

UPS and the environment



UPS links million of organizations and individuals together every day, by delivering a daily average of 15 million packages and documents in more than 200 countries and territories. By connecting our customers to one of the world's most fuel-efficient corporate logistics networks, we help reduce and mitigate their indirect carbon footprint. We also provide them with products, services, expertise and consulting support for greening their own supply chains. With more than 100 years in business, we know that what's good for our customers and our communities is good for UPS and our people, so even in the challenging economy, we continued to find new ways to make the world more sustainable.

UPS pioneers carbon neutral shipping

UPS customers now can purchase certified carbon offsets to help mitigate the climate impact of their shipping. UPS is the first small package carrier to offer its customers the ability to offset the carbon dioxide emissions generated by the transport of their packages within the United States. Customers can purchase carbon offsets for orders placed on the internet, and higher volume shippers can contract for their deliveries to be offset according to their own particular shipping patterns.



Bringing this offering to market started with our expertise, data and methodologies for precise carbon calculations related to shipping. We also leveraged our ability to accurately calculate the carbon associated with our customers' shipping activities—no matter how big or small. To offset customer carbon, we conducted extensive research and decided to focus on high-quality, geographically appropriate CO2 offset projects such as wastewater treatment, reforestation, methane destruction and landfill gas destruction.

Next we engaged two world-renowned independent third-party organizations to assure customers of our choices. Our carbon neutral shipping service is verified by Société Générale de Surveillance (SGS), an independent inspection, testing and verification

company. Additionally, the UPS carbon neutral process is certified by The CarbonNeutral Company.

Finally, to give customers an extra incentive to embrace carbon neutral shipping, we announced that UPS will match the first U.S.\$1 million of offsets purchased for our customers' UPS carbon neutral transactions.

UPS recently expanded its carbon neutral shipping program to 35 countries and territories across Europe, Asia and the Americas. Millions more UPS customers now have the option of paying a small fee to calculate and offset the carbon emissions associated with their shipments.

UPS became the first small package carrier in the United States to unveil such a product when the carbon neutral program was introduced in the U.S. last fall, building on UPS's legacy of sustainable

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business practices and satisfying the demand for eco-friendly products. The new offerings, including a contract version for customers who want to offset the carbon impact of all their shipments, will be available starting July 12.

Driving change in transport and logistics

Alternative fuel vehicles

UPS has long been a leader in vehicles using alternative fuels and technologies, beginning with the use of electric vehicles in the 1930s. In 2009, we placed into service 245 new vehicles running on compressed natural gas (CNG) and released performance results for



innovative hybrid vehicles we introduced in 2008. The new CNG deployment expands our alternative fleet to 1,883 vehicles operating in North America, South America, Europe and Asia.

A 12-month study of our hybrid diesel electric delivery vehicles by the U.S. Department of Energy's National Renewable Energy Laboratory (NREL) found that they improved on-road fuel economy by 28.9 percent. The hybrid drive system, developed by Eaton Corp. for UPS, also delivered performance and reliability equal to conventional engines.

Airline bio-fuels

In 2009, UPS introduced an ambitious goal to reduce its airline emissions, including the use of bio-fuels that offer the potential of lower emissions per available ton mile UPS flies. To stimulate market demand for jet engine bio-fuels, which are not available today, we signed a memorandum of understanding with two potential fuel developers that states our willingness to use their fuels in the future. The memorandum was promoted by the Air Transport Association of America, Inc. (ATA) and signed by 10 other ATA members as well.



Aircraft noise reduction

Engine noise is often overlooked as an environmental impact of air transport, an issue UPS began addressing in the 1980s. UPS has been demonstrating a way to reduce noise during airport approaches, when jets are close to the ground and typically use their engines to adjust altitude. The alternative, called continuous descent approach (CDA), empowers pilots to glide to the ground and reduce engine noise. In 2009, UPS Airlines began discussions with European airport authorities to expand the benefits of CDA in the region.

Awards and Recognition

In *Fortune* magazine's ranking of Most Admired Companies, UPS was No. 1 in the Delivery industry for Social Responsibility, and placed among the top 30 companies overall.

In addition, these are just a few of the organizations that recognized UPS for our environmental efforts:

- U.S. Environmental Protection Agency's Climate Leaders
UPS is a Climate Leaders member and the only company listed in the "Shipping" category. UPS received a score of 82, which is in the highest 10 percent of companies across all industries, earning UPS positions on the Climate Disclosure Leadership Index for both the "Global 500" and the S&P 500.
- UPS received the top rating from ClimateCounts.org in "consumer shipping" based on 22 criteria.
- UPS is the only package delivery company to win the SmartWay excellence award in 2008 and 2009.
- UPS ranked No. 9 among the Top performing 100 US companies selected to the first-ever Climate Innovation Index (CII) by Maplecroft, a UK-based research and consulting company that reports on sustainability-related risks, and was the only transportation company in the Top 10.
- UPS's financial performance is tracked as one of the leading sustainability-driven companies worldwide in the Dow Jones Sustainability Indexes. 🌱