



2021 | GRI

## Global Reporting Initiative

January 1, 2021 – December 31, 2021

## Cautionary Note Regarding Forward-Looking Statements

This report, our other reports and our filings with the Securities and Exchange Commission (“SEC”) contain and in the future may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements other than those of current or historical fact, and all statements accompanied by terms such as “will,” “believe,” “project,” “expect,” “estimate,” “assume,” “intend,” “anticipate,” “target,” “plan” and similar terms, are intended to be forward-looking statements. Forward-looking statements are made subject to the safe harbor provisions of the federal securities laws pursuant to Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

From time to time, we also include written or oral forward-looking statements in other publicly disclosed materials. Such statements relate to our intent, belief, and current expectations about our strategic direction, prospects, and future results, and give our current expectations or forecasts of future events; they do not relate strictly to historical or current facts. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made.

Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations or anticipated results. These risks and uncertainties, include, but are not limited to: continued uncertainties related to the impact of the COVID-19 pandemic on our business and operations, financial performance and liquidity, our customers and suppliers and on the global economy; changes in general economic conditions, in the U.S. or internationally; significant competition on a local, regional, national and international basis; changes in our relationships with our significant customers; changes in the regulatory environment in the U.S. or internationally; increased or more complex physical or data security requirements; legal, regulatory or market responses to global climate change; results of negotiations and ratifications of labor contracts; strikes, work stoppages or slowdowns by our employees; the effects of changing prices of energy, including gasoline, diesel and jet fuel and interruptions in supplies of these commodities; changes in exchange rates or interest rates; uncertainty from the expected discontinuance of LIBOR and transition to any other interest rate benchmark; our ability to maintain our brand image; our ability to attract and retain qualified employees; breaches in data security; disruptions to the Internet or our technology infrastructure; interruptions in or impacts on our business from natural or man-made events or disasters including terrorist attacks, epidemics or pandemics; our ability to accurately forecast our future capital investment needs; exposure to changing economic, political and social developments in international and emerging markets; changes in business strategy, government regulations or economic or market conditions that may result in impairment of our assets; increases in our expenses or funding obligations relating to employee health, retiree health and/or pension benefits; potential additional U.S. or international tax liabilities; potential claims or litigation related to labor and employment, personal injury, property damage, business practices, environmental liability and other matters; our ability to realize the anticipated benefits from acquisitions, dispositions, joint

## 2021 | GRI

ventures or strategic alliances; our ability to realize the anticipated benefits from our transformation initiatives; cyclical and seasonal fluctuations in our operating results; our ability to manage insurance and claims expenses; and other risks discussed in our filings with the Securities and Exchange Commission from time to time, including our [Annual Report on Form 10-K](#) for the year ended December 31, 2021, our [Quarterly Report on Form 10-Q](#) for the quarter ended March 31, 2022, and subsequently filed reports. You should consider the limitations on, and risks associated with, forward-looking statements and not unduly rely on the accuracy of predictions contained in such forward-looking statements. We do not undertake any obligation to update forward-looking statements to reflect events, circumstances, changes in expectations or the occurrence of unanticipated events after the date of those statements. Company environmental, social and governance (“ESG”) goals are aspirational and not guarantees or promises; no assurances can be provided that any such goals will be met due to dependence on technological innovations and other available resources needed to drive environmental change, many of which are outside of our control. Statistics and metrics relating to ESG matters are estimates and may be based on assumptions or evolving standards.

# 2021 | GRI

## This Report

For the 2021 reporting cycle, we have updated this GRI Content Index with relevant data and information in accordance with the (GRI) Sustainability Reporting Standards Core option.

Management of United Parcel Service, Inc. (“UPS”) is responsible for the completeness, accuracy, and validity of the disclosures in this GRI Content Index, as of, and for the year ended, December 31, 2021. Management is responsible for the collection, quantification, and presentation of the disclosures and for the selection of the criteria which management believes provide an objective basis for measuring and reporting on the disclosures contained herein. Measurement of certain disclosures includes estimates and assumptions that are subject to inherent measurement uncertainty resulting, for example, from accuracy and precision of conversion and other factors. The selection by management of different but acceptable measurement methods, input data or assumptions may have resulted in materially different amounts or metrics being reported.

Management asserts that the disclosures in this 2021 GRI Content Index as of and for the year ended December 31, 2021, are presented in accordance with the GRI Sustainability Reporting Standards under its Core option. We engaged Deloitte & Touche LLP to perform a review (limited assurance) on management’s assertion relating to the disclosures in this 2021 GRI Content Index, as well as an examination (reasonable assurance) on management’s assertion relating to the Statement of Greenhouse Gas Emissions for the year ended December 31, 2021, in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA).

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+ This symbol indicates that information at this link was not subject to Deloitte & Touche LLP’s review and, accordingly, Deloitte & Touche LLP does not express a conclusion or any form of assurance on such information. The audited financial statements included in the 2021 Annual Report on Form 10-K were audited by Deloitte & Touche LLP and its audit report, dated February 21, 2022, is included therein.

⇒ This symbol indicates that information at this link was not subject to Deloitte & Touche LLP’s review and, accordingly, Deloitte & Touche LLP does not express a conclusion or any form of assurance on such information.

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# UPS SUSTAINABILITY GOALS

## Progress Made Towards Our Goals in 2021

### **40 percent alternative fuel used in our ground operations by 2025**

In 2021, we continued investing in alternative fuels for our ground fleet, purchasing 156 million gallons of alternative fuels, which represented 26 percent of our total ground fuel usage, up from 24 percent in 2020. For additional information, see Disclosure 302 – Energy.

### **25 percent renewable electricity powering our facilities by 2025, 100 percent by 2035**

In 2021, total electricity generated from renewable sources reached 5 percent. This includes several rooftop solar arrays on UPS facilities and procurement of renewable electricity within our operations. For additional information, see Disclosure 302 – Energy.

### **30 percent sustainable aviation fuel (SAF) in our air network by 2035**

In achieving carbon neutrality by 2050, in air transportation we are committing to source 30 percent aviation fuel from sustainable sources. At the current time, SAF supply remains limited and it has not reached economies of scale, making it cost prohibitive for wide adoption. Over the next several years, UPS will continue to work with fuel producers, customers, and the industry to accelerate the commercial availability, scale, cost, and competitiveness shift to SAF through a number of methods, including our membership with the Sustainable Aviation Buyers Alliance (SABA).

### **50 percent reduction in CO<sub>2</sub>e per package delivered by 2035 (2020 base year)**

Carbon intensity in 2021 was 2.55 Kg of CO<sub>2</sub>e per package delivered, up from 2.51 in 2020. This figure represents Scope 1 and 2 (market-based) emissions from all global business segments and work is underway to delink our volume growth from our emissions profile. For additional information, see Disclosure 302 – Energy.

### **Improve the well-being of 1 billion lives by 2040 (2021 base year)**

UPS set this goal in 2021 and will begin to report on the progress in the future. For additional information, see Disclosure 203-2 – Significant indirect economic impacts.



## **25 percent of charitable donations targeted toward underserved women, youth, and marginalized communities**

In 2021, 33 percent of charitable donations were targeted towards underserved women, youth, and marginalized communities. For additional information, see Disclosure 203-2 – Significant indirect economic impacts.

## **30 percent women in full-time management globally and 40 percent ethnically diverse company management in 2025**

There are currently 27 percent of women in full-time management at UPS, and 37 percent ethnically diverse company management. For additional information, see Disclosure 405-1 – Diversity of governance bodies and employees.

## **30 million volunteer hours globally by 2030 of which 1 million recorded volunteer hours dedicated to underserved Black communities (2011 base year)**

In 2021, we completed 1.1 million volunteer hours, with a total of 24 million since base year 2011. 100,000 volunteer hours recorded were in underserved Black communities. For additional information, see Disclosure 203-2 – Significant indirect economic impacts.

## **Planting 50 million trees by 2030 (2012 base year)**

3.2 million trees were planted in 2021, with a total of 22 million trees planted across 6 continents and 60 countries since 2012. For additional information, see Disclosure 203-2 – Significant indirect economic impacts.

*Any information relating to forward looking statements, goals, and progress against goals was not subject to Deloitte's review and, accordingly, Deloitte does not express a conclusion or any form of assurance on such information.*

## 102 General Disclosures

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### **GRI 102: GENERAL DISCLOSURES: Organizational Profile**

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#### **102-1 Report the name of the organization**

United Parcel Service, Inc. (UPS)

#### **102-2 Report the activities, brands, products, and services**

United Parcel Service, Inc., founded in 1907, is the world's premier package delivery company and a leading provider of global supply chain management solutions. We offer a broad range of industry-leading products and services through our extensive presence around the world. Our services include transportation and delivery, distribution, contract logistics, ocean freight, air freight, customs brokerage, and insurance.

We operate one of the largest airlines and one of the largest fleets of alternative fuel vehicles under a global UPS brand. We deliver packages each business day for approximately 1.7 million shipping customers to 11.8 million delivery customers in over 220 countries and territories. In 2021, we delivered an average of 25.2 million packages per day, totaling 6.4 billion packages during the year. Total revenue in 2021 was \$97.3 billion.

#### **102-3 Report the location of the organization's headquarters**

Atlanta, Georgia, USA

#### **102-4 Report the location where the organization operates**

We serve more than 220 countries and territories. We have a significant presence in all the world's major economies. Regions are identified as: North America, Europe, the Indian sub-continent, Middle East and Africa (ISMEA), Asia Pacific (APAC) and Latin America (LATAM).

#### **102-5 Report the nature of ownership and the legal form**

UPS is an incorporated, publicly traded company.



**102-6 Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)**

UPS serves more than 220 countries and territories in the operating regions of North America, Europe, ISMEA, APAC, and LATAM. UPS serves both public and private sectors and most industry sectors.

**102-7 Report the scale of the organization**

Total number of employees	Approximately 534,000
Total number of operations	Over 2,300 worldwide operating facilities
Net revenue	\$97.3 billion
Total capitalization	\$36.2 billion (Debt = \$21.9 billion, Equity \$14.3 billion)
Quantity of products or services provided	6.4 billion packages delivered

**102-8 Report information on employees and other workers**

See Disclosure 401-1 — New employee hires and employee turnover, and Disclosure 405-1 — diversity and equal opportunity. There were no significant variations in employees by gender or region when compared to last year.

UPS employees perform the majority of work associated with our organization's activities. We maintain a large workforce. We also regularly hire a large number of part-time and seasonal workers. Employee census data is compiled in and extracted from internal systems.

**102-9 Describe the organization's supply chain**

See Disclosure 204 — Procurement Practices.

**102-10 Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain**

In the second quarter of 2021 we completed the divestiture of our UPS Freight business. Following the completion of the divestiture, we renamed our Supply Chain & Freight businesses as Supply Chain Solutions.

On October 1, 2021, we acquired Roadie, a technology platform that enables local same-day delivery with operations throughout the United States. The Roadie technology platform is purpose-built to connect merchants and consumers with contract drivers to enable efficient and scalable same-day local delivery services, including items that are not compatible with the UPS network.

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### **102-11 Report whether and how the precautionary approach or principle is addressed by the organization**

UPS has not adopted the precautionary principle. Adoption of the principle would apply primarily to potential harm related to use of fossil fuels and emission of greenhouse gases. We are aware of these risks, and we seek to manage our business to reduce, avoid or mitigate them. We also engage with stakeholders regarding these risks.

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### **102-12 List externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or which it endorses**

Examples of major external initiatives we voluntarily engage in — other than those mentioned elsewhere in this report — include:

- The Greenhouse Gas Protocol ⇨ : developed by the World Resources Institute and the World Business Council for Sustainable Development.
- Carbon Disclosure Project (CDP) ⇨ : a globally recognized annual assessment that rates companies on how they are managing the risks of Climate Change.
- UPS is a signatory to Logistiek020 ⇨ : a platform for public-private cooperation and policymaking for sustainable logistics in Amsterdam, the Netherlands.

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### **102-13 List memberships of associations (such as industry associations) and national or international advocacy organizations**

- The U.S. Environmental Protection Agency Smart Way Program ⇨ : helps advance supply chain sustainability and improve freight transportation efficiency.
- Green Freight Asia ⇨ : a transportation association addressing the climate impact of shipping.
- The North American Council for Freight Efficiency ⇨ : an association committed to doubling the efficiency of North American goods movement.



- The National Clean Fleets Partnership ⇨ : part of the U.S. Department of Energy's Clean Cities program, which works with large private fleets to reduce the use of petroleum-based fuels.
- Corporate Eco Forum ⇨ : provides a forum for leaders to strategize and exchange best-practice insights.
- Smart Freight Centre Clean Cargo Working Group ⇨ : a green freight program whose methodology serves as a baseline input to the Global Logistics Emissions Council (GLEC) Framework's sea freight module.
- Airlines for America ⇨ : advocates and forms partnerships for airline safety, job creation, infrastructure modernization and environmental responsibility.
- Zemo Partnership ⇨ : a U.K.-based, public-private organization with the mission of accelerating the shift to low-carbon road fuels and technologies.
- The Centre for Sustainable Road Freight ⇨ : a collaboration among academic institutions and the private sector to support the transition to sustainable logistics in the U.K. and beyond.
- The Pembina Institute's Urban Delivery Solutions Initiative: a national network of businesses and organizations working to reduce freight emissions in Canadian cities.
- International Trade Centre (ITC) SheTrades Partnerships ⇨ : a unique platform that allows women-owned businesses organizations, companies, and partner institutions to connect, offer and source products and services and learn new skills.
- Truckers Against Trafficking (TAT) ⇨ : an organization with the aim to educate, equip, empower, and mobilize members of the trucking, bus, and energy industries to combat human trafficking.
- The United Nations Global LGBTI Standards of Conduct for Business ⇨ : helps develop greater equality for lesbian, gay, bi, trans and intersex people throughout our global operations.
- The Business Statement for Transgender Equality ⇨ : led by the Human Rights Campaign (HRC) and Out Leadership, supports the millions of people in America who identify as transgender or gender nonbinary or who are intersex, in our workplace, partnerships and the communities we serve.
- U.K.'s Green Innovation Policy Commission ⇨ : brought together progressive businesses and leading academics to identify how policy can both support green innovation across the U.K. economy and help to grow the businesses that deliver it (finished Jan. 2021).



- U.K. Government's Net Zero Transport Board ⇔ : a small group of senior representatives from industry and academia convened by the Secretary of State for Transport to guide the transport sector towards achieving net zero greenhouse gas emissions by 2050.
- The United States President's Advisory Council on Doing Business in Africa ⇔ : advises the President through the Secretary of Commerce on strengthening commercial engagement between the United States and Africa. UPS serves as co-chair.
- American Trucking Association (ATA) ⇔ : develops, advocates, and advances innovative research-based policies that promote highway safety, security, environmental sustainability, and profitability. As a recognized leader in truck transportation advocacy, they educate and guide policymakers at all levels of government about the essential role that trucking plays in the economy.
- International Road Transport Union (IRU) ⇔ : represents the entire road industry – bus, coach, truck and taxi, and drive the sustainable mobility of people and goods across the planet.
- China Express Association ⇔ : a national non-profit organization that promotes industry cooperation, good practices, and sustainable development in the express delivery industry.
- The Smart Freight Shippers Alliance China ⇔ : a group of shippers (or buyers of freight) who work together towards a compliant, efficient, and sustainable China freight sector.
- The Sustainable Aviation Buyers Alliance (SABA) ⇔ : a collaboration of NGOs working to accelerate the path to carbon-neutral air transport by driving investment in sustainable aviation fuel (SAF), catalyzing SAF production and technological innovation, and supporting member engagement in policymaking efforts.

## 102 General Disclosures: Strategy

### **102-14 Provide a statement from the most senior decision-maker of the organization**

UPS has been moving our world forward by delivering what matters for nearly 115 years, and I'm honored to lead this iconic company today as it serves and strengthens communities in the more than 220 countries and territories we call home.

Amid an unrelenting global pandemic, we reached new heights together in 2021, delivering 6.4 billion packages globally to customers, a testament to the integrity, resolve and ingenuity of our people — and the culture they help create.

- We delivered more than 1 billion COVID-19 vaccines and led the charge in response to natural disasters, geopolitical challenges and humanitarian crises around the world.



- We remained front and center on the global stage at events like COP26 and Expo 2020 Dubai, innovating alongside our partners to navigate the intersection between sustainable and equitable policy and economic prosperity.

Amidst the peaks, 2021 wasn't without its challenges. We faced increasing demand and other factors driving supply chain issues. And, when our shipping volume increased, so did our carbon footprint. But, we aren't giving up. We have a responsibility to use our scale and people to make real change. We have a solid roadmap in place with 2025 and 2035 environmental sustainability targets social impact targets by 2040 and ultimately, carbon neutrality by 2050. Guided by our corporate purpose and wildly important strategy of "Customer First, People Led, Innovation Driven," ESG will continue to be part of our DNA. Our path forward includes:

- Working with governments to advance the economic and political framework needed to make global trade part of the climate and socioeconomic solution.
- Collaborating with our customers, suppliers and like-minded private organizations to engineer sustainable, commercially viable and scalable solutions to achieve carbon neutrality by 2050.
- Continuing to increase operational efficiency – recognizing the greenest mile is the one not driven or flown.
- Utilizing even more alternative fuel in the near term as we seek to transition our fleet to zero-emission and electric vehicles.
- Working with, among others, governmental agencies, trade associations, fuel producers, customers and industry peers to collaborate on bringing scale to the SAF market.
- Reimagining how we attract, develop and retain more diverse talent, including implementing new strategies to enhance our leadership pipelines.
- We are also reexamining our compensation programs to ensure we can compete and win in today's marketplace.

Our work is just getting started. Throughout this report, you can read more about our efforts and world-class solutions pioneered by UPS employees (UPSers) determined to move our world forward. I'm confident that we will help deliver a greener, healthier and more just world for us all. As UPS founder Jim Casey said, "Determined people working together can accomplish anything."

Sincerely,

Carol B. Tomé



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## **102-15 Describe key impacts, risks, and opportunities**

We believe that our best opportunities are captured in the parts of the market that value our end-to-end network, including business-to-business (“B2B”), healthcare, small and medium-sized businesses (“SMBs”) and large enterprise accounts. We seek to grow in these areas by providing the best digital experience powered by our global smart logistics network.

For additional information see:

- [2021 Annual Report on Form 10-K](#), Competitive Strengths, page 2+
- [2021 Annual Report on Form 10-K](#), Item 1A Risk Factors, pages 9-16+
- Disclosure 102-46 — Topic Boundaries
- Disclosure 102-47 — Material Topics

## 102 Ethics and Integrity

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### **102-16 Describe the organization’s values, principles, standards, and norms of behavior such as codes of conduct and codes of ethics**

See disclosure 205 – Anti-corruption

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### **102-17 Report the internal and external mechanisms for seeking advice on ethical lawful behavior, and matters related to organizational integrity, such as helplines or advice lines**

See disclosure 205 – Anti-corruption

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**102-18 Report the governance structure of the organization, including committees of the highest governance body**

The highest governance body of the company is the Board of Directors. The Board has four committees composed entirely of directors meeting the New York Stock Exchange (NYSE) and our director independence requirements: The Audit Committee, the Compensation and Human Capital Committee, the Nominating and Corporate Governance Committee, and the Risk Committee. Information about each of these committees is contained in the [Proxy Statement](#) — Committees of the Board of Directors, page 29 ⇒ . Our website also includes detailed information about other corporate governance matters at UPS, including our policies and processes.

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**102-19 Report the process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees**

The Board, which is responsible for strategic oversight of the company, delegates authority for day-to-day management of the company, including as it pertains to ESG topics, to management. Members of our Executive Leadership Team (ELT) – our most senior executive officers – report directly to our chief executive officer. The Board is regularly briefed on issues of concern for all stakeholders, including customers, unions, employees, retirees, and investors. Furthermore, the Board oversees efforts of management to develop our values, strategies and policies related to ESG impacts. For example, our chief corporate affairs officer, who has responsibility and oversight for sustainability, and our chief diversity, equity and inclusion officer (CDEIO) each report directly to the company's chief executive officer (CEO) and regularly report to the Audit and Nominating and Corporate Governance Committees regarding implementing sustainability and diversity, equity and inclusion (DEI) strategies, priorities, goals, and performance.

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**102-20 Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics, and whether post holders report directly to the highest governance body**

UPS has multiple executive-level positions with responsibility for ESG topics, including: our chief legal and compliance officer, chief financial officer, chief corporate affairs officer, chief human resources officer (CHRO) and CDEIO, all of whom are direct reports to the CEO and regularly report to the Board on ESG topics.

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### **102-21 Report processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics**

Consultation between members of the Board of Directors and outside stakeholders occurs formally and informally throughout the year. Among the formal processes are reports to the Board by our chief corporate affairs officer and our CDEIO, as described above. Stakeholder engagement is an essential aspect of our corporate governance. Our management team participates in numerous meetings throughout the year to discuss, among other things, ESG topics. Management shares feedback from these engagements with the Board and committees as appropriate. Stakeholders who wish to communicate directly with a member of our Board of Directors, or with our independent directors as a group, may do so by writing to UPS via our Corporate Secretary at:

UPS, c/o Corporate Secretary  
55 Glenlake Parkway, N.E.  
Atlanta, Georgia 30328

Advertisements, solicitations for business, requests for employment, matters that may be better addressed by management or other inappropriate materials will not be forwarded to our directors.

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### **102-22 Report the composition of the highest governance body and its committees**

See Disclosure 102-18 — Governance Structure.

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### **102-23 Report whether the Chair of the highest governance body is also an executive officer**

The Board Chair position is held by an independent member of the Board of Directors.

A complete discussion of our Board leadership structure can be found in our 2022 [Annual Meeting Proxy Statement](#) — Corporate Governance, pages 10 -13 ⇨.

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### **102-24 Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members**

Maintaining a board of individuals independent of management, and of the highest personal character, integrity, and ethical standards, is critical to the proper functioning of the board. The Nominating and Corporate Governance Committee also seeks to promote diversity in the boardroom with respect to gender, age, ethnicity, skills, experience, perspectives, and other factors. Our directors'





biographies highlight the factors the board considered when nominating these individuals.

Additional information on board experience, independence considerations, and board members' biographies can be found in our [2022 Annual Meeting Proxy Statement](#) — Corporate Governance, pages 10-15 ⇨ and Our Board of Directors, pages 22-28 ⇨.

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### **102-25 Report processes for the highest governance body to ensure conflicts of interest are avoided and managed**

Our [UPS Code of Business Conduct](#) section on Conflicts of Interest on pages 16-17 ⇨ and our [Related Persons Transaction Policy](#), pages 1-2 ⇨, which are available on our investor relations website, set out our processes and policies for avoiding or managing conflicts of interest.

Our Board Committee Charters are available in the Governance Documents section of our website and detail the roles and responsibilities of each committee. This includes the Compensation and Human Capital Committee, who, at least annually, assesses whether the work of compensation consultants involved in determining or recommending executive or director compensation has raised any conflict of interest that is required to be disclosed in the company's [Proxy Statement](#). The Audit Committee assists the Board in discharging its responsibilities relating to the accounting, reporting and financial practices of the company and its subsidiaries. This committee has sole authority to appoint and oversee a registered public accounting firm (as defined by applicable law) to serve as the company's independent auditors.

Additional information is disclosed to our stakeholders in the 2022 [Annual Meeting Proxy Statement](#) — Conflict of Interest and Related Person Transactions, page 16 and Compensation Consultant Independence, page 33 ⇨.

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### **102-26 Report the highest governance body's and senior executives' roles in the development, approval and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social impacts**

We are committed to maintaining robust governance practices that benefit the long-term interests of all stakeholders. We regularly review and update our corporate governance practices in response to the evolving needs of our business, shareowner and other stakeholder feedback, regulatory changes, and other corporate developments.

The Board of Directors regularly reviews policies related to priority ESG topics, including the ESG impacts therefrom. In addition, the Board actively considers these factors in connection with its over-



sight responsibilities. The Board delegates authority for day-to-day management of ESG topics to management. Our chief corporate affairs officer regularly reports to the Board regarding sustainability and climate-related risk and opportunity strategies, priorities, goals, and performance. In addition, the Board is regularly briefed on issues of concern for customers, unions, employees, retirees, and investors. Furthermore, the Board oversees efforts of management to develop our values, strategies and policies related to ESG impacts.

UPS has multiple executive-level positions with responsibility for strategies and policies regarding ESG topics: our chief legal and compliance officer, chief financial officer (CFO), chief corporate affairs officer, CHRO, and CDEIO, all of whom are direct reports to the CEO.

The chief corporate affairs officer is responsible for leading the corporate sustainability team that manages UPS's overall sustainability strategy including:

- Assessing and managing climate-related risks and opportunities,
- Introducing innovative and environmentally responsible products,
- Establishing key performance indicators, goals, and transparent reporting for the company,
- Partnering with the company's CDEIO to support the company's diversity goals, and
- Encouraging employee engagement in the communities where they live and work.

The sustainability team works with cross-functional teams to implement programs that create value and drive progress toward UPS's sustainability goals. The sustainability team convenes individual working groups to address specific sustainability issues and initiatives, such as urban logistics and last-mile delivery, electric vehicles (EVs), renewable electricity and airline efficiency. The chief corporate affairs officer is also a member of the company's ELT Risk Committee, which is an internal committee of senior management that meets quarterly to review the enterprise risk strategy. The president of social impact and The UPS Foundation and the president of sustainability are also members of UPS's DEI Council. The chief corporate affairs officer co-chairs with the CFO the company's Sustainability Council which meets quarterly to track UPS's progress in meeting its ESG goals.

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## **102-27 Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.**

Our Board of Directors continually develops and enhances its knowledge of ESG topics.

- We have instituted a formal director engagement program in which directors meet with individual ELT members, visit company operations, participate in employee events, and receive in-depth subject matter updates outside of regular Board meetings on a quarterly basis.



These engagements encourage the ongoing exchange of ideas and information between directors and management and facilitate the Board's oversight of ESG topics.

- The Board receives regular reports from our CFO, chief corporate affairs officer, CHRO and CDEIO regarding ESG topics.
- The Board oversees efforts by UPS management to develop, approve and update our vision, values, strategies, policies, and goals related to ESG topics.
- The Board reviews the contents of the UPS sustainability reports (GRI, TCFD, SASB) each year and oversees our process of securing third-party assurance for the GRI and SASB contents through the Board's Audit Committee.
- The Board oversees strategic risk management efforts at UPS, including identifying and managing risks and opportunities associated with ESG topics.

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### **102-28 Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics.**

The Board's Nominating and Corporate Governance Committee coordinates an annual self-evaluation of the Board of Directors and each of the Audit, Compensation and Human Capital, Nominating and Corporate Governance and Risk Committees. The evaluation includes a review of performance with respect to oversight of ESG topics. The Board and each committee review the results of the evaluations and take appropriate actions, as necessary, including changes in membership and organizational practice, to address any areas of concern.

For additional information, please see 2022 [Annual Meeting Proxy Statement](#) – Formal Evaluation Process, page 13 ⇨, and the assurance report provided in the appendices of this document.

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### **102-29 Report the highest governance body's role in the identification and management of economic, environmental, and social impacts, risks, and opportunities**

See Disclosure 102-26 — Governance Body's Roles.

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**102-30 Report the effectiveness of the risk management process**

See 2022 [Annual Meeting Proxy Statement](#), page 14 ⇨ ,Risk Oversight; page 20 ⇨, Human Capital Management and page 19 ⇨, Sustainability.

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**102-31 Report the frequency of the highest governance body's review of economic, environmental, and social impacts, risks, and opportunities.**

See Disclosures 102-26 — Governance Body's Roles and 102-27 — Governance Body's Knowledge.

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**102-32 Report the highest committee or position that formally reviews and approves the organization's sustainability report.**

UPS's sustainability reports (GRI, SASB, TCFD) are reviewed by the Board of Directors prior to publication.

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**102-33 Report the process for communicating critical concerns to the highest governance body.**

Critical concerns are communicated to the Board through reports from the ELT, which communicates with all major corporate functions and is responsible for addressing and resolving such concerns.

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**102-34 Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.**

See Disclosure 102-33 — Process for Communicating Critical Concerns. In 2021, no matters identified as critical concerns arose.

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**102-35 Report the remuneration policies for the highest governance body and senior executives.**

The Compensation and Human Capital Committee is responsible for reviewing and approving compensation for the company's executive officers, establishing the performance goals on which the compensation plans and programs are based, and setting the overall compensation principles that guide the Committee's decision making.



These policies are described in our [2022 Annual Meeting Proxy Statement](#) — Executive Compensation, pages 31-43 ⇨. The Committee annually engages an independent compensation consultant to make recommendations concerning executive compensation, including input on trends that may be important to stakeholders.

The Committee conducts a review of director compensation generally every other year to verify the program structure is consistent with best practices and current trends. The Committee engages its independent compensation consultant to provide advice on the competitiveness of the company's non-employee director compensation program and recommends changes to assure compensation remains market competitive.

These policies are described in our [2022 Annual Meeting Proxy Statement](#) — Director Compensation, page 30 ⇨.

Generally, we do not pay discretionary bonuses in cash or stock, or make other discretionary payments, to our executives. In recent periods, however, to attract and retain senior executive talent to participate in the transformation of our business, the Committee determined it was appropriate to approve certain limited payments to external executives hired to the company's Executive Leadership Team. In addition, the Committee has also approved certain limited payments to reward outstanding performance, for executive retention purposes, and in connection with certain executive separations to obtain non-compete and non-solicitation agreements.

For additional information, please see our [2022 Annual Meeting Proxy Statement](#) — Employment Transition Payments and Retention Arrangements, page 40 ⇨.

The Committee maintains discretion to adjust awards earned under the Management Incentive Program up (but not above the maximum amount for each Named Executive Officer (NEO)) or down based on its qualitative assessment of each NEO's individual performance. With respect to the CEO's MIP award, the Committee considers the results of the board's annual evaluation of the CEO, which includes ratings on:

- Leadership qualities,
- Strategic planning and execution,
- Managing for financial results,
- Retaining and developing a diverse top management group,
- Providing equal opportunity employment, and understanding and addressing issues facing employees,
- Ensuring the company contributes to the well-being of the communities in which it operates,
- Promoting compliance and ethical behavior, and
- Board relations.



For NEOs other than the CEO, the Committee takes into consideration the recommendations of the CEO. Individual accomplishments during 2021 were considered by the Committee when determining final awards.

For additional information, see the discussion of our MIP [2022 Annual Meeting Proxy Statement](#) — Management Incentive Program – Annual Awards Overview, pages 35-37 ⇨.

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### **102-36 Report the process for determining remuneration**

UPS offers competitive hourly wages, salaries and total compensation plans to both full-time and part-time employees. The primary process for setting compensation levels for our non-management employees is contract negotiations via collective bargaining. More than 70 percent of our U.S. employees are represented by unions, primarily those employees handling or transporting packages. In addition, approximately 3,100 of our pilots are represented by the Independent Pilots Association.

UPS provides for equal remuneration policies regarding women and men and complies with all applicable laws and regulations. For additional information, please see our [2022 Annual Meeting Proxy Statement](#) - Compensation Discussion and Analysis, page 31 ⇨.

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### **102-37 Report how stakeholders' views are sought and taken into account regarding remuneration**

Stakeholder engagement is an essential aspect of our corporate governance. Our management team participates in numerous meetings throughout the year to discuss, among other things, our compensation policies and practices, specifically with respect to our executive officers and directors. Management shares feedback from these engagements with the Board and committees as appropriate.

We provide shareowners the opportunity to vote annually, on an advisory basis, on the compensation of our named executive officers, as described in the Compensation Discussion and Analysis section (page 31) and in the compensation tables and accompanying narrative disclosure in our Annual Meeting Proxy Statement ⇨. At the most recent vote in May 2022, more than 91 percent of shares voted were in favor of our executive compensation.



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**102-38 Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees**

See [2022 Annual Meeting Proxy Statement](#) — Median Employee to CEO Pay Ratio, page 55 ⇨.

Omitted: Information is currently not provided for the following:

- Highest paid individual for the reporting period as defined by total compensation, for each country of significant operations
- Median annual total compensation for all employees except the highest paid individual, for each country of significant operations
- Ratio of the annual total compensation of the highest-paid individual to the median annual total compensation for all employees, for each country of significant operations

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**102-39 Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country**

Omitted: Due to confidentiality and competitive reasons, UPS does not report ratios based on individual compensation or make pay decisions based on these ratios.



## 102 Stakeholder Engagement

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### **102-40 List of stakeholder groups UPS impacts or is impacted by these stakeholders:**

- Communities: the digital and geographic places in which our business model operates
- Customers: the shippers and receivers of commerce we transport
- Employees: active and retired employees
- Governments: the bodies and political units that govern states, countries, municipalities, etc. where UPS engages in or influences commerce
- Influencers: nongovernmental organizations and the media
- Investors: UPS shareowners
- Suppliers: people and entities from whom we purchase products and services

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### **102-41 Report the percentage of total employees covered by collective bargaining agreements**

We have approximately 534,000 employees (excluding temporary seasonal employees), of which 444,000 are in the U.S. and 90,000 are located internationally. Our global workforce includes approximately 89,000 management employees (44 percent of whom are part-time) and 445,000 hourly employees (51 percent of whom are part-time). More than 70 percent of our U.S. employees are represented by unions, primarily those employees handling or transporting packages. In addition, approximately 3,100 of our pilots are represented by the Independent Pilots Association.

We are not able to track or report total employees covered by collective bargaining agreements because in some countries and territories it is illegal to ask about or track union membership.

For additional information, see our [Annual Report on Form 10-K](#) for the year ended December 31, 2021.+

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### **102-42 Report the basis for identification and selection of stakeholders with whom to engage**

Stakeholder groups are identified during our periodic assessments in consultation with senior leadership and outside experts we hire. We identify global stakeholders that can have an impact on





our business and whom we impact based on our business operations and use a matrix that ranks topics from high to low importance for our stakeholders and our business.

We consider stakeholder engagement an essential aspect of UPS corporate governance. We are one of the world's largest private employers; we serve millions of customers in more than 220 countries and territories, as well as hundreds of thousands of investors who include UPS stock in their portfolios, either directly or via mutual funds.

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### **102-43 Report the organization's approach to stakeholder engagement**

We seek to maintain an ongoing dialogue with stakeholders, even those who may be critical of us. We communicate proactively on emerging issues and trends through, among other means, conversations at events where our stakeholders engage. We also respond to incoming letters, calls, and requests from stakeholder groups. Reflecting our commitment to our stakeholders, in 2021, we created a full-time director-level position to develop and manage a robust ESG stakeholder engagement program.

On an ongoing basis, we enhance existing and evaluate new engagement programs aligned to our various strategies. For example, in recognition of the power of our large workforce to influence positive environmental, social and governance actions both inside and outside UPS, in 2021, we launched the UPS Sustainability Trailblazers employee engagement program. It is an employee-led program across all functions to address ESG matters at UPS and in the communities we serve.

Below are some of the primary mechanisms for stakeholder engagement within each stakeholder group.

- Communities: The UPS Foundation, employee volunteer program, humanitarian relief and resilience activities
- Customers: periodic business reviews and regular meetings, market research, UPS.com, social media, UPS-sponsored events, UPS drivers, employees
- Employees: UPS Culture Survey, business resource groups, daily prework communications meetings, health and safety committees, UPSers.com and UPSers Connect, social media, union representatives, joint labor-management committees, townhall meetings, the UPS Sustainability Trailblazers employee engagement program
- Governments: global advocacy and relationship building, multifaceted thought leadership strategy, facility visits and targeted outreach, collaborative partnerships
- Influencers: regular and proactive dialogue, topic-specific conferences and events
- Investors: investor conferences, quarterly earnings communications, annual shareholder



meeting, [Annual Report on Form 10-K](#),+ [Proxy Statement](#) ,+ press releases, one-on-one and small group meetings, ratings and rankings, investor website

- Suppliers: top supplier meetings, supplier diversity strategy (including conferences, events, training, etc.), research and development of alternative vehicle technologies, one-on-one meetings with suppliers, including assessments and reviews, development of a sustainability best practices online platform for outside service providers in global markets that also incorporates access to resources for fleet electrification and transition to a low-carbon economy

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## **102-44 Report key topics and concerns that have been raised through stakeholder engagement and how the organization has responded to those key topics and concerns**

We operate in communities around the world and recognize that key concerns among them include local support as well as leveraging UPS expertise and resources to support humanitarian aid efforts. In response to these concerns, we have contributed more than \$20 million in funding, in-kind and technical support for community safety initiatives, and contributed more than 1 million volunteer hours.

Our customers are concerned about, among other things such as service and price, reducing their scope 3 emissions. We offer carbon neutral shipping, carbon impact analysis, and educational materials about how our shipping services factor into their ESG goals.

UPS employees (active and retired) want a work/life balance, competitive pay and benefits, clear communication, career and growth opportunities, support of a diverse workforce, and effective off-boarding. In response to these interests, we conducted an inaugural UPS Culture Survey to better understand how our beliefs and behaviors are aligning with our strategy. We also began to measure and report on our progress through an organizational metric, “Likelihood to Recommend,” that supports making UPS a great place to work. We have regular townhall meetings with leadership. During the Covid-19 pandemic, we created health and safety programs to make certain our employees have the tools and resources to maintain good health and safety practices.

We are addressing employee topics in other ways, too. We created the DEI group overseen by a member of our ELT to lead UPS into the future of responsible workplace dynamics, and continued the UPS Equity, Justice and Action (EJA) task force to further align with our core DEI principles such as pay equity and equal employment opportunity. We expanded our internal business incubation and disruption program to global employees, fostering new ideas and innovative solutions, and conducted two UPS retiree webcasts to discuss progress executing the company’s Customer First, People Led, Innovation Driven strategy.

Being a global company, we must also address the concerns of governments. Key topics include innovative solutions to reduce emissions (both greenhouse gas and air pollution), support for



electrification investment, including charging infrastructure, ensuring the ability to trade green goods, and creating and enabling regulatory environments for businesses to go green.

In 2021, we engaged in pilot projects and new operational models in urban environments (Seattle, Portland, Pittsburgh, Los Angeles, New York) to eliminate delivery fleet mileage, reduce idling and mitigate our urban delivery footprint. We played a key role in advancing the Infrastructure Investment and Jobs Act, a federal law that includes EV infrastructure investment which was signed into law in November of 2021. We collaborated with city and national officials to continue developing sustainable urban delivery solutions, e.g., partnering with the U.K. government to understand the potential for energy trading to reduce the cost of recharging our electric vehicles. At Expo 2020 Dubai we deployed electric vehicles, electrically assisted cycles, and solar charging (in U.A.E.), and at the United Nations Climate Conference (COP26) in Glasgow, Scotland, we demonstrated innovative electrification solutions and thought leadership.

We also engage with influencers. Topics of concern include private-sector expertise and resources, collaboration on innovative solutions, transparent reporting with credible data, vaccine equity efforts, political action committee (PAC) donations, progress on electric vehicles, global supply chain bottlenecks, and DEI.

UPS has responded to these concerns in a variety of ways. For example, we worked in partnerships to expand supply chain networks of multiple countries, including, for example, Uganda's first last-mile cold-chain delivery and visibility network for the delivery of medicine, vaccines, and other health commodities and we work with several non-governmental organizations on a variety of other efforts around the globe, which are covered in our 2021 Social Impact Report. We maintain open lines of communication with media through our Global Communications group.

During the Covid-19 pandemic we provided periodic updates on our health and safety efforts and our progress in delivering vaccines and shared protocols to keep employees (essential workers) safe. Regarding PAC contributions, we continue to engage elected officials on issues that are core to the economy and our ability to do business. We have stated publicly that DEI is central to our business strategy; that we believe our intentional focus on these critical areas leads to better outcomes throughout our business.

Our investors are also concerned with financial results and progress toward financial targets, capital allocation and continued investment in innovation, and transparent reporting with credible data, among other things. Therefore, we participate in investor meetings throughout the year to discuss our business strategy and financial results in the form of in-person meetings, telephone and webcast conferences, as well as key site visits. In 2021, we contacted holders of over 47 percent of our class B common stock as part of our ESG investor outreach program, in which we engage directly with investors, explaining our sustainability journey and addressing questions. Additionally, we participated in external benchmarking surveys, published our inaugural Task Force on Climate-Related Financial Disclosures (TCFD) report, and launched a more investor-friendly website, integrated within the About UPS website, including a section on ESG with easy access to UPS disclosures.



For UPS suppliers, leadership in testing and scaling alternative fuels and vehicle technologies as well as capacity-building support for local and diverse suppliers are key topics of concern. We began testing purpose-built electric delivery vehicles specially designed to UPS's specifications; we have co-developed the vehicles which include advanced control and safety features. UPS Flight Forward announced a planned purchase of electric Vertical Takeoff and Landing (eVTOL) aircraft to augment air service for select small and mid-size markets; these aircraft will reduce emissions and operating cost. UPS also developed a proprietary Partner Hub portal for our Outside Service Providers (OSP) that will feature guidance and resources on numerous business practices including reducing GHG emissions, including reporting advice, vehicle sourcing information, and efficiency education.

## 102 Reporting Practice

### **102-45 List all entities included in the organization's consolidated financial statements or equivalent documents**

See our 2021 [Annual Report on Form 10-K](#), Exhibit 21,+ for a list of significant subsidiaries.

This report includes the same entities as the financial statements, with the following exception: human capital data does not include any operations acquired after 2015.

### **102-46 Explain the process for defining the report content and the Topic Boundaries<sup>1</sup>**

To define report content, we conduct global assessments. Our analysis includes, among other things:

- Evaluation of sustainability frameworks and standards, ratings and rankings assessments, in addition to general and industry specific external research reports,
- Interviewing members of our ELT, who have direct responsibility for executing all company strategy,
- Interviewing senior UPS managers around the world to better understand their points of view on issues relevant to their respective regions, and
- Gathering feedback from customers, regulators and other government agencies, nongovernmental organizations (NGOs), including social and environmental activists, academics, and investors.

We evaluated a list of topics from the GRI framework and examined these issues in depth, including areas with potential organizational impact, as well as broader sustainability trends. Each issue's relative importance was evaluated based on an assessment of feedback and was considered in determining final report content.



The primary result of this assessment was to determine ESG issues of importance to UPS. Indicator 102-47 lists the topics addressed within this report.

*<sup>1</sup>In the GRI, materiality refers to aspects that reflect the organization's significant economic, environmental, and social impacts; or substantively influence the assessments and decisions of stakeholders. In a traditional securities law context, a matter is "material" if there is a substantial likelihood that a reasonable person would consider it important; the magnitude of the item is such that it is probable that the judgment of a reasonable person relying upon the report would have been changed or influenced by the inclusion or correction of the item.*

**102-47 List all the material topics identified in the process for defining report content**

ESG Priority Topics Content		
ESG Priority Topics	UN Sustainable Development Goals Alignment	Corresponding GRI Topic-Specific Standard
Data Privacy and Cybersecurity	16	Customer Privacy
Resilience and Adaptation	1, 2, 3, 5, 7, 8, 9, 10, 11, 17	Indirect Economic Impact
Employee Health, Safety and Wellness	3, 8	Employment, Occupational Health and Safety
Employee Diversity and Inclusion	5, 8	Diversity and Equal Opportunity, Equal Remuneration for Women and Men
Greenhouse Gas Emissions and Energy Use	3, 7, 8, 9, 11, 12, 13, 14, 15	Energy, Emissions
Community Impact of Operations	11	This issue arose during the ESG materiality process but does not map directly to a GRI Topic-Specific Standard
Governance, Ethics and Compliance	12, 16	Anti-Corruption, Anti-Competitive Behavior, Socioeconomic Compliance
Employee Training and Development	4, 5, 8	Training and Education
Societal Benefits of Business Activities	all	Indirect Economic Impact
Sustainable Customer Solutions	7, 11, 13	This issue arose during the ESG materiality process but does not map directly to a GRI Topic-Specific Standard.

**102-48 Report the effect of any restatements of information provided in previous reports and the reasons for such restatements**

2020 values reported in 302: Energy and 305: Emission have been restated to reflect the divestiture of UPS Freight and update to Scope 3, Categories 1 and 2 calculation methodology.

Restatements of information from prior years' reporting and the reasons for such restatements are included in footnotes or narrative explanation within the topic specific sections of the disclosures.



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## **102-49 Report significant changes from previous reporting periods in the list of Material Topics and Topic Boundaries**

There have been no significant changes to ESG priority topics. Reference 102-46 for Topic Boundaries.

This report was prepared in accordance with the GRI Core option. Previous reports were prepared in accordance with the GRI Comprehensive option.

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## **102-50 Reporting period for information provided**

This report presents data for the 2021 calendar year unless otherwise indicated. We report our financial results included in our [Annual Report on Form 10-K](#),+ on the same calendar year basis.

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## **102-51 Date of most recent report**

Our previous report presented data for the 2020 calendar year.

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## **102-52 Reporting cycle**

We issue our sustainability reports on an annual basis.

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## **102-53 Provide a contact point for questions regarding the report or its contents**

Please send comments or questions about this report to [sustainability@ups.com](mailto:sustainability@ups.com) or in writing to:  
UPS

Attention: Sustainability  
55 Glenlake Parkway  
Atlanta, Georgia 30328

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## **102-54 Report the “in accordance” option the organization has chosen**

This Report has been prepared in accordance with the GRI Standards, Core option. UPS has voluntarily followed GRI reporting guidelines since 2003.



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## **102-55 Report the GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report**

This document is organized by GRI topics and serves as our GRI Content Index.

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## **102-56 Describe the organization's policy and current practice with regard to seeking external assurance for the report**

We engage independent third parties to provide assurance on our sustainability reporting.

Authorization for these engagements, and approval of the providers we select, comes from the Audit Committee of our Board of Directors, which is our highest governance body.

For this report, we engaged Deloitte & Touche LLP to conduct a review, in accordance with attestation standards established by the American Institute of Certified Public Accountants, to provide a limited level of assurance on management's assertion over the disclosures in the 2021 GRI Content Index. We also engaged Deloitte & Touche LLP to conduct an examination, in accordance with attestation standards established by the American Institute of Certified Public Accountants, to provide a reasonable level of assurance on management's assertion over the Statement of Greenhouse Gas Emissions for the year ended December 31, 2021.

See Appendix A and Appendix B at the end of this document for assurance reports.



## TOPIC-SPECIFIC STANDARDS

### 201 Economic Performance

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#### **201: 103-1,2,3 Management Approach**

We report on the structure of our organization and our financial performance primarily through our [Annual Report on Form 10-K](#),+ and other periodic filings with the Securities and Exchange Commission, copies of which can be found at [www.investors.ups.com](http://www.investors.ups.com) ⇨.

Our well-defined strategy focuses on growing in the parts of the market that value our end-to-end network, including business-to-business (“B2B”), healthcare, small- and medium-sized businesses (“SMBs”) and large enterprise accounts. We are on a journey to execute our Customer First, People Led, Innovation Driven strategy as we transform our business.

Customer First is about reducing the friction of doing business. We help our customers seize new opportunities, compete, and succeed by delivering high levels of service and reliability.

People Led specifically focuses on how likely an employee is to recommend UPS employment to a friend or family member. We know successful outcomes are built from a strong culture, so we are striving to make UPS a great place to work, and one where everyone believes in our motto: “You belong at UPS”. Through our transformation initiatives, we are creating fewer but more impactful jobs. We are also enhancing the employee value proposition to align with evolving market practices.

Innovation Driven is designed to optimize the volume that flows through our network, to focus on increasing value share and driving business growth from higher yielding opportunities in our target markets. We are using technology and automation to deliver sustainable improvements to our network. In our United States (“U.S.”) Domestic Package segment, our aim is to continue to improve revenue mix and lower our cost to serve. Within the International Package segment and Supply Chain Solutions businesses, we remain focused on value share gains and growing operating profit.

#### **Tax Policy**

UPS’s fundamental tax policy is to verify the tax results for our global entities are properly reported in accordance with applicable laws, rules and regulations. We operate our business where our customers are located. While tax management is important to the company, how and where we conduct business activities aligns with our goal of providing superior customer service and increasing long-term shareowner value. We consider UPS’s reputation, brand and corporate responsibility when we evaluate our tax positions. Accordingly, we enter only into structures or transactions designed to further our commercial purpose. We believe in transparency and work to develop positive relationships with tax authorities based on trust and professional interactions. Where appropriate, we proactively seek agreement with tax authorities on positions taken on our tax returns.

**201-1 Direct economic value generated and distributed**

UPS Financial Highlights (in USD)		
	2021	2020
Revenue	\$97.3 billion	\$84.6 billion
Operating Expenses	\$84.5 billion	\$76.9 billion
Compensation and Benefits	\$46.7 billion	\$44.5 billion
Taxes Paid	\$4.9 billion	\$4.0 billion <sup>1</sup>
Repayments of long-term borrowings	\$2.8 billion	\$3.4 billion
Dividends	\$3.6 billion	\$3.6 billion
Payments to Small & Diverse Suppliers	\$3.3 billion	\$2.9 billion
Total Charitable Contributions	\$0.121 billion	\$0.122 billion
Retained Earnings (balance at end of year)	\$16.2 billion	\$6.9 billion

<sup>1</sup> Taxes paid includes UPS's share of payroll taxes attributable to 2020 wages. We have elected to defer payment of certain payroll taxes under the Coronavirus Aid, Relief and Economic Security Act.

Omitted: Information is not disclosed for the following:

- Payments to governments by country
- Economic value retained: "direct economic value generated" less "economic value distributed"
- Where significant, economic value generated and distributed separately at country, regional, or market levels, and the criteria used for defining significance



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## 201-2 Financial implications and other risks and opportunities due to climate change

See [2021 Annual Report on Form 10-K](#), Item 1A Risk Factors pages 9-16. Climate-specific references are included beginning on page 12.+

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## 201-3 Defined benefit plan obligations and other retirement plans

We provide detailed disclosures and discussions about our pension and postretirement plan obligations in our [2021 Annual Report on Form 10-K](#), primarily in the footnotes to the Consolidated Financial Statements.+

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## 201-4 Financial assistance received from government

UPS does not receive significant financial assistance from governments. We do participate in public-private partnerships that may involve tax incentives, grants or certain incentives related to the purchase of alternative fuel vehicles or fuel.

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# 202 Market Presence

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## 202: 103-1,2,3 Management Approach

See Disclosure 201 — Economic Performance Management Approach.

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## 202-1 Ratios of standard entry-level wage by gender compared to local minimum wage

The ratio of our standard entry-level hourly wage to local minimum wage varies from location to location around the world. This variation is necessary to comply with local conditions and with national wage minimums in countries and territories that set them. In the United States, which comprised 83 percent of our employee base, we comply with local minimum-wage laws in each state and pay no less than the local minimum wage or the federal minimum wage. We do not vary entry-level compensation by gender. We do not have a significant proportion of other workers (excluding employees) performing the organization's activities that are compensated based on minimum wage rules.

*Omitted: Information regarding the ratio of the entry-level wage to the minimum wage by gender, as well as the breakdown by gender of the variability or absence of local minimum wages at significant locations of operations, is currently unavailable.*

## 202-2 Proportion of senior management hired from the local community

We hire nearly all senior managers, defined as managers that are two reporting levels from the CEO, within their home country or country of permanent residency. Over 99 percent of full-time management employees, from entry level to senior managers, worked in their home country or country of permanent residency in 2021. Local operations can be defined as anywhere in the 220 countries and territories we serve.

## 203 Indirect Economic Impacts

### 203: 103-1,2,3 Management Approach

See Disclosure 201 — Economic Performance Management Approach

Much of our indirect economic impact is provided through the global Health and Humanitarian Relief program managed by our corporate philanthropy arm, The UPS Foundation (TUPSF). TUPSF utilizes the company's vast global network to deliver targeted relief support to marginalized, underserved and remote communities globally. These efforts are organized around building more effective public-private partnerships to enhance community disaster risk reduction and preparedness efforts, by supporting urgent response and speeding post-crisis recovery. Every year, global crises can result in devastating human suffering that demands coordinated, swift relief efforts. These crises can disrupt businesses, destroy infrastructure, and bring productive commerce to a halt.

UPSers have been essential in the fight against COVID-19 and have delivered over 1 billion doses of COVID-19 vaccines. This included partnering with UNICEF, Gavi, CARE and health ministries to transport 34.5 million doses in countries of great need across Africa, Asia, Latin America, and Europe.

The UPS Foundation also provided technical advisors, ultra-cold chain freezers, and vaccine carrying cases to advance vaccine equity in Ghana, Indonesia, Malawi, and Nigeria. They supported training on ultra-cold vaccine management and advised on vaccine distribution.

In 2021, TUPSF also assisted countries experiencing devastating second- and third-variant waves, most notably in India, through the shipping of more than 5,000 oxygen concentrators. Additional medical supplies (PPE, test kits, syringes, and antibiotics) were also transported to support countries including Chile, the Democratic Republic of the Congo, Indonesia, Vietnam, and Nigeria.

As the pandemic continued, more than 600,000 Afghans were displaced. Working with the United Nations High Commissioner for Refugees (UNHCR), The CDC Foundation, Good360 and The American Red Cross, The UPS Foundation provided in-kind transportation of shelter supplies and core relief items supporting thousands of refugees in the U.S. and in the Middle East.

In addition to addressing health and humanitarian crises in 2021, TUPSF advanced equity and economic empowerment efforts. We addressed systemic education and economic barriers by creating opportunities for underserved and underrepresented women, youth, and marginalized communities.



The Women Exporters Program (WEP) helped women entrepreneurs around the world to trade across borders, overcome challenges, and forge new futures by expanding their businesses to global markets. Through partnerships with organizations such as International Trade Centre (ITC) SheTrades, we helped to strengthen women entrepreneurs' export skills, provided business opportunities that improved their technical competitiveness, and fostered an inclusive business ecosystem. In 2021, the UPS Women Exporters Program trained 2,200 women to integrate their small businesses into the global economy.

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### 203-1 Infrastructure investments and services supported

UPS's support of and advocacy for trade benefits businesses, communities and countries and territories of all sizes. Similarly, investments in our global logistics network benefit communities by facilitating commerce and providing jobs.

UPS's investments in technology and collaboration within the industry create economies of scale that stimulate the markets for alternative fuels and advanced fleet technologies.

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### 203-2 Significant indirect economic impacts

TUSPF's philanthropic approach centers equity and justice through four focus areas that reflect its mission and UPS's corporate values and expertise: Health and Humanitarian Relief, Equity and Economic Empowerment, Local Community Engagement, and Planet Protection.

Guided by these focus areas, TUSPF's work supports underserved women, youth, and marginalized communities, strengthens public health systems in the battle against the COVID-19 pandemic, provides natural disaster aid, promotes climate justice in marginalized communities globally, and cultivates local volunteerism.

In 2021, UPS set four goals to support communities around the world:

- 25 percent of charitable donations and related programming targeting underserved women, youth, and marginalized communities (33 percent in 2021)
- 30 million volunteer hours globally by 2030 of which 1 million recorded volunteer hours dedicated to underserved Black communities. In 2021, we had 1.1 million volunteer hours, with a total of 24 million since base year 2011. 100,000 volunteer hours recorded were in underserved Black communities.
- Planting 50 million trees by 2030 (total: 3.2 million in 2021, 22 million since base year 2012)<sup>1</sup>
- Improve the well-being of 1 billion people by 2040. UPS will report progress on this goal in the future.



<sup>1</sup> Based on an audit of trees planted by agency, by year, since 2012.

<sup>2</sup> In 2021, we updated the methodology to calculate in-kind using fair market value, or the cost that would be charged to customers. Previously, we used internal transportation costs, or the cost incurred by the company.

<b>Total Charitable Contributions</b> (Year Ended December 31, 2021)	
Program Area	2021 Allocation
Local grants	\$8.9
Corporate grants	\$31.1
In-kind services <sup>2</sup>	\$9.6
Internal scholarship programs	\$2.0
United Way corporate contributions	\$7.9
Charitable contributions and sponsorships	\$9.9
<b>The UPS Foundation contribution total</b>	<b>\$69.4</b>
Employee (active and retired) contributions to United Way	\$51.4
<b>Total charitable contributions</b>	<b>\$120.8</b>

*Omitted: Information regarding the significance of the indirect economic impacts in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agendas, is currently unavailable.*

*Any information relating to forward-looking statements, goals, and progress against goals was not subject to Deloitte’s review and, accordingly, Deloitte does not express a conclusion or any form of assurance on such information.*

## 204 Procurement Practices

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### 204: 103-1,2,3 Management Approach

UPS considers our supply chain to be resilient against problems related to the environment, labor practices, and human rights. UPS has a highly distributed and diverse supply chain, with providers ranging from global multinationals to local small businesses. As a service provider, at UPS the supply chain is primarily dependent on goods and services that are regulated or commodity-based, such as transportation, brokerage, and energy.

We continue to enter additional contractual relationships with third parties, such as agents, providers, outside service providers, and authorized service contractors, who may interact with government officials or outside parties on behalf of UPS. We reinforce how important it is that third-party representatives and counterparts convey UPS's integrity and commitment to compliance when they represent our brand, products, and services in the marketplace. We consider effective management of such representatives as important to the sustainability of our business.

Because we believe that DEI helps to create value for UPS and contributes to the economic development of the communities we serve, the use of small and diverse suppliers is a core component of our procurement processes. UPS's Supplier Diversity strategy includes having documented policies, established goals, accountability for results and a plan for continuous improvement that is reviewed and adjusted regularly.

Our supply chain partners tend to be other service providers, rather than raw material or finished goods suppliers. Supply chain partners can be broadly grouped into three categories:

- Production Suppliers represent the majority of total procurement spending. They provide purchased transportation services and energy to operate our global logistics network. At the region and country levels, we contract with suppliers of transportation services, such as airlines, trucking companies, railroads, and ocean carriers, as well as fuel suppliers. We also contract with third-party representatives that provide domestic delivery services in certain countries and territories.
- Capacity Suppliers provide the equipment and facilities we purchase, build, and maintain. This portion of our supply chain includes a number of suppliers of strategic, high-value assets that we purchase in limited numbers in select years, such as jet aircraft and alternative fuel or advanced technology vehicles. We work with original equipment manufacturers to design and develop our ground and air fleets in a way that seeks to reduce their environmental impacts.
- Support Suppliers provide standardized products and services that support our business, such as marketing, advertising, human resources, shipping materials and other professional services.



During our assessment of potential suppliers, we survey the market and analyze supplier risks. Depending on the category of the product or service, and the size of the supplier and contract, those risks may include economic, environmental, and/or social issues. When appropriate, UPS pursues the purchase of environmentally preferred products and/or services.

**The UPS Code of Business Conduct** ⇒ applies to UPS entities globally and governs our relationships with suppliers and other third-party representatives. The Code addresses expectations across a wide array of issues that include, for example: anti-corruption, environmental protection, equal opportunity and fair treatment, human rights, and workplace health, wellness, and safety. We direct suppliers to the Code as part of the Supplier's Principles Agreement provided during the proposal process, and as a part of our contracting process they must certify they have read the Code and are aware that compliance with the Code is both expected and subject to audit. To make certain the requirements of the UPS **Code of Business Conduct** are clear, we produce an Anti-Corruption Compliance Manual for Third-Party Representatives. This manual, available in 20 languages, further explains our expectations and requirements, including the need to report actual or suspected compliance violations.

We require suppliers with access to sensitive UPS data to execute a security agreement to confirm compliance with UPS privacy and security standards. Procurement professionals are available to help suppliers understand and meet our requirements.

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### 204-1 Proportion of spending on local suppliers

Approximately 27 percent of our 2021 procurement spend was on local suppliers, which we define for purchases in the U.S. and Canada, as being based within 500 miles of the operation to which the procured items were delivered, and, for purchases outside of North America as being within the same country as the operation to which the items were delivered. For the purposes of this disclosure, we define significant areas of operation as any country where UPS has owned operations.

## 205 Anti-Corruption

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### 205: 103-1,2,3 Management Approach

**The UPS Code of Business Conduct** ⇒ sets out the behavior we expect from our employees, the processes available to them for raising concerns about ethical conduct and the channels we use to respond. The code is available in 22 languages so that our employees, agents and third-party representatives in other countries and territories can fully understand our guiding principles.

Our policy is to comply with all applicable laws, rules, and regulations in the more than 220 countries and territories where we operate. The code includes policies and procedures that prohibit UPS employees, and others acting on our behalf, from engaging in anti-competitive behavior or any unlawful





activities. These activities include violations of the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and other applicable anti-bribery laws, rules, and regulations.

We promote understanding of these regulations with refresher courses and job-specific courses on compliance and ethics to employees, using a risk-based approach to identify the most appropriate audiences. Anti-corruption training is required for all management and all employees in international Finance and Accounting and Brokerage who may interact with government officials.

We manage a Third-Party Due Diligence program for more than 1,500 vendors that interact with our customers or government agencies, which includes a pre-engagement screening of these vendors, a commitment to adhere to the **UPS Code of Business Conduct** ⇒ as well as an annual recertification of the vendor relationship based on continuous compliance monitoring.

We encourage employees to raise concerns about compliance, ethics or business conduct with their direct supervisors or human resources representatives. Employees and business partners may also submit a report to the UPS Ethics Hotline online or by phone. Both channels are monitored by an independent service provider and are available 24 hours a day, 7 days a week. Reports may be anonymous, and translators are available to assist when needed.

Our commitment to integrity includes a responsibility to foster an environment that allows our people to report concerns about our legal and ethical obligations without fear of retaliation and retribution. We investigate these cases and take corrective and disciplinary action up to and including dismissal where appropriate.

We follow a multilayered process designed to further compliance throughout our business. Our global compliance team facilitates this process for employees around the world.

UPS managers and certain non-managers receive training on compliance matters. We regularly review the **UPS Code of Business Conduct** ⇒ with these employees and conduct comprehensive training on ethics and compliance.

We also use an annual Business Compliance and Ethics Questionnaire to survey our management team to identify events, situations or relationships that could pose ethical or legal risks. In 2021, over 46,000 employees completed the questionnaire.

In addition to training, we conduct systematic risk assessments of UPS sites, auditing for evidence of fraud, corruption, and other process risks. As part of this process, we review significant changes in a UPS business entity or its regulatory environment that could be considered to increase the risk of unethical practices or inadequate controls.

The information we generate through these activities is provided to our senior management, including the ELT, for review and response.



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### 205-1 Operations assessed for risks related to corruption

We conduct annual Anti-Corruption and Fraud Risk Assessments of our business units using several corruption-related metrics to prioritize audit activity. In 2021, our corruption-specific risk assessment covered 220 countries and territories. We conducted 60 audits that included corruption testing, and 40 corruption-specific audits. These audits included businesses with which we have both direct and third-party relationships.

*Omitted: UPS conducts a number of corruption-related audits but does not report on the percentage or significant risks due to confidentiality.*

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### 205-2 Communication and training about anti-corruption policies and procedures

As part of our Director Orientation Program, new Board members are provided with the [UPS Code of Business Conduct](#) ⇨, which includes a section on our Anti-Corruption Program and sets forth standards applicable to all representatives of UPS.

More than 55,000 UPS employees are eligible to receive anti-corruption training, including all full-time managers, supervisors and specialists, all employees of International Finance and Accounting and all non-management employees who may interact with non-U.S. government employees. As of December 2021, 90 percent of eligible employees had completed this training.

UPS also reviews third-party providers worldwide via an annual third-party due diligence process and ongoing audits as well as monitors their compliance with our ethical standards.

*Omitted: Due to confidentiality and competitive reasons, UPS does not disclose region breakdown of anti-corruption policy communications.*

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### 205-3 Confirmed incidents of corruption and actions taken

We are not aware of any consequential incidents of corruption in 2021.



## 206 Anti-Competitive Behavior

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### **206: 103-1,2,3 Management Approach**

See Disclosure 205 — Anti-Corruption Management Approach.

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### **206-1 Legal Actions for anti-competitive behavior, anti-trust, and monopoly practices**

Any significant litigation and enforcement matters related to competition law are disclosed in our [2021 Annual Report on Form 10-K](#), Note 11 — Legal Proceedings and Contingencies, page 99.+

## 302 Energy

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### **302: 103-1,2,3 Management Approach**

We take a comprehensive, global approach to reducing energy use and GHG emissions within our network, as well as major portions of our value chain, including customers and suppliers.

UPS is reimagining our network through an innovation-driven strategy that includes electric ground and air vehicles, cleaner-burning fuel, and climate-conscious facilities. We believe in shared responsibility for improving energy efficiency and reducing GHG emissions. UPS supports global efforts to mitigate the impact of climate change and contributes to public discussions about environmental sustainability. This includes collaborating with leading non-governmental organizations (NGOs) and regulators. We also participate in public policy forums, where we advocate for prudent innovation and investment in new technologies and infrastructure development. In November 2021, UPS participated in the United Nations Climate Change Conference (COP26) for opportunities to collaborate with global leaders on sustainable solutions to chart a more environmentally resilient path forward for the planet. Additionally, UPS was the Official Logistics Partner of Expo 2020 Dubai. Guided by a clear purpose to move our world forward by delivering what matters and our strategy – Customer First, People Led, Innovation Driven – we are integrating sustainability into all aspects of our business. With our global footprint and customers in more than 220 countries and territories, we have seen how our business can impact the communities in which we operate and are committed to fostering a more equitable, just, and resilient world.



Our guiding principles are:

- Lead with integrity,
- Execute a holistic vision of sustainability,
- Deliver impact not just promises,
- De-link volume growth from that of GHG emissions, and
- Take a fiscally responsible approach based on sound engineering principles.

In keeping with our purpose and mindful of the ESG issues that matter most to our stakeholders, in 2021 we announced ambitious new sustainability goals, including a goal of carbon neutrality across Scope 1, 2 and 3 by 2050.

### **Roadmap to Carbon Neutrality by 2050**

We set a goal to achieve carbon neutrality by 2050 across Scope 1, 2, and 3 emissions (as measured in CO<sub>2</sub>e). We chose carbon neutrality by 2050 rather than a net zero commitment which requires the adoption of a science-based target in accordance with the Science Based Target initiative's ("SBTi") standards. As noted above, our current targets have been developed based on sound engineering principles. We do not currently believe that, based on such principles, scalable solutions for aircraft exist at this time that would allow for the achievement of a science-based target by 2030 or 2035, as required by the SBTi.

Setting goals alone does not define our strategy. Rather, a roadmap is necessary to show stakeholders how we intend to achieve these goals. With milestones identified, we are collaborating cross-functionally to have 40 percent alternative fuel used in our ground operations and 25 percent renewable electricity powering our facilities by 2025. By 2035, we intend to use 30 percent sustainable aviation fuel (SAF), achieve a 50 percent reduction in CO<sub>2</sub>e per package delivered for global small package (from a 2020 baseline), and use 100 percent renewable electricity powering our facilities.

### **UPS Environmental Sustainability Goals Defined:**

- **40 percent alternative fuel used in our ground operations by 2025**  
Fuel in ground operations is defined as all fuel used in on-road and off-road vehicles for mobile ground operations. This includes our tractor-trailers ("feeders"), package cars, ground support equipment for loading/unloading aircraft, forklifts in our facilities, and shifters for moving trailers within a UPS warehouse. Alternative fuels are any fuels other than conventional gasoline and diesel, such as compressed natural gas (CNG), liquified natural gas (LNG), propane, bio-diesel, renewable diesel, ethanol, and renewable natural gas (RNG).



- **25 percent renewable electricity powering our facilities by 2025**

Renewable electricity is wind and solar renewable electricity outside of electricity currently provided on the grid. This energy may be sourced from on-site solar projects or the procurement of renewable electricity through power purchasing agreements (PPAs) and other financial instruments.

- **30 percent sustainable aviation fuel in our network by 2035**

We are committed to sourcing 30 percent of our aviation fuel from sustainable sources by 2035. SAF is a biofuel used to power aircraft and has similar properties to conventional jet fuel but with a smaller carbon footprint. Depending on the feedstock and technologies used to produce it, SAF can reduce lifecycle GHG emissions dramatically compared to conventional jet fuel. Current SAF production is less than 1 percent of global jet fuel consumption, and 3-4 times more expensive.

- **50 percent reduction in CO<sub>2</sub>e per package delivered by 2035 (2020 baseline)**

We recognize that as we continue to serve customers around the world and meet their shipping needs, we must delink the growth of our GHG emissions from the increase in the volume of our business. The key indicator of our carbon reduction performance is how much CO<sub>2</sub>e is generated per package we deliver. Included in this metric are the total Scope 1 and 2 emissions for our global operations. Rather than only calculating CO<sub>2</sub>, we use CO<sub>2</sub>e, the equivalent sum of CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O. For additional information, see Progress made towards our goals in 2021 on page 4 of this document.

We are focused on five levers to achieve carbon neutrality by 2050: (1) Efficiency and innovation, (2) Increasing SAF procurement, (3) Fleet electrification, (4) Renewable / biofuel interval solutions, and (5) Renewable electricity transformation.

- **Efficiency and innovation**

Our actions resulted in a 14 percent reduction in CO<sub>2</sub>e per package from 2010 to 2020. Starting from the base year of 2020, we have set a goal to reduce CO<sub>2</sub>e per package delivered by an additional 50 percent by 2035. This will be achieved by meeting the milestones described above, along with network efficiencies to reduce miles driven and flown, fleet electrification and enabling more sustainable packaging to flow through our sortation equipment. We continue to work to reduce energy consumption in other ways as well, such as switching to LED lighting and more efficient conveyor motors.

Our GHG emissions strategy includes improving our operational efficiency and reducing fuel consumption. Specific examples include investing in new technologies like electric vertical take-off and landing (eVTOL) aircraft, and we are exploring using electric aircraft in our small feeder network, as well as reducing emissions through engine washing, installing winglets on our 767 aircraft and reducing discretionary fuel carried. All airline efficiencies implemented resulted in an absolute reduction of over 238,000 tonnes of GHG avoided in 2021.



Efficiency is core to sustainability: the greenest mile is the one not driven or flown. UPS continues to enhance its award-winning On-Road Integrated Optimization and Navigation (ORION) platform with Dynamic Optimization, which recalculates individual package delivery routes throughout the day as traffic conditions, pickup commitments and delivery orders change. ORION, first deployed in 2012, provides drivers with the most efficient route for deliveries and pickups on more than 66,000 routes in the United States, Canada, and Europe. ORION is a proprietary technology that uses advanced algorithms, artificial intelligence, and machine learning. UPSNav, a navigation tool integrated into the handheld devices package delivery drivers carry, introduced detailed turn-by-turn directions to guide local delivery drivers, not just to addresses, but to specific package drop-off and pickup locations like loading docks that are not visible from the street.

The latest enhancements will significantly improve results and decrease overall miles driven and fuel used.

- **Increasing SAF procurement**

In achieving carbon neutrality by 2050, in air transportation we are committing to source 30 percent aviation fuel from sustainable sources. At the current time, SAF supply remains limited and it has not reached economies of scale, making it cost prohibitive for wide adoption. Over the next several years, UPS will continue to work within the industry, including with fuel producers, customers, and peers to accelerate the commercial availability, scale, cost, and competitiveness shift to SAF, such as through our membership with the Sustainable Aviation Buyers Alliance (SABA).

- **Fleet electrification**

A key part of our carbon reduction strategy involves electrifying our package delivery cars (class 4 to 6). We are collaborating with vehicle manufacturers to develop vehicle concepts to UPS specifications and committed to purchase up to 10,000 purpose-built electric delivery vehicles which include advanced control and safety features. We continue to move forward in R&D and testing alternative fuels and technologies in our “Rolling Laboratory” and are currently testing wireless bi-directional electric vehicle charging. Additionally, we are making use of electric-assist cycles to reduce our emissions and contribution to congestion in densely populated areas and have worked with our suppliers on deploying e-assist cycles specifically designed with changes in urban delivery in mind. We intend to scale and increase the deployment of these solutions in the future. With intermittent deployment already occurring through European cities.

- **Renewable / biofuel interval solutions**

Not only are we working on fleet electrification, but also using alternative fuels in ground operations serves as a bridging solution that will contribute to carbon reductions as we transition our fleet to zero-emission tailpipe vehicles. We are testing hydrogen Class 8 tractors and hydrogen package cars as a part of our “Rolling Laboratory”. In 2021, we continued



investing in alternative fuels for our ground fleet, purchasing 156 million gallons of alternative fuels, which represented 26 percent of our total ground fuel usage, up from 24 percent in 2020.

- **Renewable electricity transformation**

Renewable electricity for our facility load and electric fleet will be acquired over the next decade. In 2021, total electricity being generated from renewable sources for owned and leased facilities reached 5 percent. This includes several rooftop solar arrays on UPS facilities and procurement of renewable electricity within our operations.

*Any information relating to forward looking statements, goals, and progress against goals was not subject to Deloitte's review and, accordingly, Deloitte does not express a conclusion or any form of assurance on such information.*

### 302-1 Energy consumption within the organization

Total Energy Consumption				
Global Energy ('000 GJs)	2021	2020 <sup>1</sup>	Percent Change (2021/2020)	Base Year (2020) <sup>1</sup>
Direct Energy	218,659	209,483	4.4%	209,483
Indirect Energy	6,885	6,939	(0.8)%	6,939
<b>Total Energy</b>	<b>255,544</b>	<b>216,422</b>	<b>4.2%</b>	<b>216,422</b>

<sup>1</sup> Recalculated 2020 due to the divestiture of UPS Freight. See Appendix B: Statement of Greenhouse Gas Emissions, section Base Year GHG Emissions for additional information.



Total Energy Consumption				
Global Energy ('000 GJs)	2021	Percent to Total Energy 2021	2020 <sup>1</sup>	Base Year (2020) <sup>1</sup>
<b>Direct Energy</b>				
Airline Fuel	144,179	63.9%	137,555	137,555
Conventional	144,179	63.9%	137,539	137,539
Renewable	0	0.0%	16	16
Ground Vehicle Fuel	69,055	30.7%	66,684	66,684
Diesel	33,300	14.8%	33,372	33,372
Gasoline	23,720	10.5%	21,957	21,957
CNG	4,478	2.0%	4,497	4,497
Propane/LPG	795	0.4%	797	79
LNG	1,330	0.6%	1,892	1,892
Renewable Fuel (Biomass)	5,432	2.4%	4,169	4,169
<b>Facility Heat</b>	<b>5,425</b>	<b>2.4%</b>	<b>5,244</b>	<b>5,244</b>
Natural Gas	5,275	2.3%	5,076	5,076
Heating Oil	27	0.0%	49	49
Propane	123	0.1%	119	119
<b>Direct Energy Subtotal</b>	<b>218,659</b>	<b>97.0%</b>	<b>209,483</b>	<b>209,483</b>
<b>Indirect Energy</b>				
<b>Electricity</b>	<b>6,577</b>	<b>2.9%</b>	<b>6,412</b>	<b>6,412</b>
<b>Renewable Electricity</b>	<b>308</b>	<b>0.1%</b>	<b>527</b>	<b>527</b>
<b>Indirect Energy Subtotal</b>	<b>6,885</b>	<b>3.0%</b>	<b>6,939</b>	<b>6,939</b>
<b>Total Energy</b>	<b>225,544</b>	<b>100%</b>	<b>216,422</b>	<b>216,422</b>

<sup>1</sup> Recalculated 2020 due to the divestiture of UPS Freight. See Appendix B: Statement of Greenhouse Gas Emissions, section Base Year GHG Emissions for additional information.





Energy Consumption Within the Organization by Business Unit			
Global Energy ('000 GJs)	2021	2020 <sup>1</sup>	Base Year (2020) <sup>1</sup>
<b>U.S. Domestic Package</b>			
Direct Energy	166,032	141,866	141,886
Indirect Energy	5,630	5,558	5,558
<b>Total Energy</b>	<b>171,662</b>	<b>147,424</b>	<b>147,424</b>
<b>International Package</b>			
Direct Energy	51,656	66,793	66,793
Indirect Energy	501	623	623
<b>Total Energy</b>	<b>52,157</b>	<b>67,416</b>	<b>67,416</b>
<b>Supply Chain Solutions</b>			
Direct Energy	971	824	824
Indirect Energy	754	758	758
<b>Total Energy</b>	<b>1,725</b>	<b>1,582</b>	<b>1,582</b>

<sup>1</sup> Recalculated 2020 due to the divestiture of UPS Freight. See Appendix B: Statement of Greenhouse Gas Emissions, section Base Year GHG Emissions for additional information.

To calculate energy consumption, the fuel volume is determined and the corresponding unit conversion factor from the Argonne National Laboratory GREET model is applied. Energy has been reported for the entities where UPS has operational control. For additional information please refer to section 305-1 GHG Reporting Scope and Boundary.

**302-2 Energy consumption outside the organization**

Energy consumption outside the organization.				
Global Energy (‘000 GJs)	2021	2020 <sup>1</sup>	Percent Change 2021/2020	Base Year (2020) <sup>1</sup>
<b>Upstream</b>				
1. Purchased Goods and Services <sup>2</sup>	Not Reported	Not Reported		Not Reported
2. Capital Goods <sup>2</sup>	Not Reported	Not Reported		Not Reported
3. Fuel and Energy-Related (not incl. Scope 1 and 2) <sup>2</sup>	Not Reported	Not Reported		Not Reported
4. Transportation and Distribution	136,402	113,042	20.7%	113,042
5. Waste Generated in Operations <sup>2</sup>	Not Reported	Not Reported		Not Reported
6. Business Travel	620	625	(0.8)%	625
7. Employee Commuting	30,939	30,418	1.7%	30,418
8. Leased Assets <sup>3</sup>	Not Relevant	Not Relevant		Not Relevant
<b>Downstream</b>				
9. Transportation and Distribution <sup>3</sup>	Not Relevant	Not Relevant		Not Relevant
10. Processing of Sold Products <sup>3</sup>	Not Relevant	Not Relevant		Not Relevant
11. Use of Sold Products <sup>3</sup>	Not Relevant	Not Relevant		Not Relevant
12. End-of-life Treatment of Sold Products <sup>2</sup>	Not Reported	Not Reported		Not Reported
13. Leased Assets <sup>3</sup>	Not Relevant	Not Relevant		Not Relevant
14. Franchises	377	390	(3.3)%	390
15. Investments <sup>3</sup>	Not Relevant	Not Relevant		Not Relevant
<b>Total Energy Consumption Outside the Organization</b>	<b>168,338</b>	<b>144,475</b>	<b>16.5%</b>	<b>144,475</b>

<sup>1</sup> Recalculated 2020 due to the divestiture of UPS Freight. See Appendix B: Statement of Greenhouse Gas Emissions, section Base Year GHG Emissions for additional information.

<sup>2</sup> Emissions information is available in Appendix B: Statement of GHG Emissions. Energy information not reported as outlined in omission language below.

<sup>3</sup> Category not relevant to UPS operations

Omitted: Information regarding standards, methodologies, assumptions, calculation tools, and conversion factors used are currently unavailable. We will be reviewing ways to address all requirements of this disclosure on a yearly basis as we define the need to capture this information.

### 302-3 Energy intensity

Global Energy (‘000 GJs/\$M Revenue)			
Energy Intensity Within the Organization by Business Unit			
	2021	2020 <sup>1</sup>	Base Year (2020) <sup>1</sup>
U.S. Domestic Package			
Revenue (\$M)	\$60,317	\$53,499	\$53,499
Direct Energy	2.753	2.652	2.652
Indirect Energy	0.093	0.104	0.104
<b>Total Energy</b>	<b>2.846</b>	<b>2.756</b>	<b>2.756</b>
International Package			
Revenue (\$M)	\$19,541	\$15,945	\$15,945
Direct Energy	2.643	4.189	4.189
Indirect Energy	0.026	0.039	0.039
<b>Total Energy</b>	<b>2.669</b>	<b>4.228</b>	<b>4.228</b>
Supply Chain Solutions			
Revenue (\$M)	\$16,365	\$12,035	\$12,035
Direct Energy	0.059	0.068	0.068
Indirect Energy	0.046	0.063	0.063
<b>Total Energy</b>	<b>0.105</b>	<b>0.131</b>	<b>0.131</b>
TOTALS			
Revenue (\$M)	\$96,223	\$81,479	\$81,479
Direct Energy	2.272	2.571	2.571
Indirect Energy	0.072	0.085	0.085
<b>Total Energy</b>	<b>2.344</b>	<b>2.656</b>	<b>2.656</b>

<sup>1</sup> Recalculated 2020 due to the divestiture of UPS Freight. See Appendix B: Statement of Greenhouse Gas Emissions, section Base Year GHG Emissions for additional information.



**302-4 Reduction of energy consumption**

Reduction of Energy Consumption				
Energy Saved Due to Conservation and Efficiency Improvements				
Contributing factors/ initiatives	Absolute Energy Avoided 2021 vs. 2020 ('000 gigajoules) <sup>1</sup>	2021 Energy Intensity	2020 Energy Intensity	Comments
<b>U.S. Domestic Package: Absolute Energy Avoided</b>				
Implementation of telematics, improved vehicle routing, conducting proactive maintenance on our vehicles, shifting travel to low-emission vehicles.	(22,586)	31.49	27.35	<ol style="list-style-type: none"> <li>1. Energy Intensity factor expressed in gigajoules per 1,000 packages.</li> <li>2. Scope is U.S. Domestic Package Operations.</li> <li>3. Includes all direct and indirect energy usage for this specific business segment.</li> <li>4. Avoided absolute energy = (2020 energy intensity x 2021 # of packages) — (2021 energy intensity x 2021 # of packages)</li> </ol>
<b>International Package: Absolute Energy Avoided</b>				
Miscellaneous initiatives in our airline, including lower flight speeds, computer- optimized flight plans, single-engine taxi.	19,799	54.21	74.79	<ol style="list-style-type: none"> <li>1. Energy intensity factor expressed in gigajoules per 1,000 packages.</li> <li>2. Scope is International Package Operations.</li> <li>3. Includes all direct and indirect energy usage for this specific business segment.</li> <li>4. Avoided absolute energy = (2020 energy intensity x 2021 # of packages) — (2021 energy intensity x 2021 # of packages)</li> </ol>
<b>Total</b>	<b>(2,793) gigajoules</b>			

<sup>1</sup> Absolute energy avoided in 2021 was estimated from the energy intensity factor improvements from 2020 (baseline year) to 2021. This base year was selected as it is the same base year for our environmental goals. For more information see Appendix B, section Base Year GHG Emissions.

Omitted: Information is currently unavailable for the following: Standards, methodologies, assumptions, and/or calculation tools used. We will be reviewing ways to address all requirements of this disclosure on a yearly basis as we define the need to capture this information.



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### 302-5 Reductions in energy requirements of products and services

See Disclosure 302-4 — Reduction of Energy Consumption.

*Omitted: Information is currently unavailable for the following:*

- *Reductions in the energy requirements of sold products and services achieved during the reporting period, in joules or multiples, and*
- *Standards, methodologies, assumptions, and/or calculation tools used.*

*We will be reviewing ways to address all requirements of this disclosure on a yearly basis as we define the need to capture this information.*

## 303 Water

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### 303: 103-1,2,3 Management Approach

*NOTE: Water is not a priority topic for UPS, as determined by our ESG materiality assessment.*

*We provide some perspective in this report for those stakeholders who have an interest in this issue.*

While our own water needs are modest relative to other industries, water scarcity and water stress can be harmful to local communities. To address this concern, UPS has a global water stewardship strategy based on three pillars:

- Transparency — Disclosing comprehensively measured water data for our domestic and international operations.
- Conservation — Applying water conservation initiatives throughout the company, focusing on the top 20 percent of facilities with the highest water use. These facilities represent 80 percent of our total water usage and cost.
- Engagement — Collaborating with world leaders on water and reporting, by sharing our knowledge and helping them disseminate ideas and guidance.



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## 303-5 Water consumption

Global water consumption for the reporting year was 5,760 megaliters. Consumption by business unit:

- U.S. Domestic Package: 5,010
- International Package: 390
- Supply Chain Solutions: 360

There are known gaps in international water consumption data reporting. The amount is not deemed to be significant however UPS is working to close these gaps.

## 305 Emissions

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### 305: 103-1,2,3 Management Approach

See Disclosure 302 – Energy Management Approach.

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### 305-1 Direct (Scope 1) GHG emissions

See Appendix B at end of document.

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### 305-2 Indirect (Scope 2) GHG emissions

See Appendix B at end of document.

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### 305-3 Other indirect (Scope 3) GHG emissions

See Appendix B at end of document.

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### 305-4 GHG emissions intensity

See Appendix B at end of document.



**305-5 Reduction of GHG emissions**

2021 Carbon Intensity Emissions Avoided Since Base Year (2020)				
Emissions reduction description: the following three metrics are the components of the UPS Transportation Intensity Index.	Absolute CO <sub>2</sub> e Emissions Avoided Since 2020 (tonnes)	2021 CO <sub>2</sub> e Intensity	2020 CO <sub>2</sub> e Intensity	Comments
U.S. Domestic Package: Absolute CO <sub>2</sub> e avoided (Ground operations only)	590,000	2.12	2.14	1) CO <sub>2</sub> e intensity factor expressed in lbs. CO <sub>2</sub> e per Package 2) Scope is U.S. Domestic Package ground movements 3) Avoided absolute CO <sub>2</sub> e = (2020 CO <sub>2</sub> e Intensity x 2021 # of packages) – (2021 CO <sub>2</sub> e Intensity x 2021 # of packages)
Global UPS Airlines: Absolute CO <sub>2</sub> e avoided	641,000	1.32	1.33	1) CO <sub>2</sub> e intensity factor expressed in lbs. CO <sub>2</sub> e per Package 2) Scope is UPS Airlines - Global Operations 3) Avoided absolute CO <sub>2</sub> e = (2020 CO <sub>2</sub> e Intensity x 2021 ATM) – (2021 CO <sub>2</sub> e Intensity x 2021 ATM)
<b>Total</b>	<b>1,231,000 tonnes</b>			

2021 Intermodal Shift Emissions Avoidance		
Emissions Reduction Description	Absolute CO <sub>2</sub> e Emissions Avoided in 2021 (tonnes)	Total Absolute CO <sub>2</sub> e Emissions Avoided Since 2020 (tonnes)
Air to Ground Mode Shift (U.S. Package Operations)	6,666,000	11,163,000
Ground to Rail Mode Shift (U.S. Package Operations)	664,000	1,504,000
<b>Total</b>	<b>7,330,000</b>	<b>12,667,000</b>

## 306 Waste

### 306: 103-1,2,3 Management Approach

*NOTE: Waste is not a priority topic for UPS, as determined by our ESG materiality assessment. We provide some perspective in this report for those stakeholders who have an interest in this issue.*

UPS is currently collecting and disclosing data for solid, hazardous, and nonhazardous waste for operations in the U.S., based on information provided by our waste disposal vendors. Because UPS is not involved in manufacturing, our management and mitigation of effluents and waste is limited primarily to solid waste disposal and recycling from supplier packaging, pallets, scrap metal, office paper, plastics, and mixed recycling, as well as generated waste from aircraft maintenance, vehicle maintenance and facility operations. UPS's reporting of waste is currently on that generated by our own activities and none that are generated upstream or downstream in our value chain.

#### Solid Waste Management

Efforts to improve our recycling programs and reporting have led to an increase in reported tonnage of solid waste recycled. By expanding our recycling programs and fully utilizing national recycling vendors, UPS is better equipped to manage recycling efforts and report data more comprehensively. Achievements include increased national vendor contracts and enhanced recycling reporting. In the U.S in 2021, UPS diverted 72 percent of waste from landfills.

#### Hazardous and Nonhazardous Waste Management

The hazardous and nonhazardous wastes we manage come from aircraft, vehicles, and facility operations. These wastes typically include spent antifreeze, used oil, spent solvents, spill residues, paint wastes, used filters, batteries, e-waste, scrap metal and leaking packages. We work with national vendors within the U.S. to recycle or dispose of hazardous and nonhazardous waste, and local vendors to recycle or dispose of nonhazardous waste. Hazardous waste vendors dispose offsite and are well-established, observe industry standard safety procedures and are regularly audited by UPS and/or an environmental consultant to assure compliance with laws and regulations. Our contracts with vendors generally specify that we receive a certification letter that details responsible waste and disposal methods.

### 306-3 Waste generated

U.S. Waste Disposal & Recycling Trend (tonnes)				
	2021	2020	2019	2018
Solid waste disposal total	172,114	313,539	171,082	105,782
Solid waste recycling total	399,474	412,758	327,347	255,220
Hazardous waste total	1,908	2,231	1,905	1,707
Nonhazardous waste total	34,972	54,932	52,263	68,500
<b>TOTAL WASTE</b>	<b>608,468</b>	<b>783,460</b>	<b>552,598</b>	<b>431,209</b>





2021 U.S. Waste Disposal and Recycling (metric tons)					
U.S. Domestic package, supply chain solutions	Incinerated	Landfilled	Recovery	Recycled	Total
<b>Solid waste disposal total</b>	<b>0</b>	<b>172,114</b>	<b>0</b>	<b>0</b>	<b>172,114</b>
National vendors	-	135,024	-	-	135,024
Local vendors	-	37,090	-	-	37,090
<b>Solid waste recycling total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>399,474</b>	<b>399,474</b>
Corrugated containers — national vendors	-	-	-	56,906	56,906
Pallets and wood waste — national vendors	-	-	-	306,338	306,338
Metals — national vendors	-	-	-	7,670	7,670
Mixed recycling — national vendors	-	-	-	27,310	27,310
Office paper — national vendors	-	-	-	1,154	1,154
Plastics — national vendors	-	-	-	96	96
<b>Hazardous waste total</b>	<b>637</b>	<b>22</b>	<b>790</b>	<b>459</b>	<b>1,908</b>
Auto, aircraft, facility maintenance, damaged packages, etc. — National vendors <sup>1</sup>	637	22	790	459	1,908
Auto, aircraft, facility maintenance, damaged packages, etc. — Local vendors	-	-	-	-	-
<b>Nonhazardous waste total</b>	<b>668</b>	<b>138</b>	<b>1,280</b>	<b>32,886</b>	<b>34,972</b>
Auto, aircraft, facility maintenance, damaged packages, etc. — National vendors	640	126	1,137	6,604	8,507
Electronic waste — national vendors	-	-	-	548	548
Batteries — national vendors <sup>2</sup>	-	-	-	24	24
Scrap metal from vehicle retirement	-	-	-	24,271	24,271
Auto, aircraft, facility maintenance, damaged packages, etc. — Local vendors	28	12	143	1,439	1,622
<b>Total waste by disposal method</b>	<b>1,305</b>	<b>172,274</b>	<b>2,070</b>	<b>432,819</b>	<b>608,468</b>

<sup>1</sup> Approved national vendor – approval process consists of vendor site visits, audits, and other internal controls

<sup>2</sup> Rechargeable and non-rechargeable batteries, excluding automotive batteries



## 307 Environmental Compliance

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### 307: 103-1,2,3 Management Approach

*NOTE: Environmental compliance is not a priority topic for UPS, as determined by our ESG materiality assessment. We provide some perspective in this report for those stakeholders who have an interest in this issue.*

Through our Corporate Environmental Affairs Department, we have established site- and activity-specific programs for environmental compliance and pollution prevention. We evaluate new technologies and seek opportunities to improve environmental performance. Everyone who is part of UPS is expected to support efforts to maintain a leadership role in protecting the environment.

Our management approach includes an Environmental Policy Statement and a set of Environmental Guidance Statements that specify how the policy is to be implemented.

These Statements are available on the [Our Company](#) ⇒ section of our website.

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### 307-1 Noncompliance with environmental laws and regulations

UPS operates in a highly regulated environment due to the volume of various materials, wastes and effluents required to maintain a large number of operating facilities and a diverse fleet of ground vehicles and aircraft. We strive for error-free performance and the lowest possible risk to UPS and our stakeholders. We therefore cooperate fully with all environmental regulatory agencies that oversee our facilities and activities and report transparently on the results of their inspections.

In 2021, U.S. federal and state environmental agencies conducted 595 environmental inspections at UPS facilities, 579 in our U.S. Domestic Package segment and 16 in our Supply Chain Solutions businesses. We had a total of 99 notices of violation, on which we received 16 fines.

The overall success of our environmental program is measured by penalties as a percentage of total environmental inspections (PPTEI). In 2021, the PPTEI for our U.S. domestic package operations was 2.76. There were no penalties for our Supply Chain Solutions operations.

Additional information about environmental matters and information about material noncompliance is disclosed in our 10-Ks and 10-Qs as filed. See our [2021 Annual Report on Form 10-K](#), Note 11 — Legal Proceedings and Contingencies, page 99 .+



## 308 Supplier Environmental Assessment

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### 308: 103-1,2,3 Management Approach

See Disclosure 204: Procurement Practices.

#### 308-1 New suppliers that were screened using environmental criteria

*Omitted: UPS does not report specific numbers or percentages related to screening or impact assessments, as this information is subject to confidentiality constraints. We will be reviewing ways to address all requirements of this disclosure on a yearly basis. As of and for year ended December 31, 2021, we were not aware of any significant environmental, social, or labor concerns related to our suppliers.*

## 401 Employment

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### 401: 103-1,2,3 Management Approach

Throughout our 115-year history, UPS has transformed from messengers on bicycles to a nationwide package delivery company to a worldwide network of approximately 534,000 UPS employees. As we expand and enter new markets, we need employees to grow and innovate along with us. That is why reinventing the UPS employee experience is foundational to our transformation's success.

Reimagining the employee experience requires a thoughtful balance between the culture we have refined over the years and the new perspectives we need to take. We started this process by proactively assessing how we want our business to look in the future and identifying the capabilities to get us there. Next, we invested not only in those capabilities, but in opportunities for people who will support growth.

These transformative changes have required a shift in outlook — for our company and our people. As we make decisive changes, we are encouraging employees to be equally bold. We are strengthening mindsets and behaviors as they relate to UPS leadership attributes, with a look to the future by focusing on innovation and the adoption of modern technologies and processes. Here are a few actions we have taken to change what it is like to be part of the UPS team:

- Incorporating a better business model to provide both challenging and rewarding employee experiences. This includes redesigning roles and responsibilities to leverage our people more effectively to enhance engagement and improve retention; eliminating overlaps and redundancies across teams and driving more alignment to support more mission-focused problem solving and policy advocacy; and rebalancing the team to strengthen capabilities in domestic and international operations versus a corporate-centric structure.



- Ensuring UPS employees have a voice and seat at the table. By deepening our commitment to inclusion and openness to new ideas, UPS will have its greatest opportunity for growth.
- Conducting multi-level culture and engagement surveys to better understand how our beliefs and behaviors align with our strategy. Identifying what motivates, empowers, and inspires our employees helps us identify existing strengths, as well as opportunity areas, in our desire to drive business results and support UPS's continuous transformation. To measure our success, we monitor an employee likelihood to recommend score.
- Creating a technology-enabled operating model for the Human Resources organization that positions UPS to better attract, develop, and retain talent, allowing HR leaders to focus on the division's other priorities.
- Streamlining Health and Safety resources and processes to focus on risk control and personalized solutions. We are also enhancing our mentoring-based approach to better instill a safety culture among new UPS employees.
- Continuing to implement collaborative engagement tools and technologies that enable us to be more agile, act faster and gather diverse ideas.

**401-1 New employee hires and employee turnover**

	2021 <sup>1</sup>
<b>Total Non-Peak Employees</b>	534,000
<b>Peak Holiday Shipping Season Hires</b>	>100,000
<b>Workforce by Type</b>	
Full Time	50%
Part Time	50%
<b>Workforce by Location</b>	
United States	83%
Outside U.S.	17%
<b>Workforce by Gender</b>	
Men	78%
Women	22%
<b>New Permanent Global</b>	216,000
<b>New Permanent U.S.</b>	193,000
<b>New U.S. Employees by Gender</b>	
Men	70%
Women	30%
<b>New U.S. Employees by Age</b>	
Under 30 years old	72%
30-50 years old	23%
Over 50 years old	5%

<sup>1</sup> Information through 9/30/2021 to account for year-round employees rather than seasonal peak hires in Q4-2021



New Hires										
	Age group			Gender		Geography				
Employee categories	<30	30-50	>50	Men	Women	U.S.	Europe	APAC	Americas	ISMEA
Absolute number	10,560	11,076	2,220	18,104	5,752	14,772	4,088	1,697	3,065	234
Rate	44%	47%	9%	76%	24%	62%	17%	7%	13%	1%

  

Turnover										
	Age group			Gender		Geography				
Employee categories	<30	30-50	>50	Men	Women	U.S.	Europe	APAC	Americas	ISMEA
Absolute number	42,733	45,790	22,971	79,862	31,632	101,756	3,382	1,333	4,752	271
Rate	38%	41%	21%	72%	28%	92%	3%	1%	4%	0%

Global hire rate = 9%

Global turnover rate = 42%

### 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

UPS provides health benefits for many employees, retirees and their dependents through several plans administered to meet the health and wellness needs of various employee groups. In addition, we make contributions on behalf of UPS employees who are covered by union-administered plans. These contributions are for our employees and their eligible dependents.

While there are variations in available plans, the following is an example of typical benefits offered to UPS non-union employees in the U.S., where most of our employees are located:

- Medical care, including a prescription drug program
- Dental care
- Vision care
- Life insurance
- Supplemental life insurance
- Legal plan



- Business travel accident insurance
- Short-term disability coverage
- Long-term disability coverage (FT employees only)
- Child/eldercare spending accounts
- Pretax healthcare spending and savings accounts
- Supplemental health plans (critical illness, hospital, and accident)
- Identity protection
- Pet insurance
- Wellness program
- Employee Assistance Program, including work/life issues (financial concerns, childcare, substance abuse, mental health and more)

In most countries and territories, we contribute to the mandatory social security systems that generally provide health, unemployment, disability, and retirement benefits for employees in that country. In addition to these mandatory government systems, we provide healthcare, life, disability and/or retirement benefits to some employees outside the United States. Some of these programs are mandatory, whereas others are provided to employees as part of the normal market practice.

In many countries and territories outside the United States, legislation or national practice provides citizens with benefits programs as an integral part of the social system. We offer private benefit plans to our international operations to supplement these programs.

We further invest in our people by offering a competitive range of other benefits, such as paid time off, retirement plans and tuition assistance, in addition to those for health and wellness. In the United States, these other benefits are generally provided to non-union employees without regard to full-time or part-time status.

Certain benefits are not available to all or some part-time employees. These include long-term disability coverage, business travel accident insurance and tuition assistance; availability may vary by location and employee position.

Some of these benefits may, in practical terms, apply only to management employees, such as those taking advantage of our relocation programs. Our union employees bargain collectively for their benefits via their union representatives. Temporary employees and seasonal workers are generally ineligible for UPS benefits.



### 401-3 Parental leave

Human Resources is continuing to evaluate paid family leave practices as part of the overall human capital strategy. We understand the relationship between talent retention and UPS's long-term performance.

Our union-free employees are entitled to six weeks paid leave for the birth or adoption of a child under a short-term disability benefit. Employees on maternity leave can also take additional leave beyond short-term disability, in the form of FMLA or state equivalent FMLA leave. In jurisdictions that require paid family leave, UPS complies with the law.

Under the U.S. Family and Medical Leave Act (FMLA), UPS employees in the U.S. are eligible for parental leave if they have worked for UPS for at least 12 months and 1,250 hours over the previous 12 months. Additionally, any UPS employee who is not eligible according to the FMLA requirements but has worked at UPS for a minimum of 36 consecutive months and for at least 625 hours during the previous 12-month period may still be eligible for leave under the UPS leave policy.

In 2021, 308,064 employees qualified for FMLA leave as well as short-term disability maternity leave. More specifically, 12,445 employees qualified for FMLA with reasons related to parental and/or leave of bonding, adoption, or care of newborn.

In addition, there may be state laws that offer greater protections or have eligibility requirements that differ from the federal law.

Due to changes in collective bargaining agreements and HR information tracking systems, UPS does not have visibility into the leave, return or retention rates for union employees. Omitted: The breakdown of employee-related information regarding parental leave is currently unavailable. We will be reviewing ways to address this disclosure on a yearly basis as we define the need to capture this information.

## 402 Labor/Management Relations

### 402: 103-1,2,3 Management Approach

UPS is one of the world's largest private employers. More than 70 percent of our employees in the U.S. are represented by unions, including almost everyone who handles or transports packages. In addition, approximately 3,100 pilots who flew for UPS Airlines in 2021 are represented by the Independent Pilots Association (IPA). Throughout its global operations, the company works with many other unions, associations, and work councils where we have collectives.

We bargain in good faith on all matters involving our unions and the employees they represent. This includes dealing with union leaders at the national level, working with local chapters throughout the United States and participating in work councils and associations outside the U.S., which allow us to respond to emerging regional and national issues. This work helps our operations to build and





maintain relationships with our employees. We are not aware of any operations or suppliers in which the right to exercise freedom of association and collective bargaining may violate applicable laws or be at significant risk.

We communicate frequently with our people and their unions at many levels of the company to check that all parties are working toward positive results for our employees and other major stakeholders.

Our U.S. agreements also have specific provisions regarding the methods for resolving grievances. These provisions mandate periodic meetings of union and company representatives, with escalation to the next level if the parties cannot agree on a resolution. Non-union employees have an alternative process available for dispute resolution.

To help us maintain and enhance successful relationships with our unions, we do not publish the number of grievances related to collective bargaining agreements filed, addressed, or resolved during current or prior reporting periods.

UPS also works with organized labor on key environmental issues. For several years we have served on the Corporate Advisory Board of the Blue-Green Alliance, a group of labor and environmental organizations, to discuss emerging environmental issues and solutions.

UPS evaluates the success of labor relations based on continued collaborative working relationships with unions, associations, and work councils, as we have over the past 90 years. In the U.S., the current National Master Agreement with the International Brotherhood of Teamsters (IBT) and related local agreements expire on July 31, 2023.

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### **402-1 Minimum notice periods regarding operational changes**

UPS's collective bargaining agreements include minimum notice periods regarding operational changes, which vary by master agreement and according to specific requirements for local chapters of our unions. For example, the labor agreement covering U.S. package delivery operations requires a minimum notice period of 45 days.

## **403 Occupational Health and Safety**

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### **403: 103-1,2,3 Management Approach**

UPS customers worldwide depend on us to meet important deadlines every day. As the world's economies develop and e-commerce expands, the expectations of customers are changing. This, in turn, creates new challenges for ensuring employee health and safety.



Strong health and safety programs are the result of appropriate processes and risk control and depend on factors ranging from methods followed to proper employee training and engagement. We develop a culture of health and safety by:

- Investing in safety training and audits,
- Promoting wellness practices which mitigate risk, and
- Offering benefits that keep employees safe in the workplace and beyond.

On-road safety is a priority focus area. Telematics data gathered in our U.S. Domestic Package operations allows us to promote and coach safe driving behaviors by leveraging data retrieved from the vehicle. In addition, we comply with regulations pertaining to working hours, rest hours and leave times for people who drive and operate our vehicles.

We also use a Comprehensive Health and Safety Process (CHSP) to improve the overall health and safety environment of UPS employees. There are over 3,200 CHSP committees worldwide, which are co-chaired by employees and management. The committees conduct facility and equipment audits, perform work practice and behavioral analysis, conduct training, and recommend work process and equipment changes. Meeting frequency of CHSP committees is determined at the local level. The framework for the CHSP allows for approximately 10 percent of the workforce to participate on safety committees, which represent all employees.

We follow a global wellness guide called the Five Being Habits that focuses on five areas of wellness: fitness, sleep, nutrition, stress management and hydration. These habits serve as actionable steps that employees and their families can take toward creating healthy lifestyles.

We use Quality Validation Assessments (QVAs) to verify and measure the effectiveness of safety and wellness leadership; daily planning and execution; and communication and coaching. In 2021, the total number of UPS management employees who received Quality Validation Training increased to more than 13,000.

Our Safety Health Risk Management Information System (G-SHRMIS) tracks important H&S data in Canada, Puerto Rico, and the United States. Outside of those areas, we use the International Incident Report Tool (IIRT) to track injuries, auto crashes and near-misses. The tools provide daily visibility of injury and auto crash trends globally, as well as the ability to perform data analysis to identify risks and implement control measures.

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### **403-1 Occupational health and safety management system**

UPS's CHSP program is similar to national health and safety system standards such as OHSAS 18001 (U.K.) and ANSI Z10 (U.S.) in terms of its operational requirements and goals. While CHSP is not formally

recognized under OHSAS 18001 — in the limited sense that it is not accredited under that specific program — UPS believes that the CHSP provides an equivalent or greater health and safety management process for the company. The system was voluntarily created by UPS to establish methodologies for employee health and wellness specific to UPS operations. The CHSP covers all UPS employees and workers, but not those of our contractors, agents, or outside service providers.

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### **403-2 Hazard identification, risk assessment and incident investigation**

Workers may report work-related hazards and hazardous situations to management through local CHSP committees, which are co-chaired by employees and management, or through the UPS Ethics Hotline. CHSP committees, which conduct facility and equipment audits, perform work practice and behavioral analysis, conduct training, and recommend work process and equipment changes. Results of these audits lead to improved safety processes at the local level, which are shared with district health and safety managers for potential wider implementation. In addition, there are regularly scheduled audits and evaluations of the CHSP both internally and externally through our third-party service providers. This same process is used for workers to remove themselves from work situations that they believe could cause injury or ill health. UPS has open door and non-reprisal policies for all these methods. In 2021, examinations of the process were paused in accordance with COVID-19 protocols.

Work-related incidents are investigated and reported through G-SHRMIS, which tracks this data for Canada, Puerto Rico, and the United States and through IIRT for other international locations. These digital tools provide daily visibility of injury and auto accident trends globally, as well as the ability to perform data analysis to identify risks and implement control measures. After investigation and root causes are determined, precise educational and prevention activities are developed to address the causes. Prevention activities are developed for both the individual employee directly involved and other employees in the work group.

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### **403-3 Occupational health services**

The CHSP process is designed to assist the work group in identifying the key issues causing injuries and auto accidents at UPS and in developing the effective mitigation strategies needed to address those issues.

CHSP committees conduct worksite analysis regularly to identify risks and hazards. This analysis consists of several methods of examination aimed to identify not only existing hazards, but also conditions and operations in which changes might occur to create hazards. The methods are data analysis, behavior observation and feedback, facility audit and injury and auto accident investigation. Results are reported through G-SHRMIS and IIRT.

Data on workers' personal health-related information from these analyses, investigations, audits, and similar processes are maintained confidential through UPS data privacy standards. UPS protects access



to systems to safeguard that workers' personal health-related information and participation in health services are not used for any favorable or unfavorable treatment of workers and in compliance with regulatory requirements.

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#### **403-4 Worker participation, consultation and communication on occupational health and safety**

See 403-2 Hazard identification, risk assessment and incident investigation; and other descriptions of CHSP committees throughout GRI 403: Occupational Health and Safety.

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#### **403-5 Worker training on occupational health and safety**

Training, coaching, and recognition are critical components to fostering a culture of safety. Safety professionals at UPS teach a comprehensive range of workshops, certifying frontline managers and supervisors who instruct employees in the specifics of each course. The extensive catalogue of workshops includes topics such as safe work methods, safe driving, wellness, safety committee training and regulatory compliance. In 2021, UPS spent more than \$210 million on safety training courses (27 percent of total training spend) and UPSers spent more than 5.4 million hours (37 percent of total training time) in safety training classes. Formal training is supplemented with mentoring programs that enable employees to learn from others with more experience. Our employees with exceptional safety records are recognized and encourage others to strive for the same high standards, such as through our Circle of Honor program, an elite group of UPS drivers who have not had an avoidable accident for 25 years or more. UPS currently has nearly 11,000 Circle of Honor drivers in our global operations.

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#### **403-6 Promotion of worker health**

See 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees. In addition, UPS offers an Employee Assistance Program for all employees in the U.S. and 69 countries. This service is offered through an independent health insurer, which maintains confidentiality of data and assists with non-work-related health and wellness issues, including work/life balance, financial concern, childcare, substance abuse, addiction counseling and other wellness matters.



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### **403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships**

The health and safety systems of contractors, agents and outside service providers are reviewed prior to the beginning of business relationships for safety and compliance with applicable laws. Audits on health and safety practices are conducted intermittently. UPS collaborates with contractors, agents, and outside service providers to share safety lessons learned and best practices.

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### **403-8 Workers covered by an occupational health and safety management system**

See 403-1 Occupational health and safety management system.

*Omitted: Information regarding occupational health and safety management systems pertaining to employees and workers who are not employees but whose work and/or workplace is controlled by the organization, broken down by number and percentage of coverage, as well as whether such systems have been internally or externally audited, is currently unavailable. We will be reviewing ways to address all requirements of this disclosure on a yearly basis.*

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### **403-9 Work-related injuries**

In 2021, our lost time injury (LTI) rate rose to 2.52 per 200,000 employee hours, primarily due to a continued increase in new employees hired to address growth fueled by the impact of the pandemic and constraints on our ability to deliver in-person training as a result of COVID restrictions.

Our research indicates a disproportionate number of injuries occur during the first year of employment. We engage local health and safety committees to coach new hires as they learn and adapt to UPS's safety processes and are tracking new hire safety metrics as we seek to improve in this area. In 2021, we introduced cloud technology that enables enhanced data analytics, streamlines our reporting processes and standardizes our approach to risk reduction allowing for greater focus on risk reduction. Additionally, we enhanced the onboarding process by expanding our safety mentoring program and evolved our internal auditing process to better evaluate the safety culture in facilities and validate that safety processes are being followed. In the United States, Canada, and Puerto Rico, 77.1 percent of injuries involved men and 22.9 percent involved women. UPS experienced 11 employee fatalities worldwide in 2021. Our rate of fatalities per 200,000 hours worked was 0.0026.

The total number of hours worked by UPS employees was more than 838 million in 2021. The main types of work-related injuries to UPS employees are auto accidents, slips and falls and lift-lower injuries.

We categorize lost-time injuries by severity as required by the laws in the areas we operate. For instance, in the U.S., we categorize injuries based on OSHA standards.



In 2021, our auto accident rate was 8.16 per 100,000 driving hours, a 1.8 percent decrease to 8.31 auto rate in 2020. The year-over-year reduction resulted from continued investments in enhanced driver training techniques and advancements in vehicle technology. Actions to eliminate these work-related hazards are explained in 403 Occupational Health and Safety Management Approach.

*Omitted: UPS does not track or report the global employee total recordable incident rate or fatality rate for contract employees. UPS will be reviewing ways to address all requirements of this disclosure on a yearly basis.*

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### 403-10 Work-related ill health

For 2021, we were not aware of any occupational diseases among UPS employees or of any incidence or high risk of disease related to occupations at UPS. UPS manages for occupational disease to regulatory compliance levels in the areas of our owned operations. In light of the global coronavirus pandemic, we have taken actions to keep employees safe, such as adjusting our operating procedures, enhancing cleaning procedures for facilities, vehicles, and aircraft, and deploying and replenishing resources like gloves, hand sanitizer and face masks.

*Omitted: UPS does not track or report the global employee total recordable incident rate or fatality rate for contract employees, UPS will be reviewing ways to address all requirements of this disclosure on a yearly basis*

## 404 Training and Education

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### 404: 103-1,2,3 Management Approach

UPS employees are motivated, high-performing people and they represent a meaningful competitive advantage for our company. This makes it critical to recruit the best people and keep them for the long term — an especially important aim amid changes to our industry, customers, and the world's transportation infrastructure.

Once we have successfully recruited new employees, we seek to retain them by promoting from within, offering a range of continuous training and talent development opportunities and identifying employee potential early to accelerate career development. These offerings combine experience, exposure, and education for employees throughout our organization.

We continue to focus our human capital strategies on the employee experience. This extends to recruitment efforts, our point-of-entry in the employee life cycle. Our approach spans both hourly and professional candidate pools, where we tailor our methodologies to suit the needs of these two distinct recruitment groups. Communicating a compelling Employee Value Proposition (EVP) is



key to our ability to successfully recruit a qualified, diverse workforce in competitive markets. As we evolve our EVP to remain competitive, we enhance recruitment messages in advertising, social media, recruitment events and other communication vehicles.

U.S. veteran recruitment coupled with veteran retention remain an ongoing focus of the UPS military recruitment strategy. Attracting separating service members through direct veteran-specific programs like the Department of Defense Skillbridge, Hiring Our Heroes and direct relationships built with the military transition assistance centers within the U.S. drives our effort to attract, hire and retain separating service members and veterans. UPS competes in a space where logistics/engineering companies vigorously recruit valuable military talent; therefore, our efforts require resourcing. The relationships established with military installations create access to the talent we seek to attract. Direct advertisement on military installations, hosting video information sessions, utilizing social media, participating in hiring drives and email campaigns keep UPS relevant within the military recruitment space. We continue to expand our recruitment strategy, which includes a newly created Career Skills Program, Veteran Military Internships. We also offer targeted employment opportunities specifically to service members that desire jobs such as package car driver supervisors, on the road tractor-trailer drivers (OTR), those in the Engineer Development Program, and Outside Sales Opportunities all increase our ability to attract and hire military talent. With the pandemic opening opportunities for flexible work locations, UPS has a unique chance to target and hire military spouses in roles that would benefit the organization and provide long-term career prospects. As we grow our veteran population, UPS must determine the level of support we want to put towards attracting, hiring, and retaining this diverse population that possesses the requisite skills needed to advance the company forward.

In addition to recruiting the right people, we also want to be sure we are developing our people. Central to our EVP is our investment in the careers of our people through the Education Assistance program. UPS helps our people finance their education through one of the more generous tuition reimbursement programs in the marketplace. Students can use up to \$25,000 for their education and attend school while working part-time or full-time at UPS. This is an important recruiting and retention tool; turnover among program participants in part-time positions is significantly lower than among nonparticipants.

When it comes to ongoing development, we focus on helping employees sharpen the skills needed to excel in their roles and achieve their long-term career goals. Employees create individualized development plans and collaborate with their managers to determine the most beneficial training programs and development opportunities to meet their unique goals.

Training and development opportunities include constructive feedback, coaching and counseling from managers and co-workers. Employees receive formal and informal development delivered through live and virtual classes, on-the-job training, committee participation and special assignments. Additionally, self-development opportunities are available around the clock through our extensive online library in UPS University, our enterprise-wide learning management system and component of our global talent management system.



Data for this disclosure does not include companies acquired since 2015.

#### 404-1 Average hours of training per year per employee

2021 Employee Training	
Employee Category	Average Number of Training Hours per Employee
Senior/Middle Management	42.1
Entry-Level Management	46.0
Administrative/Technical	10.7
Non-management	23.5
By Gender	Average Number of Training Hours per Employee
Women	27.5
Men	23.8

#### 404-2 Programs for upgrading employee skills and transition assistance programs

In many cases, we believe the best candidates for open positions are already working at UPS. When business cycles or other forces drive changes in our staffing needs, we take steps to retain and promote existing employees. This includes promoting part-time workers into full-time positions, transferring employees into equivalent positions in other departments and training employees for new assignments with greater responsibility.

See also Disclosure 403-5 — Worker training on occupational health and safety.

*Omitted: Information pertaining to a program to handle continued employability and the management of results from termination or retirement is not currently available. We will be reviewing ways to address all requirements of this disclosure on a yearly basis as we define the need to capture this information.*





**404-3 Percentage of employees receiving regular performance and career development reviews**

To develop plans for future growth, management employees are able to identify areas of interest, aspirations, and opportunities for career progression. Through regular discussions, assessments and coaching, employees are assisted in identifying their strengths and opportunities and are encouraged to focus on career goals.

In 2021, 95 percent of employees in senior and middle management roles in the U.S. received regular performance reviews.

Sustainability Indicators	Percent
Percentage of female Senior Management receiving regular performance and career development reviews	96%
Percentage of female Middle Management receiving regular performance and career development reviews	93%
Percentage of male Senior Management receiving regular performance and career development reviews	93%
Percentage of male Middle Management receiving regular performance and career development reviews	94%

**405 Diversity and Equal Opportunity**

**405: 103-1,2,3 Management Approach**

UPS's values are rooted in diversity, equity, and inclusion that thrives within and outside of our organization. DEI benefits the economic performance of our business by helping us to better understand and meet customer needs, as well as strengthen our workplace environment so our people can achieve even greater success. By leveraging diverse perspectives, strengthening our commitment to equity, and creating inclusive environments, we will improve organizational effectiveness, cultivate innovation, and drive growth. DEI is a strategic business imperative that enables us to adapt and excel in an ever-evolving global marketplace.

As a global company serving more than 220 countries and territories, we recognize that diversity is defined differently around the world. The process of building a diverse global workforce begins with recruiting talented people, regardless of visible characteristics such as race, gender and age, or less obvious characteristics such as personality, ethnicity, ability, sexual orientation, education, religion, lifestyle, values, beliefs, experiences, backgrounds, preferences, family situations or behaviors. We then reward and promote people based on their skills, knowledge, experience, and performance.



UPS is a people-led company guided by a strong purpose. We value the contributions of all our people and encourage everyone to bring their unique perspectives, backgrounds, talents, and skills to work every day. UPS's DEI statement was introduced in 2021. "You Belong at UPS" – we are committed to building an inclusive, diverse workplace for all. "You", representing the global collection of UPS people, customers, and community members, are welcomed and valued here. We will live this vision by unlocking the power of diversity by seeking distinct perspectives and backgrounds for advancing our business achievements.

To move our world forward, we must move our culture forward, a culture that provides an environment of equity, transparency, courage, creativity, and a sense of belonging.

We are continuously seeking distinct perspectives, experiences, and talents across our employees, customers, and suppliers to deliver what matters most. We strive to empower everyone to bring their authentic selves to work and inspire the inclusion of diverse people, thoughts, and perspectives.

In 2020, UPS established an Equity, Justice, and Action task force to research and secure alignment with core DEI principles like pay equity and equal employment opportunity.

UPS also formalized a DEI department and named a c-suite level CDEIO. This CDEIO leads DEI efforts globally, supported by UPS's long-standing DEI Council. The council, which meets, is chaired by our CEO and composed of senior leaders and an external thought leader who set and support strategies for the organization while serving as visible champions for DEI.

As one of the world's largest employers, UPS employs people across all cultures, backgrounds, lifestyles, and experiences. In such a large company, there is an opportunity for employees to connect, network, and learn from others outside of normal work teams and with different backgrounds and experiences. An important way they can do this is through Business Resource Groups (BRGs).

UPS's global BRG program started as a pilot in 19 UPS locations in 2006 and has grown exponentially, with over 180 BRG in 36 countries. We currently have eleven BRG types: African American, Asian, Hispanic/Latino, Focus on Abilities, Pride Alliance, Millennial, Multicultural, Veterans, Women in Operations, Women's Leadership Development (WLD), and Working Parents.

All BRGs have advisors and sponsors among senior management who support their strategy and growth. BRG sponsors, who are members of our Executive Leadership Team, help connect BRGs with people at the highest levels of UPS, so the BRG can best align their objectives with those of the company. BRGs at UPS make significant contributions to growing the business, developing our people, and supporting the communities we serve.

Lasting change requires shifting our culture and we are driving this transformation from the top as well as through grassroots efforts. We are building on UPS's rich history of centering our company on our people and maintaining our core values of fairness, dignity, and respect. A diverse, equitable and inclusive environment will help UPS attract and retain the best talent, drive innovation, and exceed our financial targets.

Data for this disclosure does not include acquisitions from 2015 through present.



### 405-1 Diversity of governance bodies and employees

Our focus on DEI in our operations and management is also reflected in the composition of our Board of Directors.

Diversity is critical to innovation and our sustained success; the real benefit comes with inclusion, starting with equity and equal access to opportunity.

2021 Governance Body Diversity									
As of 12/31/2021									
Governance bodies	Age group			Gender		Minority group			
	<30	30-50	>50	Men	Women	African-American	Hispanic	Asian-American	Other
Board of Directors	0%	8%	92%	54%	46%	23%	0%	8%	0%
Executive Leadership Team (ELT)	0%	8%	92%	67%	33%	25%	8%	0%	0%

2021 Statistical Snapshot of UPS Diversity <sup>1</sup>									
As of 9/30/2021									
Employee Categories	Age group			Gender		Minority group (United States) <sup>2</sup>			
	<30	30-50	>50	Men	Women	African-American	Hispanic	Asian-American	Other <sup>3</sup>
Senior/Middle Management	12%	59%	29%	74%	26%	15%	12%	6%	2%
Entry Level Management	43%	42%	16%	63%	37%	24%	18%	3%	4%
Administrative/Technical	26%	51%	22%	43%	57%	24%	13%	5%	2%
Non-management	33%	45%	21%	83%	17%	24%	19%	2%	3%
<b>Total</b>	<b>32%</b>	<b>46%</b>	<b>21%</b>	<b>78%</b>	<b>22%</b>	<b>24%</b>	<b>18%</b>	<b>3%</b>	<b>3%</b>

<sup>1</sup> Data collected on 9/30/21 to account for year-round employees rather than seasonal peak hires.

<sup>2</sup> Minority group restricted to U.S. employees.

<sup>3</sup> Indicates two or more.



Employment Type by Category (Global) <sup>1</sup>				
As of 9/30/2021				
Employee Categories	Men		Women	
	Full Time	Part Time	Full Time	Part Time
Senior/Middle Management	75%	0%	25%	0%
Entry Level Management	6%	56%	6%	32%
Administrative/ Technical	27%	8%	46%	19%
Non-management	42%	41%	3%	14%

<sup>1</sup> Data collected on 9/30/21 to account for year-round employees rather than seasonal peak hires.

To see workforce demographic information using U.S. government mandated reporting categories, see our [EEO-1P](#). Data does not include any acquisitions from 2015 through present.

In 2016, we set goals for women (globally) and minority (United States) representation for our full-time management positions. These aspirational goals, along with other measures of diversity, were published internally and had a five-year target date of December 2021. We were able to exceed our aspirational goal for minority representation in the United States a full year ahead of plan through senior leadership commitment and internal and external development opportunities. We will continue to monitor and maintain similar hiring and promotion rates across all levels of management to achieve a lasting impact, reflection of our community, and benefits from a diverse workforce.

We remain committed to the continued progress for representation of women across the globe at UPS by measuring our year-end 2025 aspirational goal and a renewed focus on the pathway to achieve our intended results. This includes updates and discussions around human capital transformation efforts, employee survey results related to culture and other matters, hiring and retention, employee demographics, succession planning and other employee initiatives. After considering recent trends and the company’s renewed commitment to DEI, we determined it was appropriate to publicly disclose this goal. The following is our aspirational goal for global women representation in full-time management roles, with a target year of 2025, along with our goal for ethnically diverse management.

**2025 Year-end aspirational goals:**

- 30 percent women in full-time management represented in the UPS workforce globally. As of May 31, 2022, we were at 27 percent.
- 40 percent ethnically diverse full-time management in the United States UPS workforce. As of May 31, 2022, we were at 37 percent.

Research continues to show that women have been disproportionately affected economically in the leadership ranks due to the pandemic. With the challenges of balancing work, children and home-schooling, women voluntarily exited the workforce at unprecedented levels. These issues, among others, may have far-reaching consequences on gender diversity. As a result, organizations like ours must be more intentional than ever to provide our employees at all levels with the resources, skills, experiences, and opportunities to support their continued progression and success. Increasing the percentage of women in operations roles will be important to our success.

*Any information relating to forward-looking statements, goals, and progress against goals was not subject to Deloitte's review and, accordingly, Deloitte does not express a conclusion or any form of assurance on such information.*

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**405-2 Ratio of basic salary and remuneration of women to men**

UPS provides for equal remuneration policies globally regarding women and men and has policies and procedures in place to support our compliance with applicable laws and regulations.

*Omitted: Information pertaining to the ratio of the basic salary of women to men for each employee category is not currently available. We will be reviewing ways to address all requirements of this disclosure on a yearly basis as we define the need to capture this information.*

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**407 Freedom of Association and Collective Bargaining****407: 103-1,2,3 Management Approach**

See Disclosure 402 — Labor Relations Management Approach.



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### **407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk**

We are not aware of any operations or suppliers in which the right to exercise freedom of association and collective bargaining may violate applicable laws or be at significant risk.

*Omitted: Information pertaining to measures taken in the reporting period intended to support rights to exercise freedom of association and collective bargaining is not currently available. We will be reviewing ways to address all requirements of this disclosure on a yearly basis as we define the need to capture this information.*

## 414 Supplier Social Assessment

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### **414: 103-1,2,3 Management Approach**

See Disclosure 204 – Procurement Practices.

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### **414-1 New suppliers that were screened using social criteria**

Omitted: UPS does not report specific numbers or percentages related to screening or impact assessments, as this information is subject to confidentiality constraints of our supplier contracts. We will be reviewing ways to address all requirements of this disclosure on a yearly basis as we define the need to capture this information.

As of and for the year ended December 31, 2021, we were not aware of any significant environmental, social, or labor concerns related to our suppliers.

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### **414-2 Negative social impacts in the supply chain and actions taken**

Omitted: UPS does not report specific numbers or percentages related to screening or impact assessments, as this information is subject to confidentiality constraints of our supplier contracts. We will be reviewing ways to address all requirements of this disclosure on a yearly basis as we define the need to capture this information.

As of and for the year ended December 31, 2021, we were not aware of any significant environmental, social, or labor concerns related to our suppliers.

## 418 Customer Privacy

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### **418: 103-1,2,3 Management Approach**

The security of our customers' shipments is a priority for UPS. As potential threats to digital and physical assets evolve — from cybercrime and terrorism to increased traffic congestion and aging transportation infrastructure — we constantly adapt and improve business operations effectively and sustainably.

We apply comprehensive risk mitigation techniques globally and across all business segments to help keep third-party data, including customer shipments secure. UPS has a Global Privacy Program with an extensive Data Protection Network of Data Protection Officers in subsidiaries, Data Privacy Practitioners supporting business group and IT and Data Privacy Coordinators in business units and countries and territories globally. The UPS Data Privacy network enables UPS to maintain privacy compliance in multiple jurisdictions. Confidentiality and customer relationships are critical components of our asset security program, and therefore we cannot disclose specific details about the techniques employed.

Access to relevant, actionable, and real-time threat information is a critical component of protecting our digital and physical assets. To that end, we use threat information from authorities in both the public and private sectors to allow us to take necessary actions to protect our people and our digital and physical assets.

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### **418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data**

UPS had no significant breaches of customer privacy or losses of customer data for the year ended December 31, 2021.

## 419 Socioeconomic Compliance

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### **419: 103-1,2,3 Management Approach**

See Disclosure 205 — Anti-Corruption Management Approach.

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### **419-1 Noncompliance with laws and regulations in the social and economic area**

*Omitted: Due to confidentiality constraints, UPS does not report non-monetary sanctions or cases. We will be reviewing ways to address all requirements of this disclosure on a yearly basis.*



## APPENDIX A



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**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

**Board of Directors**  
**United Parcel Service, Inc.**  
**Atlanta, Georgia**

We have reviewed management of United Parcel Service, Inc.'s (the "Company") assertion that the sustainability disclosures presented within the 2021 Global Reporting Initiative ("GRI") Content Index as of and for the year ended December 31, 2021 (the "2021 GRI Content Index") are presented in accordance with the GRI Sustainability Reporting Standards under its Core option. The Company's management is responsible for its assertion. Our responsibility is to express a conclusion on management's assertion based on our review.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) in AT-C Section 105, *Concepts Common to All Attestation Engagements*, and AT-C Section 210, *Review Engagements*. Those standards require that we plan and perform the review to obtain limited assurance about whether any material modifications should be made to management's assertion in order for it to be fairly stated. The procedures performed in a review vary in nature and timing from, and are substantially less in extent than, an examination, the objective of which is to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. Because of the limited nature of the engagement, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an examination been performed. We believe that the review evidence obtained is sufficient and appropriate to provide a reasonable basis for our conclusion.

We are required to be independent and to meet our other ethical responsibilities in accordance with the *Code of Professional Conduct* issued by the AICPA. We applied the *Statements on Quality Control Standards* established by the AICPA and, accordingly, maintain a comprehensive system of quality control.

The procedures we performed were based on our professional judgment. In performing our review, we performed analytical procedures and inquiries. For a selection of the disclosures in the GRI Index, we performed tests of mathematical accuracy of computations, compared the disclosures to underlying records, or observed the data collection process in regard to the accuracy of the data in the 2021 GRI Content Index.

The preparation of the sustainability disclosures in the 2021 GRI Content Index requires management to interpret the criteria, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect the reported information. Measurement





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## APPENDIX A

of certain disclosures includes estimates and assumptions that are subject to substantial inherent measurement uncertainty resulting, for example, from the accuracy and precision of greenhouse gas emission conversion factors, or estimation methodologies used by management. Obtaining sufficient, appropriate review evidence to support our conclusion does not reduce the inherent uncertainty in the disclosures in the GRI Index. The selection by management of different but acceptable measurement methods, input data, or assumptions, may have resulted in materially different amounts or disclosures being reported.

Our review was limited to the disclosures in the 2021 GRI Content Index. All other information, including information relating to forward looking statements, targets, goals, progress against goals, and linked information, were not subject to our review and, accordingly, we do not express a conclusion or any form of assurance on such information.

As discussed in the 2021 GRI Content Index, the entity revised its methodology for calculating Scope 3 Category 1 and Category 2 emissions and divested its UPS Freight business which was applied to the presentation of 2020 metrics. Our conclusion is not modified with respect to this matter.

Based on our review, we are not aware of any material modifications that should be made to management of the Company's assertion that the sustainability disclosures presented within the 2021 GRI Content Index as of and for the year ended December 31, 2021 are presented in accordance with the GRI Sustainability Reporting Standards under its Core option, in order for it to be fairly stated.

*Deloitte & Touche LLP*

July 28, 2022

**APPENDIX B**

Statement of Greenhouse Gas (GHG) Emissions for the year ended December 31, 2021

Management asserts that that the Statement of GHG Emissions for the year ended December 31, 2021 is presented in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) and the Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard, published by the World Resources Institute/World Business Council for Sustainable Development.

**305-1 Direct (Scope 1) GHG emissions****305-2 Indirect (Scope 2) GHG emissions**

Global CO <sub>2</sub> e Emissions (‘000 tonnes)				
	2021	2020 <sup>1</sup>	% Change 2021/2020 <sup>1</sup>	Base Year (2020 <sup>1</sup> )
Scope 1	15,668	15,088	3.8%	15,088
Scope 2 (market-based)	654	728	-10.2%	728
<b>Gross Scope 1 and 2</b>	<b>16,322</b>	<b>15,816</b>	<b>3.2%</b>	<b>15,816</b>
Scope 3 <sup>2</sup>	19,486	18,595	4.8%	18,595
<b>Gross Scope 1, 2 and 3</b>	<b>35,808</b>	<b>34,411</b>	<b>4.1%</b>	<b>34,411</b>
Total voluntary carbon offsets for carbon neutral shipping	(298)	(273)	9.2%	(273)
<b>Net Global CO<sub>2</sub>e Emissions</b>	<b>34,510</b>	<b>34,138</b>	<b>4.0%</b>	<b>34,138</b>

<sup>1</sup> Recalculated 2020 emissions due to the divestiture of UPS Freight. See below section Base Year GHG Emissions for additional Emission for further information

<sup>2</sup> Recalculated Scope 3, Categories 1 and 2 emissions. See below section Operational Boundary – Detailed Description Scope 3 for additional information regarding the methodology update.

Emissions by Greenhouse Gas Scope & Type (‘000 tonnes)						
	Scope 1			Scope 2		
	2021	2020 <sup>1</sup>	Base Year (2020 <sup>1</sup> )	2021	2020 <sup>1</sup>	Base Year (2020 <sup>1</sup> )
Carbon Dioxide (CO <sub>2</sub> )	15,478	14,913	14,913	651	724	724
Methane (CO <sub>2</sub> e)	46	40	40	1.4	1.8	1.8
Methane (CH <sub>4</sub> )	1.63	1.42	1.42	0.05	0.06	0.06



Nitrous Oxide (CO <sub>2</sub> e)	138	129	129	2	2	2
Nitrous Oxide (N <sub>2</sub> O)	0.52	0.49	0.49	0.01	0.01	0.01
HFCs (CO <sub>2</sub> e)	6	6	6	0	0	0
HFCs (HFC)	0.005	0.005	0.005	0	0	0

Emissions by Greenhouse Gas Scope & Type (‘000 tonnes)						
	Scope 3 <sup>2</sup>			Totals		
	2021	2020 <sup>1</sup>	Base Year (2020 <sup>1</sup> )	2021	2020 <sup>1</sup>	Base Year (2020 <sup>1</sup> )
Carbon Dioxide (CO <sub>2</sub> )	19,396	18,510	18,510	35,525	34,147	34,147
Methane (CO <sub>2</sub> e)	10	10	10	57	52	52
Methane (CH <sub>4</sub> )	0.36	0.37	0.37	2.04	1.85	1.85
Nitrous Oxide (CO <sub>2</sub> e)	80	75	75	220	206	206
Nitrous Oxide (N <sub>2</sub> O)	0.30	0.28	0.28	0.83	0.78	0.78
HFCs (CO <sub>2</sub> e)	0	0	0	6	6	6
HFCs (HFC)	0	0	0	0.005	0.005	0.005

<sup>1</sup> Recalculated 2020 emissions due to the divestiture of UPS Freight. See above section Base Year Emission for further information.

<sup>2</sup> Recalculated Scope 3, Categories 1 and 2 emissions. See below section Operational Boundary – Detailed Description Scope 3 for further information regarding the methodology update.

Biomass CO <sub>2</sub> Emissions (‘000 tonnes, not included in above totals)				
	2021	2020	% Change 2021/2020	Base Year (2020)
Mobile Combustion – Biomass CO <sub>2</sub> (e.g., ethanol, bio-diesel)	663	470	41.1%	470
Stationary Combustion – Biomass CO <sub>2</sub>	0	0	0%	0
<b>Total Biomass CO<sub>2</sub> (reported separately as per GHG Protocol)</b>	<b>663</b>	<b>470</b>	<b>41.1%</b>	<b>470</b>



Scope 2 CO <sub>2</sub> e Emissions (‘000 tonnes)				
	2021	2020 <sup>1</sup>	% Change 2021/2020 <sup>1</sup>	Base Year (2020) <sup>1</sup>
Scope 2 (market-based method)	654	728	-10.2%	728
Scope 2 (location-based method)	676	775	-12.8%	775

<sup>1</sup> Recalculated 2020 emissions due to the divestiture of UPS Freight. See below section Base Year Emission for further information.

## GHG Reporting Policies

The statement of GHG emissions has been prepared based on a calendar reporting year that is the same as the UPS financial reporting period, covering the reporting year of January 1, 2021, to December 31, 2021. Organizational responsibility for our GHG Emissions reporting rests with our chief corporate affairs officer.

Scope 1 and 2 GHG emissions information is prepared in accordance with the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

Scope 3 GHG emissions information is prepared in accordance with the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: Corporate Value Chain (Scope 3), Accounting and Reporting Standard.

Scope 3 emissions include all relevant Scope 3 categories, nine of the fifteen categories as defined by the GHG Protocol.

Collectively, the Corporate Accounting and Reporting Standard (Revised Edition) and the Corporate Value Chain (Scope 3), Accounting and Reporting Standard are referred to as the “GHG Protocol” in this document. The following includes information on GHG emissions by business unit and emission source, as well as intensity disclosures.

## Base Year GHG Emissions

UPS has set our base year for Scope 1, 2 and 3 to 2020 to align with UPS’s new sustainability goals. The GHG Protocol states, “Selection and recalculation of a base year should relate to the business goals and the particular context of the company: For the purpose of reporting progress towards voluntary public GHG targets, companies may follow the standards and guidance in this chapter.” UPS announced new sustainability goals in 2021, and 2020 is the base year for the 50 percent reduction in CO<sub>2</sub>/package goal by 2035.

This is in support of our goal to achieve carbon neutrality by 2050 across Scope 1, 2 (market-based), and 3 emissions.



In addition to the change of base year to 2020, a recalculation of the base year is needed. There are two reasons for a recalculation of the 2020 base year:

1. Change in methodology (Scope 3 Category 1 and Category 2)
2. Change in organization (Divestment of UPS Freight)
  - a. The divestment of UPS Freight reduces total scope 1, 2, and 3 emissions (2020 data) by 3 percent (1,156,000 tonnes out of 37,937,000 tonnes).

The GHG protocol Corporate Standard states:

*The following cases shall trigger recalculation of base year emissions:*

- *Structural changes in the reporting organization that have a significant impact on the company's base year emissions. A structural change involves the transfer of ownership or control of emissions-generating activities or operations from one company to another. Structural changes include mergers, acquisitions, and divestments.*
  - o *The divestment of UPS Freight reduces total scope 1, 2, and 3 emissions by 3 percent.*
- *Changes in calculation methodology or improvements in the accuracy of emission factors or activity data that result in a significant impact on the base year emissions data.*
  - o *The new calculation methodology for Scope 3 Category 1 and Category 2 crosses the threshold for a base year recalculation (greater than 5 percent of total emissions). The new calculation methodology reduces total Scope 1, 2, and 3 emissions by 8 percent.*
- *Base year update was triggered due to the aggregation of the above. Combined, these two changes represent an 11 percent reduction in total emissions and so a recalculation encompassing both changes, even though the divestment of UPS Freight itself does not cross a materiality threshold, would be the most appropriate for year over year comparisons.*

Base year emissions are reported in each applicable table. Base year updated in GRI section 302: Energy per above rationale.

## Greenhouse Gases

GHG emissions figures are reported in metric tons of carbon dioxide equivalents (CO<sub>2</sub>e) and include four of the seven greenhouse gases covered by the GHG Protocol — carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O) and hydrofluorocarbons (HFCs). Perfluorocarbons (PFCs), sulfur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>) emissions were omitted from our reporting, as they are not a significant source of greenhouse gases for the Company.



The GHG Protocol defines global warming potential (GWP) as “a factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given GHG relative to one unit of CO<sub>2</sub>. By using GWPs, GHG emissions from multiple gases can be standardized to a carbon dioxide equivalent (CO<sub>2</sub>e).

The Global Warming Potentials of GHGs		
Gas	GWP	Reference
Carbon Dioxide (CO <sub>2</sub> )	1	Fifth Assessment Report (AR5) published by Intergovernmental Panel on Climate Change
Methane (CH <sub>4</sub> )	28	
Nitrous Oxide (N <sub>2</sub> O)	265	
HFC-134a	1,300	

### GHG Reporting Scope and Boundary

The Statement of Greenhouse Gas Emissions includes Scope 1 (direct), Scope 2 (indirect), and Scope 3 (indirect) emissions that were reported for operations within the organizational boundary described below. GHG emissions have been reported from the entities where UPS has operational control as defined by the GHG Protocol. UPS is a global company operating in more than 220 countries and territories. Our three reportable business segments are U.S. Domestic Package, International Package, and Supply Chain Solutions.

The U.S. Domestic Package business provides time-definite delivery services for express letters, documents packages and palletized freight via air and ground services to and from all 50 states.

The International Package reporting segment includes small package operations in Europe, Asia, Canada, Latin America, the Indian Subcontinent, Middle East, and Africa.

Supply Chain Solutions consists of our forwarding, truckload brokerage, logistics and distribution, Roadie, UPS Capital and other businesses.



## Operational Boundary – Detailed Description Scope 1 and 2

Source	Scope	U.S. Package Operations	International Package Operations	Supply Chain Solutions
Jet-A (mobile)	1	All jet fuel used for UPS-owned aircraft (U.S. flights)	All jet fuel used for UPS-owned aircraft (International flights)	N/A — all Supply Chain Solutions moved on UPS-owned aircraft is captured in package operations (U.S. and International)
Diesel and Gasoline (mobile)	1	All diesel and gasoline used in UPS-owned/ leased vehicles to transport, pick up and deliver small packages	<ul style="list-style-type: none"> <li>• Diesel and gasoline used in UPS-owned/ leased vehicles to transport, pick up and deliver small packages</li> <li>• Diesel and gasoline used for Company-leased cars used by employees in Europe and Asia</li> </ul>	<ul style="list-style-type: none"> <li>• Diesel and gasoline used in UPS-owned/leased vehicles to transport, pick up and deliver freight or packages</li> <li>• Diesel and gasoline for Company-leased cars used by employees in U.S., Canada, Europe, and Asia</li> </ul>
CNG (mobile)	1	All compressed natural gas used in UPS-owned vehicles to transport, pick up and deliver small packages	All compressed natural gas used in UPS-owned vehicles to transport, pick up and deliver small packages	All compressed natural gas used in UPS-owned vehicles to transport, pick up and deliver small packages
Propane/ LPG (mobile)	1	All propane fuel used in UPS-owned vehicles to transport, pick up and deliver small packages	All propane fuel used in UPS-owned vehicles to transport, pick up and deliver small packages	N/A — fuel type is not a source of emissions from this business unit



LNG (mobile)	1	All liquefied natural gas used in UPS-owned vehicles to transport, pick up and deliver small packages	N/A — fuel type is not a source of emissions from this business unit	All liquefied natural gas used in UPS owned vehicles to transport, pickup and deliver
Biomass (mobile)	1	All renewable natural gas, renewable diesel, renewable gasoline, ethanol, and bio-diesel used in UPS fleet. CH <sub>4</sub> and N <sub>2</sub> O are reported in Scope 1 and CO <sub>2</sub> emissions for biomass fuels are reported separately as per the GHG protocol.	All renewable natural gas, renewable diesel, renewable gasoline, ethanol, and bio-diesel used in UPS fleet. CH <sub>4</sub> and N <sub>2</sub> O are reported in Scope 1 and CO <sub>2</sub> emissions for biomass fuels are reported separately as per the GHG protocol.	All renewable natural gas, renewable diesel, renewable gasoline, ethanol, and bio-diesel used in UPS fleet. CH <sub>4</sub> and N <sub>2</sub> O are reported in Scope 1 and CO <sub>2</sub> emissions for biomass fuels are reported separately as per the GHG protocol.
Natural Gas, Heating Oil, Propane (stationary)	1	Natural gas, propane, and heating oil for facilities we own or lease	Natural gas, propane, and heating oil for facilities we own or lease	Natural gas, propane, and heating oil for facilities we own or lease
HFCs 1	1	Fugitive emissions from vehicle A/C systems	Fugitive emissions from vehicle A/C systems	Fugitive emissions from vehicle A/C systems
Electricity (stationary)	2	Electricity usage for facilities we own or lease	Electricity usage for facilities we own or lease	Electricity usage for facilities we own or lease

<sup>1</sup> Scope 1 emissions relating to fuel use from facility emergency fire pumps, emergency back-up generators, and HFCs from facility fire suppression systems have been excluded as they contribute less than 0.1% to overall Scope 1 emissions.





Operational Boundary – Detailed Description Scope 3			
Upstream Scope 3 Emissions			
Scope and Category	Emissions Included/Excluded (UPS Scope and Boundary)	Description of Methodology	% Emissions Calculated Using Data Obtained from Value Chain Partners
1. Purchased Goods and Services	The upstream extraction, production and transportation of goods and services purchased by all UPS operations, not otherwise included in Categories 2-8.  Exclusions: None	Economic input-output life cycle assessment with adjustments for inflation. Corporate Sustainability and Corporate Controllers review all general ledger codes for applicability and appropriate sub-categorization  (EIO-LCA) model	0%
2. Capital Goods	The upstream extraction, production and transportation of capital expenditures purchased by all UPS operations. Includes buildings, aircraft, vehicles, and information technology.  Exclusions: None	Economic input-output life cycle assessment with adjustments for inflation. Corporate Sustainability and Corporate Controllers review all general ledger codes for applicability and appropriate sub-categorization  (EIO-LCA) model	0%
3. Fuel- and Energy-Related Activities Not Included in Scope 1 or 2	Includes the upstream (well-to-pump) emissions from raw material extraction up to the point of (but excluding) combustion for the following global fuel sources: Jet-A, Diesel, gasoline, CNG, LPG, LNG, natural gas, heating oil and propane. Includes the upstream emissions for the transmission and distribution losses of purchased electricity.  Exclusions: None	The same primary data that is used to calculate the Scope 1 and 2 emissions for all energy usage is used to calculate the upstream emissions; the actual quantity of energy consumed is multiplied by the appropriate life cycle emission factor.	100%



<p>4. Transportation and Distribution (Upstream)</p>	<p>The emissions from purchased transportation (air, ground, rail, and ocean) for the pickup, transportation, and delivery of packages/freight for our global operations includes emissions associated with:</p> <p><b>U.S. Package Operations</b></p> <ul style="list-style-type: none"> <li>• Packages moved by third parties via aircraft, rail, and tractor-trailers</li> <li>• Last-mile delivery of packages by the U.S. Postal Service</li> </ul> <p><b>International Package Operations</b></p> <ul style="list-style-type: none"> <li>• Packages moved by third parties via aircraft and tractor-trailers</li> <li>• Last-mile delivery of packages by the use of Agents and Outside Service Providers (OSPs)</li> <li>• Packages moved by third parties via aircraft and tractor-trailers</li> <li>• Last-mile delivery of packages by the use of Agents and Outside Service Providers (OSPs)</li> <li>• Packages transported across the U.K. Channel by third parties via railroad or ferry</li> <li>• Packages transported by rail in Canada</li> </ul> <p><b>Supply Chain Solutions</b></p> <ul style="list-style-type: none"> <li>• UPS Supply Chain Solutions™ Services: transportation, pickup, and delivery for freight/packages by other third parties via aircraft, rail, tractor-trailers, and ocean</li> </ul>	<p>The primary method used to calculate the upstream emissions from purchased transportation is to multiply the actual weight and distance traveled for each shipment by the appropriate emission factor from the GHG Protocol.</p>	<p>25%</p>
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	<ul style="list-style-type: none"> <li>• Exclusions: Does not include Scope 2 emissions from third-party transportation companies. Does not include any optional life cycle assessment (LCA) emissions. Source has been excluded due to lack of means to measure emission source</li> <li>• Coyote: a leading global third-party logistics provider with a network of more than 15,000 shippers moving 10,000 loads every day through a comprehensive multi-modal solutions portfolio.</li> <li>• Marken: offers a state-of-the-art depot network and logistic hubs for clinical drug product storage and distribution in over 50 locations worldwide, while maintaining the leading position for Direct-to-Patient and Home Healthcare services, biological sample shipments and biological kit production.</li> </ul>		
<p>5. Waste Generated in Operations</p>	<p>Includes the emissions that occur from landfilled, incinerated, recovery and recycled waste streams in the U.S.</p> <p>Exclusions: Emissions associated with wastes generated in operations outside of the U.S. Does not include any optional LCA emissions. Source has been excluded due to lack of means to measure emission source.</p>	<p>Methodology used is actual waste disposed by waste stream multiplied by the appropriate LCA Emission factor.</p>	<p>0%</p>



<p>6. Business Travel</p>	<p>Includes the emissions that occur from air and rail travel, rental cars, and the use of personnel vehicles for business-related activities for our global operations.</p> <p>Exclusions: Does not include any optional life cycle emissions from hotel stays. Source has been excluded due to lack of means to measure emission source.</p>	<p>Travel agent provides a detailed breakdown of GHG emissions based upon actual travel activity.</p>	<p>100%</p>
<p>7. Employee Commuting</p>	<p>Includes the emissions that occur from the transportation of our employees between their homes and their workplace for our global operations.</p> <p>Exclusions: Does not include any optional emissions from employee teleworking. Source has been excluded due to lack of means to measure emission source.</p>	<p>Actual number of employees multiplied by average gallons used per employee (UPS calculated this factor) multiplied by the emission factor for gasoline (8.81 kg CO<sub>2</sub> per gallon). The UPS factor for estimated gallons per employee was created by combining a host of information from the U.S. Census data, Department of Transportation, the Federal Highway Administration, and other sources.</p>	<p>0%</p>
<p>8. Upstream Leased Assets</p>	<p>Not Relevant — We do not report on this category since the category as described by the WRI Guidelines is not applicable to our business because upstream leased assets are included in our Scope 1 and 2 emissions.</p>	<p>Not Relevant</p>	<p>Not Relevant</p>
<p><b>Downstream Scope 3 Emissions</b></p>			
<p>9. Transportation and Distribution</p>	<p>Not Relevant — We do not report on this category since the category as described by the WRI Guidelines is not applicable to our business because UPS does not offer a sold product. For our sold service, emissions from non-UPS vehicles are reported in category 4 because they are purchased directly by UPS.</p>	<p>Not Relevant</p>	<p>Not Relevant</p>



<p>10. Processing of Sold Products</p>	<p>Not Relevant — We do not report on this category since the category as described by the WRI Guidelines is not applicable to our business because UPS does not offer an intermediate sold product.</p>	<p>Not Relevant</p>	<p>Not Relevant</p>
<p>11. Use of Sold Products</p>	<p>Not Relevant — We do not report on this category since the category as described by the WRI Guidelines is not applicable to our business because UPS does not offer an intermediate sold product.</p>	<p>Not Relevant</p>	<p>Not Relevant</p>
<p>12. End-of-Life Treatment of Sold Products</p>	<p>Includes the global emissions that occur from landfilled and recycled waste from UPS-branded packaging materials sold to customers.</p> <p>Exclusions: None</p>	<p>Number of pounds of purchased UPS-branded packaging multiplied by the appropriate LCA Emission factor</p>	<p>50%</p>
<p>13. Downstream Leased Assets</p>	<p>Not Relevant — We do not report on this category since the category as described by the WRI Guidelines is not relevant because UPS does not have any significant downstream leased assets.</p>	<p>Not Relevant</p>	<p>Not Relevant</p>
<p>14. Franchises</p>	<p>Estimated electricity and natural gas usage for over 5,300 The UPS Store® locations serving the U.S. and Canada.</p> <p>Exclusions: Does not include franchises outside of the U.S and Canada and any optional LCA emissions. Source has been excluded due to lack of means to measure emission source</p>	<p>Using square footage of The UPS Store franchises multiplied by an average energy emission factor established by the EPA Energy Star Program</p>	<p>0%</p>
<p>15. Investments</p>	<p>Not Relevant — We do not report on this category since the category as described by the WRI Guidelines is not relevant because UPS does not have any significant investments that fit this category.</p>	<p>Not Relevant</p>	<p>Not Relevant</p>

## Uncertainty

As calculations of GHG emissions contain uncertainty for a variety of reasons, we conducted an uncertainty analysis to quantify estimates of the likely or perceived difference between the reported GHG emissions and a qualitative description of the likely causes of the difference such as uncertainty in data inputs and calculation methodologies; uncertainty associated with mathematical equations used to characterize the relationship between various parameters and emission processes; and uncertainty associated with quantifying the parameters used as inputs to estimation models. UPS continues to improve internal processes for primary data collection to reduce uncertainty in our GHG inventory reporting for Scope 1 and 2. UPS continues to work with the third parties responsible for providing the data necessary to calculate Scope 3 emissions and will continue to work on improving the data management and the methodologies used to estimate these emissions to reduce the uncertainty in our GHG inventory reporting. Using the GHG Protocol “Measurement and Estimation Uncertainty of GHG Emissions” guidance and analyzing the collected data through Monte Carlo simulations by using the @Risk statistical analysis software at 95 percent confidence interval, we are able to estimate the uncertainty for our current year GHG inventory as follows:

Scope	Uncertainty	Main Source of Uncertainty	Comments
Scope 1	1±%	International Operations	<p>North America Operations (Small Package, Supply Chain Solutions) and UPS Airlines are our largest source of Scope 1 emissions and represent 76 percent of our total Scope 1 emissions. Well-established processes are in place to capture the primary data for these sources.</p> <p>International Operations represent 24 percent of our total Scope 1 emissions.</p>
Scope 2	3±%	International Operations	<p>North America Operations (Small Package, Supply Chain Solutions) are our largest source of Scope 2 emissions, representing 94 percent of our total Scope 2 emissions. Well-established processes are in place to capture the primary data for these sources.</p> <p>International Operations represent 6 percent of our total Scope 2 emissions.</p>
Scope 3	6±%	Use of secondary data	<p>UPS reports on all relevant Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.</p> <p>Calculations for Scope 3 use various sources of secondary data since primary data is unavailable. Examples of the type of secondary data used vary from estimated miles driven, number of packages picked-up/delivered to estimated shipment information (weight and distance per shipment).</p>



**GHG Emission Factors**

The carbon dioxide equivalent emissions associated with the activities described in the detailed description of our operational boundaries were determined on the basis of measured or estimated energy and fuel use, multiplied by relevant carbon emission factors. Published emission factors were used to calculate emissions from operations.

**GHG Emission Factors by Source**

Emissions Source	Emission Factor Employed
<b>Scope 1 — Global</b>	GHG Protocol Emission Factors from Cross-Sector Tools, March 2017 EPA Emission Factor Hub_Nov 2015v2
<b>Scope 2 — U.S.<sup>1</sup></b>	U.S. Environmental Protection Agency eGRID data year 2020
<b>Scope 2 — Canada<sup>1</sup></b>	National Inventory Report, Greenhouse Gas Sources and Sinks in Canada (Published 2021; Data year 2019)
<b>Scope 2 — Other</b>	CO <sub>2</sub> Emissions from Fuel Combustion Highlights (Published 2021; 2019 data year © OECD/IEA)
<b>Scope 3 — Global</b>	Categories 1 and 2: GHG Protocol Scope 3 Evaluator - Economic input-output life cycle assessment (EIO-LCA) model  Category 3: Argonne National Laboratory GREET_1 2021 Model  Category 3: US Environmental Protection Agency eGRID 2020  Category 4: EPA SmartWay Carrier Rankings and Emission Rates (railroad only)  Category 6: EPA Emission Factors for GHG Inventories, March 2018  Category 4, 7, 14: GHG Protocol Emission Factors from Cross-Sector Tools, March 2017  Categories 5 and 12: 2020 UK Government GHG Conversion Factors for Company Reporting

<sup>1</sup>Residual emissions factors were not used for grid electricity in market-based accounting; this may result in double-counting between electricity consumers. Changing this approach would not result in a substantial change to our emissions.



## Methodology

For Scope 1 and 2, primary usage data is used to calculate GHG Emissions. The primary data is collected through various internal processes and data systems which are entered into our sustainability performance management software that quantifies associated emissions through the application of the GHG emission factors described above. GHG emission calculations for Scope 3 use various sources of secondary data since primary data is unavailable. The secondary data used varies from estimated miles driven, number of packages picked up/delivered to estimated shipment information (weight and distance per shipment). The appropriate GHG factor is applied to estimate the emissions reported.

## Carbon Offset Purchases from UPS Carbon Neutral Product

A carbon offset is a certified financial instrument aimed at a reduction in GHG emissions. The offsets we purchase meet the key standard of additionality, which means that the carbon reduction project in question (such as reforestation) produced a reduction in CO<sub>2</sub>e generation or sequestration of CO<sub>2</sub>e in addition to what would have been achieved by activities already planned or underway.

Project Name	Project Location	Offset Standard	Project Type	2021 Metric Tonnes Retired	2020 Metric Tonnes Retired
Acre Amazonian Rainforest	Brazil	VCS	Forest Conservation	110,000	0
Ulubelu Geothermal	Indonesia	CER	Geothermal	10,295	0
Wolf Creek Landfill	U.S. (Georgia)	CAR	Landfill Gas	56,050	158,950
Chol Charoen Group Wastewater Treatment with Biogas System 1	Thailand	VCS	Wastewater Methane Destruction	113,130	98,939
Darkwoods	Canada	VCS	Reforestation	8,409	15,591
<b>Total Carbon Offsets</b>				<b>297,884</b>	<b>273,480</b>



## 305-3 Other Indirect (Scope 3) GHG emissions

Global CO <sub>2</sub> e Emissions ('000 tonnes)		2021	2020 <sup>1</sup>	Base Year (2020 <sup>1</sup> )
<b>Total Scope 3 Emissions</b>		<b>19,486</b>	<b>18,595</b>	<b>18,595</b>
<b>Upstream</b>				
<b>1</b>	<b>Purchased Goods and Services 2</b>	<b>1,740</b>	<b>1,828</b>	<b>1,828</b>
<b>2</b>	<b>Capital Goods 2</b>	<b>2,544</b>	<b>3,821</b>	<b>3,821</b>
<b>3</b>	<b>Fuel and Energy Related (not incl. Scope 1 and 2)</b>	<b>3,198</b>	<b>2,703</b>	<b>2,703</b>
	Jet A (well to pump)	1,800	1,700	1,700
	Diesel (well to pump)	520	516	516
	Gasoline (well to pump)	406	371	371
	CNG (well to pump)	75	69	69
	Propane/LPG (well to pump)	11	10	10
	LNG (well to pump)	43	58	58
	Biomass (well to pump)	240	(114)	(114)
	Natural Gas, Heating Oil, Propane (stationary)	66	55	55
	Electricity (T&D losses/generation of)	37	38	38
<b>4</b>	<b>Transportation and Distribution</b>	<b>9,712</b>	<b>8,036</b>	<b>8,036</b>
	Subcontracted Air	4,683	4,266	4,266
	Subcontracted Ground	4,527	3,136	3,136
	Subcontracted Rail	365	425	425
	Subcontracted Ocean	137	209	209



<b>5</b>	<b>Waste Generated in Operations</b>	<b>90</b>	<b>37</b>	<b>37</b>
	Landfilled, Incinerated, Recovery, Recycled	90	37	37
<b>6</b>	<b>Business Travel</b>	<b>43</b>	<b>44</b>	<b>44</b>
	Business travel – Air/Rail/Car	43	44	44
<b>7</b>	<b>Employee Commuting</b>	<b>2,093</b>	<b>2,059</b>	<b>2,059</b>
	U.S. Domestic Package	1,689	1,681	1,681
	International Package	357	336	336
	Supply Chain Solutions	47	42	42
<b>8</b>	<b>Leased Assets</b>	<b>Not Relevant</b>	<b>Not Relevant</b>	<b>Not Relevant</b>
<b>Downstream</b>				
<b>9</b>	<b>Transportation and Distribution</b>	<b>Not Relevant</b>	<b>Not Relevant</b>	<b>Not Relevant</b>
<b>10</b>	<b>Processing of Sold Products</b>	<b>Not Relevant</b>	<b>Not Relevant</b>	<b>Not Relevant</b>
<b>11</b>	<b>Use of Sold Products</b>	<b>Not Relevant</b>	<b>Not Relevant</b>	<b>Not Relevant</b>
<b>12</b>	<b>End-of-Life Treatment of Sold Products</b>	<b>12</b>	<b>11</b>	<b>11</b>
	Landfilled/Recycled	12	11	11
<b>13</b>	<b>Leased Assets</b>	<b>Not Relevant</b>	<b>Not Relevant</b>	<b>Not Relevant</b>
<b>14</b>	<b>Franchises</b>	<b>54</b>	<b>56</b>	<b>56</b>
	The UPS Store® – Electricity/Natural Gas	54	56	56
<b>15</b>	<b>Investments</b>	<b>Not Relevant</b>	<b>Not Relevant</b>	<b>Not Relevant</b>

<sup>1</sup> Recalculated 2020 emissions due to the divestiture of UPS Freight. See above section Base Year GHG Emissions for additional information.

<sup>2</sup> Recalculated Scope 3, Categories 1 and 2 emissions. See above section Operational Boundary – Detailed Description Scope 3 for further information regarding the methodology update.

Additional information regarding the included greenhouse gases, base year, GWP and calculation standards can be found in 305-1 and 305-2.

**305-4 GHG emissions intensity**

Global CO <sub>2</sub> e Emissions (‘000 tonnes)			
Emissions by Business Unit			
	U.S. Domestic Package		
	2021	2020 <sup>1</sup>	Base Year (2020 <sup>1</sup> )
Scope 1	11,825	10,129	10,129
Scope 2 (market-based)	561	632	632
<b>Total Scope 1 and 2</b>	<b>12,386</b>	<b>10,761</b>	<b>10,761</b>
Scope 3 <sup>2</sup>	9,945	10,269	10,269
<b>Total Scope 1, 2 and 3</b>	<b>22,331</b>	<b>21,030</b>	<b>21,030</b>
	International Package		
	2021	2020 <sup>1</sup>	Base Year (2020 <sup>1</sup> )
Scope 1	3,782	4,908	4,908
Scope 2 (market-based)	32	19	19
<b>Total Scope 1 and 2</b>	<b>3,814</b>	<b>4,927</b>	<b>4,927</b>
Scope 3 <sup>2</sup>	2,540	2,656	2,656
<b>Total Scope 1, 2 and 3</b>	<b>6,354</b>	<b>7,583</b>	<b>7,583</b>



	Supply Chain Solutions		
	2021	2020 <sup>1</sup>	Base Year (2020 <sup>1</sup> )
Scope 1	61	51	51
Scope 2 (market-based)	61	77	77
<b>Total Scope 1 and 2</b>	<b>122</b>	<b>128</b>	<b>128</b>
Scope 3 <sup>2</sup>	7,001	5,670	5,670
<b>Total Scope 1, 2 and 3</b>	<b>7,123</b>	<b>5,798</b>	<b>5,798</b>

	Totals		
	2021	2020 <sup>1</sup>	Base Year (2020 <sup>1</sup> )
Scope 1	15,668	15,088	15,088
Scope 2 (market-based)	654	728	728
<b>Total Scope 1 and 2</b>	<b>16,322</b>	<b>15,816</b>	<b>15,816</b>
Scope 3 <sup>2</sup>	19,486	18,595	18,595
<b>Total Scope 1, 2 and 3</b>	<b>35,808</b>	<b>34,411</b>	<b>34,411</b>

<sup>1</sup>Recalculated 2020 emissions due to the divestiture of UPS Freight. See above section Base Year GHG Emissions for additional information.

<sup>2</sup>Recalculated Scope 3, Categories 1 and 2 emissions. See above section Operational Boundary – Detailed Description Scope 3 for additional information regarding the methodology update.



Global CO <sub>2</sub> e (‘000 tonnes/ \$M Revenue)						
CO <sub>2</sub> e Intensity by Business Unit						
	U.S. Domestic Package			International Package		
	2021	2020 <sup>1</sup>	Base Year (2020 <sup>1</sup> )	2021	2020 <sup>1</sup>	Base Year (2020 <sup>1</sup> )
Revenue in millions	\$60,317	\$53,499	\$53,499	\$19,541	\$15,945	\$15,945
Scope 1	0.196	0.189	0.189	0.194	0.308	0.308
Scope 2 (market-based)	0.009	0.012	0.012	0.002	0.001	0.001
<b>Total Scope 1 and 2</b>	<b>0.205</b>	<b>0.201</b>	<b>0.201</b>	<b>0.196</b>	<b>0.309</b>	<b>0.309</b>
Scope 3 <sup>2</sup>	0.165	0.192	0.192	0.130	0.167	0.167
<b>Total Scope 1, 2 and 3</b>	<b>0.370</b>	<b>0.393</b>	<b>0.393</b>	<b>0.326</b>	<b>0.476</b>	<b>0.476</b>
Global CO <sub>2</sub> e (‘000 tonnes/ \$M Revenue)						
	Supply Chain Solutions			Totals		
	2021	2020 <sup>1</sup>	Base Year (2020 <sup>1</sup> )	2021	2020 <sup>1</sup>	Base Year (2020 <sup>1</sup> )
Revenue in millions	\$16,365	\$12,035	\$12,035	\$96,223	\$81,479	\$81,479
Scope 1	0.003	0.004	0.004	0.163	0.185	0.185
Scope 2 (market-based)	0.004	0.006	0.006	0.007	0.009	0.009
<b>Total Scope 1 and 2</b>	<b>0.007</b>	<b>0.010</b>	<b>0.010</b>	<b>0.170</b>	<b>0.194</b>	<b>0.194</b>
Scope 3 <sup>2</sup>	0.428	0.471	0.471	0.203	0.228	0.228
<b>Total Scope 1, 2 and 3</b>	<b>0.435</b>	<b>0.481</b>	<b>0.481</b>	<b>0.373</b>	<b>0.422</b>	<b>0.422</b>

<sup>1</sup> Recalculated 2020 emissions and revenue due to the divestiture of UPS Freight. See above section Base Year GHG Emission for further information.

<sup>2</sup> Recalculated Scope 3, Categories 1 and 2 emissions. See above section Operational Boundary – Detailed Description Scope 3 for further information regarding the methodology update.



Global CO <sub>2</sub> e (‘000 tonnes)				
CO <sub>2</sub> e by Fuel Type				
	2021	2021 Percent to Total	2020 <sup>1</sup>	Base Year (2020 <sup>1</sup> )
Airline Fuel	10,608	65.0%	10,120	10,120
Ground Vehicle Fuel	4,778	29.3%	4,695	4,695
Diesel	2,496	15.3%	2,501	2,501
Gasoline	1,776	10.9%	1,644	1,644
CNG	258	1.6%	259	259
Propane/LPG	54	0.3%	54	54
LNG	145	0.9%	206	206
Biomass (CH <sub>4</sub> and N <sub>2</sub> O only)	43	0.3%	25	25
HFCs (fugitive)	6	0.0%	6	6
<b>Facility Fuel</b>	<b>282</b>	<b>1.7%</b>	<b>273</b>	<b>273</b>
Natural Gas	272	1.7%	262	262
Heating Oil	2	0.0%	3	3
Propane	8	0.0%	8	8
<b>Facility Electricity</b>	<b>654</b>	<b>4.0%</b>	<b>728</b>	<b>728</b>
<b>Grand Total</b>	<b>16,322</b>	<b>100%</b>	<b>15,816</b>	<b>15,816</b>

<sup>1</sup> Recalculated 2020 emissions due to the divestiture of UPS Freight. See above section Base Year Emission for further information.

Additional information regarding the included greenhouse gases can be found in Disclosures 305-1 and 305-2.



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## INDEPENDENT ACCOUNTANT'S EXAMINATION REPORT

**Board of Directors**  
**United Parcel Service, Inc.**  
**Atlanta, Georgia**

We have examined management of United Parcel Service, Inc.'s (the "Company") assertion that the Statement of Greenhouse Gas ("GHG") Emissions for the year ended December 31, 2021 (the "2021 Statement of GHG Emissions") is presented in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) and the Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard, published by the World Resources Institute/World Business Council for Sustainable Development (together the "GHG Protocol"). The Company's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) in AT-C Section 105, *Concepts Common to All Attestation Engagements*, and AT-C Section 205, *Examination Engagements*. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with the *Code of Professional Conduct* issued by the AICPA. We applied the *Statements on Quality Control Standards* established by the AICPA and, accordingly, maintain a comprehensive system of quality control.

The preparation of the Statement of GHG Emissions requires management to interpret the criteria, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect the reported information. Measurement of GHG emissions includes estimates and assumptions that are subject to inherent measurement uncertainty resulting, for example, from the accuracy and precision of GHG emission conversion factors and estimation assumptions used by management. Obtaining sufficient, appropriate evidence to support our opinion does not reduce the inherent uncertainty in the amounts and disclosures. The selection by management of different, but acceptable measurement methods, input data, or model assumptions may have resulted in materially different amounts or disclosures being reported.



As discussed in the 2021 Statement of GHG Emissions, in 2021, the entity revised its methodology for calculating Scope 3 Category 1 and Category 2 emissions and divested UPS Freight which was applied to the presentation of 2020 metrics. Our opinion is not modified with respect to this matter.

In our opinion, management's assertion that the 2021 Statement of GHG Emissions for the year ended December 31, 2021 is presented in accordance with the GHG Protocol is fairly stated, in all material respects.

*Deloitte & Touche LLP*

July 28, 2022