



SUSTAINABILITY *IS IN OUR NATURE*

GROW MORE SUSTAINABLE. UPS CAN HELP.

Sustainability Is in Our Nature

August 23, 2013



WE ♥ LOGISTICS™

Your Natural Resource for Sustainable Logistics

- UPS operates one of the most efficient, global transportation networks in the world
 - As a vital part of the global supply chain, sustainability is a core component in how we do business
- Emerging markets are consuming more goods and transportation services
 - Supply chains require more effective management of climate impact
- Choosing UPS as your transportation logistics provider can help you measure, manage and mitigate the impact of your supply chain, and market your efforts to do it



Greenhouse Gas Reduction Strategy

Multiple Strategies Working as One

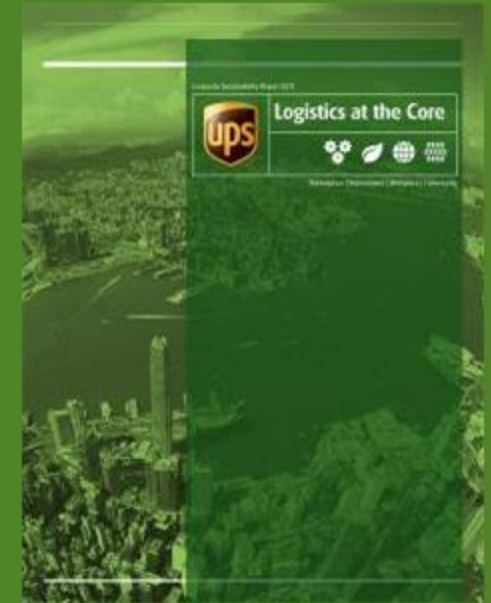
- Partner with a logistics leader with a proven approach, giving you and us a sustainability advantage
- We pursue multiple strategies for carbon avoidance, each made stronger and more effective than on its own
 - Measurement and reporting
 - Technology
 - Optimized logistics network
 - Aggressive emissions intensity goals and stewardship practices



Measurement and Reporting

Achieving Industry-Leading Reporting and Disclosure Standards

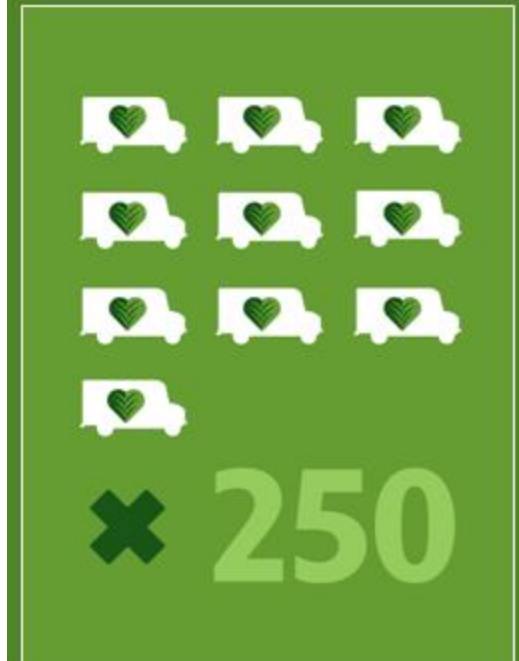
- Leading its industry, UPS produced and published its first sustainability report in 2003 (2002 data)
 - Transparent — Reported every year since 2003, and in Global Reporting Initiative (GRI) format, achieving A+ status in 2011
 - Comprehensive — Includes global Scope 1, 2 and 3 emissions since 2008
 - Credible — Independent, third-party assurance by Deloitte & Touche LLP and verification by SGS of our greenhouse gas disclosures
- Introduced materiality matrix in 2011
 - Maps company interests to other stakeholders to guide priorities and provide another level of transparency



Technology

The Rolling Laboratory

- Alternative-fuel/advanced-technology fleet expanded 35 percent in 2012 to more than 2,600 vehicles
- One of the most diverse selections of engines — and some of the first — in the industry
 - Propane since 1980
 - Compressed natural gas (CNG) since 1989
 - Hybrid gas/electric since 1998
 - Liquefied natural gas (LNG) since 2000
 - Electric since 2001 (first in 1935)
 - World's first hydraulic hybrid tested and deployed in 2006

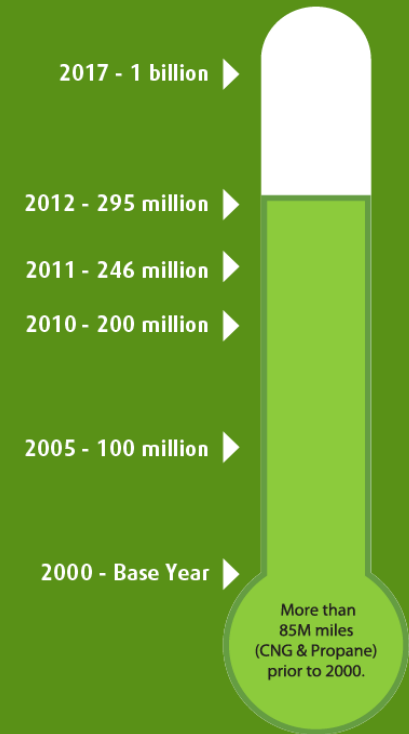


Technology

295 Million Down, 705 Million To Go

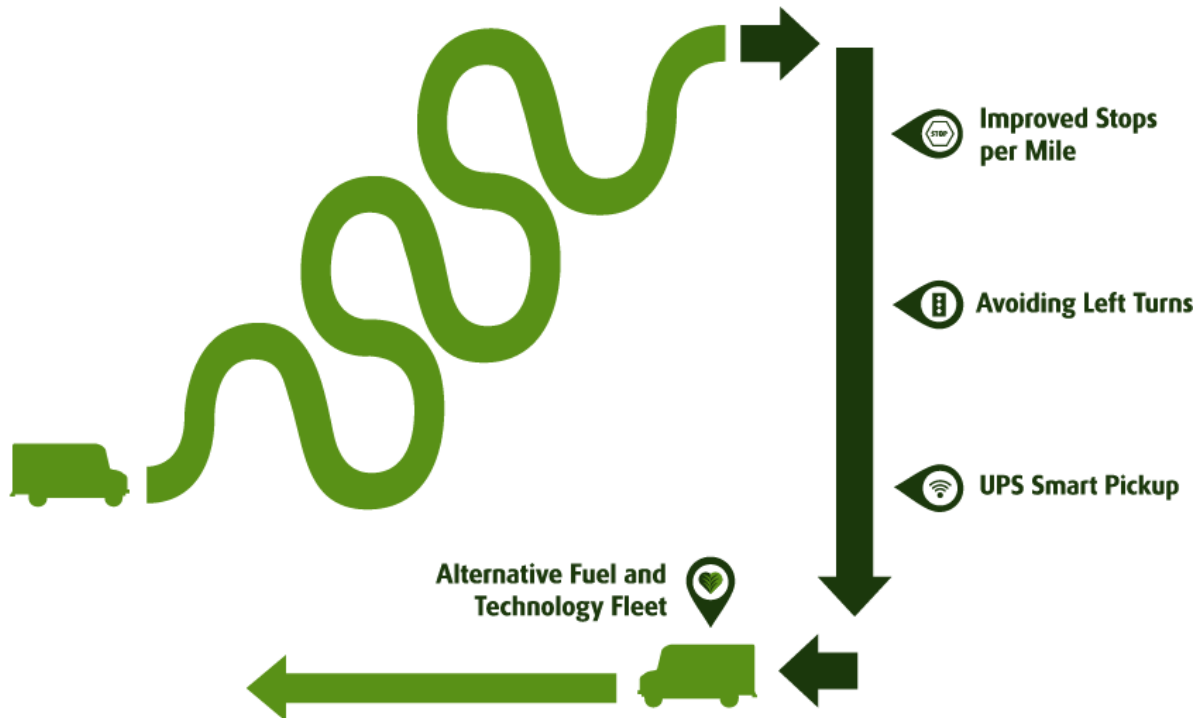
- Logged more than 295 million miles worldwide in alternative-fuel and advanced-technology vehicles since 2000
- Our unique “rolling laboratory” is propelling new technologies to commercial viability
- Fleet ownership allows for efficiency to be multiplied by thousands of vehicles
- New goal announced July 2013 to reach 1 billion miles by 2017
 - Our current rate of travel and expanding fleet have outpaced the original goal to log 400 million miles by 2017

Miles Logged in Alternative-Fuel and Advanced-Technology Vehicles



Optimized Logistics Network

Continuous Innovation



2012 Highlights

- Telematics helped UPS cut over 206 million minutes of idling time in 2012 — saving more than 1.5 million gallons of fuel
- Since 2001, UPS has avoided 364 million miles of driving through our use of technology — saving 39 million gallons of fuel and reducing CO₂ emissions by 369,000 metric tonnes

Optimized Logistics Network

Sustainable Shifts



- Intermodal transportation shifts are both energy- and time-efficient
 - Network flexibility allows for UPS to shift to the most fuel-efficient mode of transport
 - Aircraft, Package Cars, Tractor Trailers, Rail
 - Use rail extensively to reduce carbon emissions for long-distance shipping
 - Avoided emissions of 14.3 million metric tonnes of CO₂e in the U.S. from 2008 to 2012, shifting from air to ground and ground to rail

Measure, Manage, Mitigate and Market.

- By leveraging logistics, you can complement existing sustainability programs, as we provide you with:
 - Accurate, verified and certified measurement of transportation CO₂e emissions
 - Services and choices to help reduce climate impact
 - The means to mitigate remaining CO₂e output
 - A competitive advantage and a way to build your reputation for environmental stewardship



Measure

Accuracy Counts

- Carbon Impact Analysis uses our Carbon Emissions Calculator to help you understand the climate impact of your UPS shipping
- Offers detailed reports customized to your business designations
- Year-end reconciliation calculation enhances precision
- Calculate offsets needed to mitigate your emissions
- Methodology receives third-party reviews and validation
 - Verification by SGS
 - Certification by The Carbon Neutral Company



Manage

A Variety of Options to Manage Climate Impact

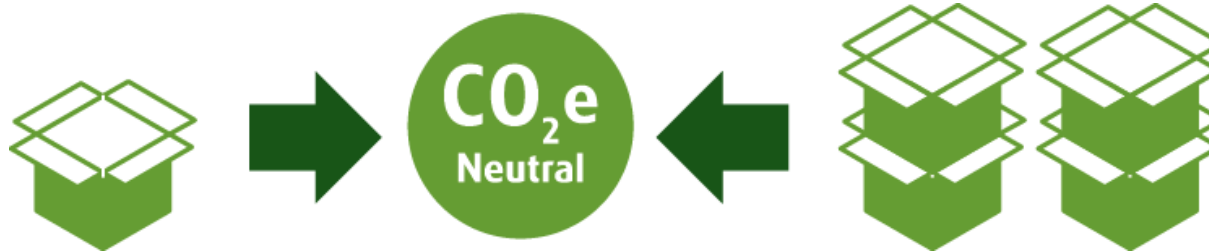
- Eco Responsible Packaging Program creates a more sustainable approach to packaging, conserving resources by improving package materials and quality
- UPS Express® Reusable Envelopes enable two shipments using just one envelope
- UPS Billing Center and UPS Paperless® Invoice allow for secure, online processing, while reducing paper use
- UPS Smart Pickup® schedules a pickup only when needed, reducing UPS trips and conserving fuel
- The UPS Store® offers recycling at many locations, including programs for packaging peanuts, printer cartridges and cell phones



Mitigate

UPS carbon neutral

- UPS offers two carbon neutral services
 - Our online option enables any customer on any shipping system to select offsetting on a per-package basis
 - Our contractual option provides customers with a set price for carbon offsetting based on actual shipping history and related CO₂e emitted, with the necessary reporting to support your sustainability goals



Market

Make Your Commitment Known

UPS carbon neutral

Branded emails and labeling emphasize your environmental commitment

CARBON
NEUTRAL
SHIPMENT



ups.com/carbonneutral

Eco Responsible Packaging Program

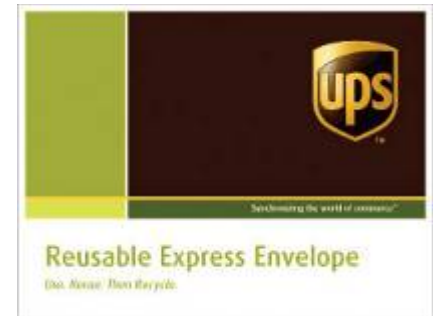
Labeled boxes make an impression in the marketplace

XYZ Supply meets UPS's Eco Responsible Packaging Program criteria.
Details at ups.com/ecoresponsible



UPS Express® Reusable Envelopes

Customizable packaging with name and logo differentiate you



Aggressive Emissions Intensity Goals and Stewardship Practices

CO₂e Anatomy of a Package

- UPS emissions breakdown per package
 - Transportation network — 70 percent
 - From origin UPS building to final destination UPS building
 - Pickup and delivery — 19 percent
 - From package cars picking up and delivering your packages every day
 - Facilities — 11 percent
 - From facility utility usage

CO₂e* Anatomy of a Package



*CO₂e means CO₂ equivalents, the metric that includes all six greenhouse gases, allowing for a proper accounting of where the fuel was burned.

Aggressive Emissions Intensity Goals and Stewardship Practices

20 Percent Intensity Reduction in Airline Emissions by 2020

- As half of our global CO₂ inventory, airline emissions represent the greatest area for improved efficiencies
- Besides external guidelines, we set our own airline emission intensity goal and seek to reduce fuel through:
 - Lower flight speeds
 - Computer-managed departures, arrivals, taxi times and flight plans
 - Single-engine taxi
 - Paint that reduces drag
 - Cleaner engines

CO₂ Pounds per Available Ton Mile
UPS Airlines Global Operations



* Unforeseen loss of 747-400 aircraft in Q3 2010 increased 2011 CO₂ lbs/ATM due to rerouting with less efficient aircraft to meet customer commitments.

Aggressive Emissions Intensity Goals and Stewardship Practices Protecting Our Liquid Assets

- Established Global Water Stewardship program with strategy to address buildings with top usage and in locations with water risk and scarcity
 - Transparency — Comprehensive data disclosure internally and externally to understand near- and long-term risks
 - Consumption and Conservation — Increase efficiency via process improvements at 20 percent of high-use operations, and implement best practices for storm water discharge
 - Engagement and Awareness — Leverage relationships with other organizations to engage our employees and build awareness of water conservation





Thank you



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