geographically near each other to cost-effectively participate in large-scale recycling. At the same time, it avoids solid-waste disposal costs and landfilling.

Also, by using our existing transportation network, we avoid fees from recycling vendors who would make costly stops at each local office. In FY 2011, more than 12,000 facilities participated in the backhaul recycling program, recycling more than 215,000 tons of mixed paper, cardboard, plastic and scrap metal — and earning \$24.4 million in recycling revenue.

We also encourage customers to recycle by asking them to discard unwanted mail in Post Office lobby recycling bins, instead of our trash cans. Our "Read, Respond and Recycle" mail lobby campaign was

launched in 2009. More than 10,000 locations now offer customers lobby mail recycling. This effort continues to reduce waste being sent to landfills.

Regulated waste management and recycling. We have been active in reducing and better managing regulated wastes such as electronic waste or e-waste, and universal waste (i.e., batteries), through value-based recycling contracting services and pollution prevention strategies. These approaches not only reduce risk, but also drive efficiencies that benefit our bottom line. By continuous efforts to improve these contracting tools, we are starting to see results.

Electronic waste. We participate in a federal working group sponsored by the Office of the Federal Environmental Executive and have established e-waste stewardship practices.

E-waste may contain heavy metals like lead, cadmium and mercury that are harmful to human health and the environment. To properly manage e-waste, we developed three core principles: secure data destruction, recycle and reuse, and avoid landfill waste.

A centerpiece of our effort has been to use our existing transportation network to centralize collection of e-waste. Using secure mail transport containers, we ship e-waste using regular equipment return routes from processing centers to our materials distribution center in Topeka, KS.



This allows us to consolidate e-waste from around the country. By taking advantage of economies of scale, we have been able to participate in no cost e-waste collection and revenue-sharing contract partnerships. In FY 2011, our Topeka materials distribution center recycled over 700 tons of e-waste, resulting in \$345,000 in revenue sharing.

Lithium ion batteries. The Postal Service awarded a revenue-sharing contract for recycling lithium ion batteries used for our Intelligent Mail scanning devices.

More than 350,000 of these handheld devices have been widely deployed throughout USPS to capture and share information about each mail piece as it moves through our system. Each lithium ion battery is rechargeable and has a two-year life span.

We expanded this effort to include all spent lithium ion batteries used in laptop computers, power tools, cameras, two-way radios and other devices. By using our network, the Postal Service has increased recycling of these batteries from 1,200 pounds in 2010 to almost 10,000 pounds in 2011, resulting in more than \$2,500 in revenue sharing.

Tritium exit signs. USPS has been actively replacing tritium signs throughout our network. Although tritium exit signs pose little or no threat to public health, the Nuclear Regulatory Commission requires proper recordkeeping and disposal of all radioactive materials. Our reclamation contract has been active since 2009 and has resulted in recycling several hundred of these signs within our organization. Learn more about NRC tritium exit sign disposal at <http://www.nrc.gov/reading-rm/doc-collections/fact-sheets/fs-tritium.html>.

Water conservation and management

Stewardship of our water resources is essential to our environment and health. The energy needed to heat, move and treat water also impacts two of our key performance targets: energy use and our carbon footprint. Our business is not water-use intensive, but we can do our part where it counts. Our water stewardship management efforts are designed to reduce water consumption and minimize our impact on water quality.

Most of the water we use is for restrooms, irrigation and cooling and maintenance activities to support our facilities. We are taking the first steps to set targets and better understand our water footprint and consumption patterns. We estimated our 2008 and 2009 water use by using expenditures and unit cost. Beginning in 2010, we expanded the data collection capabilities of our national utility management system to include actual facility water use data. In 2011, we added over 1,600 facilities into the system to improve our water use estimates.

✓ WATER

Target: Reduce water use 10% by FY 2020 from FY 2007 baseline.

Progress: Water use was reduced from FY 2007 to FY 2011 by 25.5%, or 1.4 billion gallons. Water consumption decreased from FY 2010 to FY 2011 by 17% or 819 million gallons.

USPS has over 33,000 facilities across our entire network, so collecting water-use data is a challenge. However, we continue to work to measure our water footprint.



We have taken a more direct approach to reducing our impact on water quality. According to the EPA, nonpoint source pollution remains the nation's largest source of water degradation. This type of pollution occurs from rainfall and snowmelt, or when irrigation picks up pollutants and deposits them into bodies of water. It is less noticeable and tends to happen slowly, so it is more difficult to control.

Runoff from postal fleet vehicle washing may negatively affect water quality. It may contain detergents, grit, sediments and vehicle fluids that can be released into the environment. To mitigate these impacts, our centralized contract services require all vehicle washing contractors to use wash water recovery and waste water disposal as part of their service.

Learn more about nonpoint source pollution at the U.S. EPA website:
<http://water.epa.gov/polwaste/nps/outreach/point1.cfm>.

Environmental management and regulatory compliance

Each year the Postal Service performs environmental reviews at our facilities to assist in maintaining compliance with regulations, minimize risk and uphold best practices. In 2011, we conducted over 400 facility environmental reviews and third-party tank inspections at over 150 locations.

Our review program focuses on facilities with regulated activities, such as water and air permits, hazardous waste handling and underground storage tanks and fueling locations, which are more likely to be at risk of non-compliance. The program conducts regulatory reviews at these facilities and evaluates non-regulatory deficiencies that could lead to non-compliance. These proactive environmental reviews benefit the organization by identifying and correcting deficiencies and instilling best practices to maintain compliance.

The Business Case for Green

Adapted from *Deliver Magazine*. See full article at: www.delivermagazine.com. Printed with permission.

It's not always easy going green — but many marketers are finding that the benefits of eco-friendly messaging can be well worth the effort.

As the director of publishing operations for *Consumer Reports* magazine, Meta Brophy has witnessed firsthand the impact of eco-friendly marketing on a business's bottom line.

In recent years, Brophy and her colleagues have worked diligently to incorporate green principles into the publication's marketing practices. For instance, they have become more conscientious about paper stock, mailing frequency, envelopes and nearly every other element of the magazine's mail advertising. The payoff, she says, has been tremendous.

"We have saved hundreds of thousands of dollars over the last six-plus years by implementing new, and changing existing, programs," says Brophy. "We've switched to lighter weight papers. We produce more open-window envelopes, thereby eliminating the need for window patch material — which can save

several dollars per thousand on the price. And we're always working to maximize delivery efficiencies."

Says Brophy: "Incorporating green-friendly marketing practices helps us align our business practices with our mission, which is to serve the consumer interest."

The forest for the trees

Consumer Reports isn't alone in making green a focus of its business efforts. Currently, 5,000 businesses in the United States and Canada are certified by the nonprofit



Forest Stewardship Council (FSC), a non-governmental advocate for responsible forest management, meaning they follow FSC guidelines to ensure environmentally sound forestry practices.

That number includes some of the largest companies in the world, including many direct marketing giants, according to Ian Hanna, U.S. director of business development for the FSC.

"This has taken the market to a place of ubiquity," Hanna says.

"Those are real changes in terms of improved forest management as well as continued growth in recycling post-consumer fibers."

Technology keeps improving

Jerry Cerasale, senior vice president for government affairs for the Direct Marketing Association (DMA), says that a majority of national print companies purchase certified paper and soy-based ink.

"There have been vast improvements in the technology in making soy-based ink," Cerasale says. "I'd say that every marketer I know uses it."

Indeed, the biggest leap has occurred among printers. According to Cerasale, they are 100-percent environmentally conscious. "They are trimming paper sizes the best they can and recycling every bit of scrap in their plant," he reports. "If there is a bad

run, they recycle that paper. It's a win-win for them. They're greener and it saves them money."

Marketers are also doing a better job in reducing the number of mailings that are duplicates and/or undeliverable as addressed. In addition, Cerasale says an increasing number have begun to reduce the amount of paper used in packaging.

But there is still work to be done. Cerasale said the DMA would like to see all envelopes and stationery mail stamped with the logo "Please Recycle."

Services and product stewardship

From offering a semipostal stamp to support wildlife conservation that has raised more than \$620,000 to delivering on services and products that support environmental stewardship, we are actively helping the environment.



We continue to look at providing more market-driven solutions for environmental products and services that can be supported by our network.

Our new product carbon accounting service, USPS BlueEarth, is an example of our dedication and support for the sustainability efforts of our customers, as well as a way for us to better understand our own environmental impacts.

Our website, www.usps.com/green, spotlights ways customers can also save money, do business with the Postal Service and help the environment. Business mailers can find out how to be “environmailists” by creating effective direct mail and engagement campaigns that minimally impact the environment.

We make it easy for customers to do business with us from the comfort of their homes or offices. Almost anything you can do at the Post Office, you can do online at USPS.com, from purchasing postage-paid shipping labels and scheduling free package pickups, to changing your address or putting your mail on hold, to buying stamps and ordering packaging and supplies.

We encourage our customers to “skip the trip” and do it all through the Internet. Doing your postal business online not only adds convenience and saves time and fuel costs — it benefits the environment.

Our calculator shows the amount of fuel, money and greenhouse gas emissions you save based on how far you drive, your car’s fuel efficiency and how often you go to the Post Office. Check it out at <http://www.usps.com/green-calculator>.

Eco-responsible packaging and products

We continue to evaluate how we can offer our customers more green products, while maintaining high quality and affordability. Protecting the contents of the products we ship is our top priority. Quality counts.

USPS has partnered with suppliers to ensure that the design and manufacturing of stamps, postcards, Priority Mail and Express Mail boxes and envelopes use recyclable material where possible. Many of our signature product lines have been certified by a

make the change. use us online.
use USPS.com and save energy... and money, too.
estimate your savings now.

Not sure? [Click here](#)

greener choices with the U.S. Postal Service®

results
If you used USPS.com and skipped trips to the Post Office™ you would save time and over a year an estimated:

calculate now

0.0	POUNDS OF CO ₂
0.00	GALLONS OF GASOLINE
\$ 0.00	IN FUEL COSTS

This small step alone would lower your average carbon footprint as a driver by:

0.0% **IT ALL ADDS UP!**

How'd we figure this out?

ESTIMATE THE DISTANCE FROM HOME TO YOUR POST OFFICE.

HOW MANY TIMES A MONTH DO YOU VISIT THE POST OFFICE?

WHAT TYPE OF VEHICLE DO YOU DRIVE?

third-party eco-labeling program. Obtaining affordable and responsible product eco-labeling remains an important aspect of our sustainability efforts.

Mail-back services: an environmental solutions provider

Medical waste mail-back. Medical waste service providers use a variety of approved, secure containers to ship sharps, syringes, select medical waste materials and unused patient medications. This excludes controlled substance prescriptions.



Photo courtesy of Sharps Inc.

One mail user that provides this service is Sharps Compliance Inc., which handled over 1 million pounds of medical waste through the Postal Service in 2011. The company offers several different mail-back programs and services. Using secure Postal Service shipping services protects communities and solid waste workers, and helps prevent these wastes from entering the environment.

Electronics mail-back. We make it easy to recycle small electronic devices.

Our mail-back program lets people send their used electronic devices through the mail for recycling. Postage-paid mail envelopes are available in 1,600 Post Office lobbies.

These envelopes can be used to ship small used electronics, such as cell phones, ink jet cartridges and digital cameras, to a centralized recycling center, where



they're broken down into useable parts.

During 2011, customers recycled 185,000 items — about 22,000 pounds of material. Since the program began in 2008, more than a million

electronic devices and printer cartridges have been kept out of landfills. Looking ahead, we are exploring ways to offer a similar program on a larger scale to more Post Offices, as well as to other businesses and government agencies.

Explore Go Green postal products



Accompanying the release of our *Go Green* stamps, you'll find an assortment of green products at <http://www.stampproducts.com/gogreen>. A family activity kit offers simple tips for making our world a cleaner, greener place. Take the green quiz to test your green knowledge. You can order unique seed-embedded postcards that you can plant and watch grow.

Supply chain stewardship

The Postal Service has a longstanding commitment to improve the social and environmental performance of our supply chain while ensuring best value, fair competition and financial responsibility. In FY 2011, we continued to promote opportunities to strengthen our supply partner relationships and work collaboratively with them to make sure USPS has access to and is purchasing the most value-added and sustainable products and services. Learn more about our supply chain efforts at <http://about.usps.com/publications/pub5/pub5.htm>.

Encouraging a diverse supply chain

In FY 2011, we continued to promote supplier diversity opportunities by doing business with small, minority- and woman-owned businesses. The Postal Service actively participated in 27 industry, congressional and federal supplier diversity events, reaching an audience of more than 32,000 people. Our supplier diversity web presence was equally well-traveled, logging over 400,000 hits.

We were chosen this year as the No.1 government organization for multicultural business opportunities by *DiversityBusiness.com*. This is the 11th year in a row that the Postal Service was chosen as one of America's top 10 government organizations by *DiversityBusiness.com*, the nation's leading multicultural business-to-business website.

Fortune 500 companies and government agencies were selected based on the business opportunities they provide minority-owned businesses. Also, we were named Stalwart Supporter of Supplier Diversity by the U.S. Pan Asian American Chamber of Commerce. Learn more about our supplier diversity at <http://about.usps.com/suppliers/diversity-program.htm>.

Building sustainable supply chains with our suppliers

Building a more sustainable supply chain is a central part of the Postal Service's organization-wide sustainability program. One of our performance targets for 2015 is to require suppliers with contracts valued at \$500,000 or greater to submit sustainability data.



Our plan is to make progress toward this goal incrementally. By the end of 2012, we intend to incorporate product sustainability attributes and automate supplier reporting into our electronic ordering system for on-catalog supply contracts.

In 2013, we'll expand our efforts by collecting supplier sustainability data from off-catalog contracts, with the process targeted for completion by 2014. By the beginning of FY 2015 our plan is to have a supply chain sustainability reporting system in place.

We also will be working to increase the number of environmentally preferable products available in our online supplies catalog 50 percent by 2015. We recalculated our FY 2010 baseline of environmentally preferable product offerings in our online supplies catalog to remove previously counted, service-related items. With this new baseline of over 8,000 products, we have increased our environmentally preferred products offerings by more than 600 during FY 2011.

Environmentally preferable product purchasing

USPS launched its sustainable purchasing program in FY 2007 with the release of a green purchasing plan that guides our actions when making purchasing decisions. In addition to balancing traditional elements such as cost, functionality, quantity, packaging and product performance, buyers are encouraged to:

- Include environmental considerations and alternative product options as part of our normal best value procurement process.
- Emphasize pollution prevention and recycling improvements as part of the purchasing process.
- Compare environmental product attributes when selecting products and services.
- Collect accurate data from suppliers about the environmental performance of products and services.

Within our online supplies ordering system, environmentally preferable product purchasing indicators identify to our purchasing employees available product alternatives that are chemical free, low-or-no toxic, bio-based and are certified as more

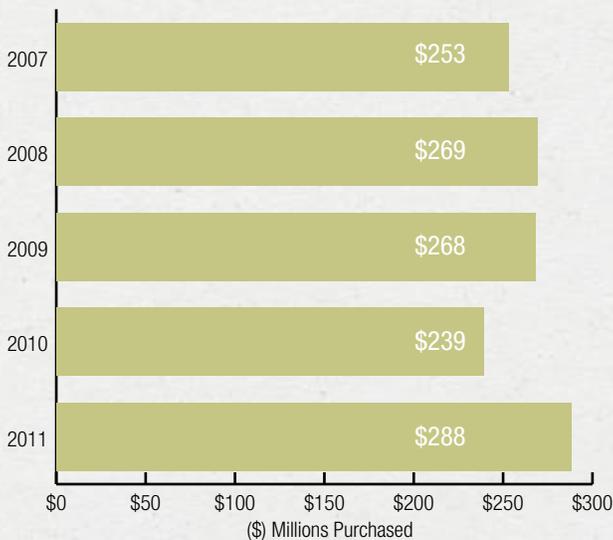


energy and water efficient, or contain recycled-content. An example would be office copy paper that contains at least 30 percent post-consumer fiber.

During 2011, through quarterly data obtained from our suppliers, USPS purchased about \$288 million in environmentally preferable products. Of that, \$282 million was spent on recycled content.

The estimated greenhouse gas emissions reductions from using products with recycled content is almost 228,000 metric tons carbon dioxide equivalent — nearly equal to removing almost 41,000 passenger cars from the road for an entire year!

Total environmentally preferable products purchased



The above graphic demonstrates dollars spent on environmentally preferable products. Purchasing these products supports our long-term sustainable business practices.

Reducing consumables

In addition to purchasing more environmentally preferable products, we are focusing on using fewer products overall, particularly by reducing office, custodial and maintenance supplies.

Our target is to reduce spending on consumables 30 percent by FY 2020 using FY 2008 as the baseline. We do this by tracking dollars spent in key areas. Since FY 2008, the Postal Service has reduced consumable spending by more than 38 percent. A purchasing overhaul begun in 2008 has yielded steep reductions in across-the-board spending, including consumables.

In 2010, we extended this effort to our Green Teams initiative, which identifies and implements low- and no-cost efforts to reduce resources and our environmental footprint. Reducing consumables spending meets both our financial and environmental targets.

People and community

Our sustainability efforts involve engaging both our employees and the communities we serve.

Our people are sustainability champions

The Postal Service prides itself on providing timely, cost-effective mail service to everyone in our country and for having great people to provide that service.

It's no surprise then that the real story to any organization's successful sustainability effort involves its people. To help you understand the contributions and efforts of our employees, we are profiling just a few of the many exceptional performers within our organization. Their diverse backgrounds are testament to the fact that a sustainability champion can come from any part of an organization.

We have benefited immensely from their spirit of volunteerism, their willingness to meet new challenges with exceptional results, and their ability to become change agents, who have embraced new ways of doing things that have changed the way the Postal Service does business.

Karen Rodgers.
Sustainability is now a way of life here.
We make it happen!



Karen Rodgers works in the Los Angeles District, where she is responsible for negotiating and maintaining contracts and providing purchasing services and supplies.

Karen first found out about the Postal Service's sustainability efforts while reading a USPS sustainability newsletter. Then her manager asked if she would coordinate a new program to offer lobby recycling

to our customers in the Los Angeles District. The "Read, Respond and Recycle Your Mail" campaign encourages customers to recycle their lobby mail discards in secure recycling containers located in the Post Office lobby.

With her usual "can-do" spirit, Karen ended up leading the lobby mail recycling effort for all Los Angeles District Post Offices. Her success was typical of the dedication and leadership she has shown throughout her career.

The lobby mail recycling campaign was a huge success, and the volunteer effort by Karen and other district employees culminated in a ribbon-cutting ceremony at the Santa Monica Post Office attended by local and state officials.

"I am proud of the effort and teamwork our group brought to the effort," Karen said. "We pooled our resources and made it happen." Now, she says managers and employees are asking how other materials can be recycled. "Sustainability is now a way of life for us," she said.

Greg Gaskin.
This super sustainability performer says recycling is good for the environment *and* for business.



Greg Gaskin is the Detroit Network Distribution Center's (NDC) Environmental and Recycling coordinator.

The Detroit NDC's "super back-haul" program, as it is now known, started as a local effort. Under Greg's leadership, it grew to a regional program and is now an interstate recycling hub for mixed paper, cardboard and plastic recyclables.

Using existing postal transportation networks, the Detroit NDC accepts recyclables from 75 percent of the USPS processing centers in Michigan, as well as from facilities as far away as Indiana and Pennsylvania.

Greg credits the Detroit NDC plant manager for supporting the idea and hard work by a team of employees who have developed the program into a lean, green operation. "The effort is even more unique," Greg said, "because we sell our cardboard directly to a paper mill and our clean plastic shrink wrap is bought in bulk by a maker of alternative wood products."

Economies of scale have allowed the plant to market directly with end users to increase USPS revenue and reduce disposal costs. Greg, who will be retiring from the Postal Service this year, says the recycling program is a great way to finish his career.

"I'm leaving on a high note," he said. "This effort demonstrates the Postal Service can enact similar programs across the country. We still have room to grow here in Detroit. The program is in good hands and will only get better."



Jim Hennessey. **This Postal Service sustainability pioneer declared war on waste!**



Jim Hennessey is the manager, Maintenance Operations Support in the Albany, NY, District.

Jim was championing sustainability before it became an organized practice at the Postal Service. He first became acquainted with the Postal Service's environmental efforts in 1994, as an Albany District environmental coordinator. His efforts in Albany helped change the way we recycle. He refined many of the recycling best practices now in use at USPS.

Under Jim's leadership, the Albany District, with its more than 700 offices, became our first Zero Waste District. It has reached a recycling rate of 95 percent — the best in the Postal Service. Today, Albany has the lowest waste costs in the country and fewest tons sent to landfills. Every office in the Albany District, which services some 3.5 million customers, participates in the recycling program.

But Jim's effort extended beyond his own district. With a talent for solving local issues that has brought about national solutions, he has been instrumental in starting programs with nationwide impact. One of them involved a new plastic mail-processing tray.

He located a recycler willing to not only accept the new trays, but pay USPS for them as well. What started as a local effort has grown, and Albany now is a national hub that consolidates the trays from around the country.

He also led an effort to set up a mail-back program to recycle fluorescent lamps. “We needed a cost-effective solution that was environmentally sound,” he said. Working with a lamp recycler, Jim designed a program for local Post Offices to mail back the lamps in specially designed containers.

Again, what began as a local initiative soon became part of a nationwide solution. Jim’s efforts clearly show how starting locally can lead to new ways of doing business nationally that benefit the environment and the USPS bottom line.

Connecting our people. A green team update.

During this period of fiscal challenge for the Postal Service, it is critical that we continue to make our operations leaner, greener, smarter and faster. Last year, we rolled out our employee Green Team program at selected locations to help lower operational costs and reduce our environmental footprint.

Our Green Teams identify and implement low- and no-cost efforts to reduce resources, focusing on our five sustainability performance target areas: energy, waste, fuel, water and consumables spending.

This year, to make it easier for employees to participate, we developed an online interactive tracking tool that pulls metrics from multiple databases into one place so our Green Teams can see how they are performing in real time.



This green initiative tracking tool compares current and same-period-last-year data so Green Teams can easily see if they are meeting their targets. Today, we have over 900 employees using the tool. We also rolled out online Green Team tutorial videos and training to help employees implement green efforts at their facilities.

2011 Postmaster General Sustainability Excellence awards.

In 2011, we recognized employee contributions and teams with our second annual Postmaster General Sustainability Excellence awards. The program is sponsored by the Postmaster General and implemented by the Office of Sustainability.

A national selection committee evaluated nominations from across the country based on a ranking system that lets all facilities, large and small, have a chance to compete fairly.

Nomination categories included green purchasing and reducing spending on consumables, energy efficiency and reduction opportunities, vehicle petroleum use reduction, green IT and electronics stewardship, employee engagement in sustainability and promoting green services to our customers. The 2011 PMG Award recipients included:

- Headquarters, Supply Management — *National Asset Recovery Program*
- Great Lakes, Detroit Network Distribution Center — *Super Backhaul!*
- Pacific Area — *One Man’s Trash is Another Man’s Treasure*
- Western Area — *Arizona District Recycling Program*
- Northeast Area, Albany District — *Albany Waste Reduction Initiative*
- Northeast Area, Connecticut Valley District — *Integrated Sustainability Initiative*
- Eastern Area, Western Pennsylvania District — *Recycling the Goods in Penn’s Woods*

- Southwestern Area, San Antonio Processing and Distribution Center — *Show Me the Green at San Antonio*
- Headquarters, Employee Resource Management — *NCED Lean Green Team Initiatives*
- Southwestern Area, Rio Grande District — *Saving Green with CNG in Corpus Christi*

Employees' opinions matter — sustainability engagement

The USPS Voice of the Employee (VOE) survey measures employee engagement. Engaged employees feel valued by the organization, have a sense of ownership, understand how they contribute to the organization's success and share in improving the work environment.

Analyses of VOE survey data conducted during the past year have consistently shown significant relationships between employee engagement and the performance of the Postal Service. We are very interested in how employees perceive our sustainability efforts. This will help us understand how well we are communicating our sustainability messages and where we need to improve.



Our community connection

Few organizations have the scope and reach of the Postal Service. We deliver to every community in America, touching the lives of millions of our citizens. USPS is consistently rated as one of the most trusted federal agencies, and our employees work hard to keep that trust. Our commitment to the communities, cities and towns in which we live and work runs deep.

Our employees are continually a source of inspiration for our organization. Postal Service employees pledged an average of \$38 million annually to the Combined Federal Campaign, the world's largest workplace philanthropy program.

Each year, the Postal Service and the National Association of Letter Carriers hold the largest one-day food drive in the nation. In 2011, more than 70.2 million pounds of food were collected. More than 1.1 billion pounds of food have been collected since the drive began in 1993.

The U.S. Postal Inspection Service works with Valassis and the National Center for Missing and Exploited Children on the "Have You Seen Me" campaign. As of December 2011, the campaign has returned 151 missing children to their families.

Postal employees also save lives. The Postal Service, National Marrow Donor Program and Be the Match Foundation created the *Delivering the Gift of Life* campaign 15 years ago. Nearly 57,000 postal employees and their families have joined the *Be the Match* registry.

Helping save vanishing species one stamp at a time

With the dedication of its fourth semipostal stamp in 2011, the U.S. Postal Service is helping save vanishing species 11-cents at a time.

Sales of the *Save Vanishing Species* semipostal stamp have raised more than \$620,000 in voluntary contributions since September 2011.

The net proceeds from sales of the new stamp will be transferred to the U.S. Fish and Wildlife Service to support the Multinational Species Conservation Funds.

The stamps sell for 55 cents each — 11 cents more than an individual First-Class Mail stamp. They will remain on sale for at least two years. The artwork on the 20-stamp sheet is dark green and includes silhouettes of a rhinoceros, tiger, gorilla, Asian and African elephants and a marine turtle.

Prior to this release, three semipostal stamps have been issued by the U.S. Postal Service. Today, only the *Breast Cancer Research* stamp is still available for purchase:

- *Breast Cancer Research*, 1998–current. Net proceeds of nearly \$74 million to date have gone to the National Institutes of Health and the Department of Defense.
- *Heroes of 2001*, *Heroes 2002–2004*. Net proceeds of \$10.5 million went to the Federal Emergency Management Agency. No longer available.
- *Stop Family Violence*, 2003–2006. Net proceeds of \$3.1 million went to the U.S. Department of Health and Human Services. No longer available.



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The Postal Service is testing this Navistar eStar 2-ton electric vehicle, which can go 100 miles on a single charge.

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