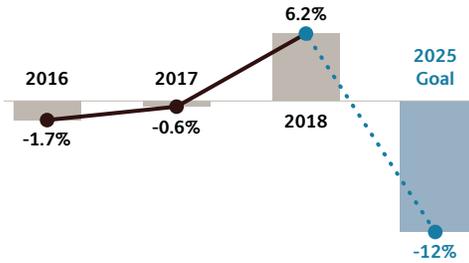




# 2018 Progress Toward Our Aspirations

Sustainability goals keep us focused on what's ahead. In 2016, UPS set new multiyear, enterprisewide goals, including targets to address our environmental impacts, advance industry-leading safety programs, and strengthen the communities where we live and work. Learn about the progress we made in 2018.

## ABSOLUTE GHG EMISSIONS CHANGED IN GLOBAL GROUND OPERATIONS



In 2016, we committed to reducing absolute GHG emissions across our global ground operations 12 percent by 2025 (2015 baseline). E-commerce growth is driving a need for increased capacity across our network, including fleet expansion and facility automation, both of which require more energy and generate more emissions. Increasing the use of renewable energy across our fleet and facilities is the key pathway to achieving this goal.

We also continue to report on our GHG intensity goal, the Transportation Intensity Index, referenced below, which was introduced in 2010. Our goal is to reduce overall carbon intensity 20 percent by 2020 (2007 baseline). This Index captures the overall efficiency of our global network by measuring GHG emissions associated with transporting packages and freight for our customers in a given year. Separate carbon intensity metrics measuring the Scope 1 and Scope 2 CO<sub>2</sub>e emissions for each of our three business segments are included in this Index. As of 2018, UPS has realized an overall carbon intensity reduction of 16.5 percent; however, this reflects a decline in performance relative to 2017 performance due to increased absolute emissions referenced above.

## Transportation Intensity Index

**U.S. SMALL PACKAGE OPERATION**  
CO<sub>2</sub>e/Package

**↓15.4%**  
2007 Baseline: 2.78 Lbs  
2018 Actual: 2.35 Lbs

**GLOBAL AIRLINE FUEL**  
CO<sub>2</sub>e/ATM

**↓11.7%**  
2007 Baseline: 1.54 Lbs  
2018 Actual: 1.36 Lbs

**U.S. SUPPLY CHAIN & FREIGHT OPERATION**  
CO<sub>2</sub>e/Lb of Freight

**↓31.4%**  
2007 Baseline: 0.26 Lbs  
2018 Actual: 0.18 Lbs

**CARBON INTENSITY REDUCTION OVERALL**

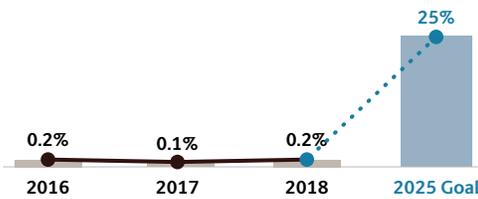
**↓16.5%**  
Compared to 2007

## GHG Emissions by Source (CO<sub>2</sub>e metric tonnes)

SOURCE	GHG SCOPE	2018	2017	2015 BASE YEAR
Airline Fuel	Scope 1	8,652,000	8,190,000	7,375,000
Vehicle Fuel	Scope 1	4,906,000	4,631,000	4,587,000
Facility Fuel (Heat)	Scope 1	293,000	226,000	235,000
Facility Electricity	Scope 2	784,000	745,000	814,000
<b>Total</b>		<b>14,635,000</b>	<b>13,792,000</b>	<b>13,011,000</b>

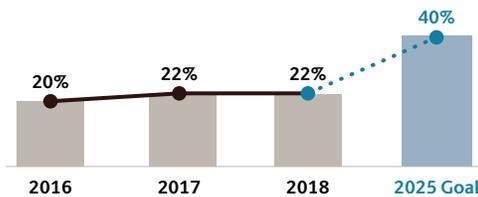
To learn more about UPS's GHG emissions, visit the GRI Content Index (disclosure 305: Emissions) at [ups.com/sustainabilityreport](https://www.ups.com/sustainabilityreport).

### ELECTRICITY FROM RENEWABLE SOURCES



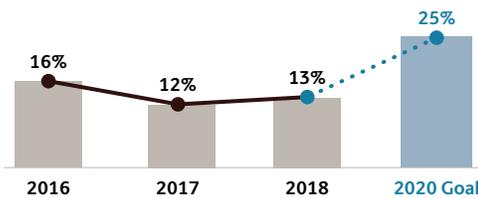
In 2018, we continued to deploy rooftop solar arrays on our facilities and plan to complete a 10MW installation by the end of 2019 (representing approximately 1 percent of 2018 energy use); however, more work is needed to increase our capacity for renewable electricity and accelerate progress toward this goal. In the coming years, we plan to explore other renewable electricity solutions that are feasible from an environmental and economic perspective, including the purchase of renewable electricity and additional on-site solar installations.

### ALTERNATIVE FUEL AS A PERCENTAGE OF TOTAL GROUND FUEL



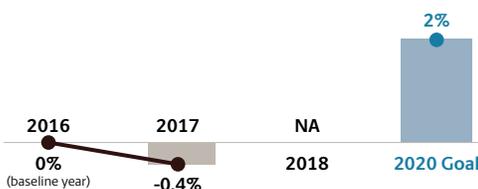
In 2018, we continued expanding our “rolling laboratory”—UPS’s fleet of more than 10,000 alternative fuel and advanced technology vehicles, including all-electric, hybrid electric, hydraulic hybrid, ethanol, compressed natural gas (CNG), liquefied natural gas (LNG), renewable natural gas (RNG), biodiesel, and propane. We purchased 119 million gallons of alternative fuels, which represents 22 percent of our total ground fuel usage. The use of alternative and renewable fuels is critical to achieving our goal to reduce absolute GHG emissions.

### PERCENT OF VEHICLES PURCHASED THAT ARE ALTERNATIVE FUEL AND ADVANCED TECHNOLOGY VEHICLES



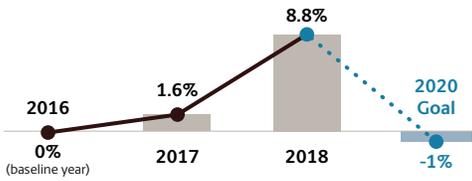
In 2018, 13 percent of the new vehicles we purchased use some type of alternative fuel or advanced technology, bringing our rolling laboratory to more than 10,000 vehicles. We continue to deploy Class 8 natural gas vehicles (tractor-trailers) at scale and invest in our electrification strategy as well; however, barriers include high initial purchase price and a scarcity of vehicles suited for UPS’s applications. We are collaborating with several vehicle manufacturers to pilot new electric vehicles that meet our needs.

### EMPLOYEE ENGAGEMENT



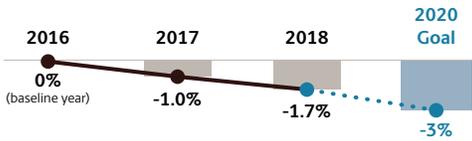
In 2016, we set a goal to improve our Employee Engagement Index (EEI) 2 percent by 2020 (from 76.3 percent to 78 percent favorable). The EEI is derived from UPS’s annual Employee Engagement Survey (EES). We did not conduct the EES in 2018 due to enterprise-wide transformation initiatives underway.

### LOST TIME INJURY FREQUENCY



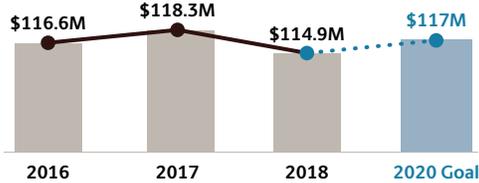
UPS is committed to sustaining our track record of industry-leading employee health, safety, and wellness programs across a growing workforce. In 2016, we set a goal to improve our lost time injury frequency (LTI) 1 percent by 2020. By doing so, we would reduce our rate of LTI incidents from 1.82 to 1.80 occurrences per 200,000 hours worked.

### AUTO ACCIDENT FREQUENCY



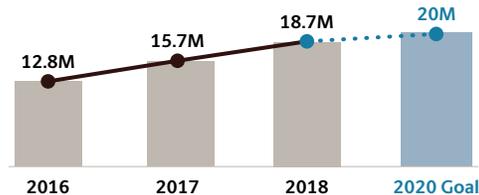
We aim to reduce the number of vehicle accidents 3 percent compared to a 2016 baseline (from 9.04 to 8.75 vehicle accidents per 100,000 driver hours). Investments in driver training and advances in technology, such as collision mitigation systems on our vehicles, and the use of virtual reality tech in training our drivers, are helping us make steady improvements toward this goal.

### CHARITABLE CONTRIBUTIONS



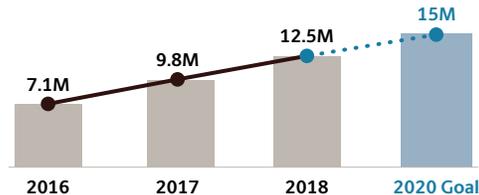
This goal reflects contributions by UPS; The UPS Foundation (our corporate citizenship arm); and UPS employees, retirees, and their families. After reaching record contributions in 2017, we adjusted our 2020 goal from \$127 million to \$117 million to reflect enterprisewide transformation initiatives, while continuing to commit resources and make a positive impact in our communities. We reduced contributions slightly in 2018, due to a deferment of \$4.5 million from the 2018 to the 2019 philanthropic budget.

### EMPLOYEE VOLUNTEER HOURS (CUMULATIVE SINCE 2011)



At UPS, our culture supports community service, helping to harness our collective effort in ways that make a real difference around the globe. That's why we pledged in 2011 to complete 20 million hours of global volunteerism and community service by the end of 2020. In 2018, UPSers contributed 3 million volunteer hours, generating an economic value of more than \$76 million, based on the valuation of volunteer time released by [Independent Sector](#) on April 11, 2019.

### TREES PLANTED (CUMULATIVE SINCE 2012)



UPS launched the Global Forestry Initiative in 2011 to plant, protect, and preserve trees that help absorb carbon, prevent erosion, and provide habitats for wildlife in urban and rural areas around the world. In 2018, we planted 2.7 million trees through employee volunteer projects and grants to our environmental nonprofit partners. We are more than 80 percent toward our goal to plant 15 million trees by 2020.