



4.0 Report Highlights

The previous section of this Report, “Sustainability at UPS,” describes long-term, strategic changes to our sustainability commitments and programs. This section presents our complete set of Key Performance Indicators for 2008 along with other achievements. You will also find highlights of external recognition we received during the year, and specific objectives we have set for 2009.

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4.1 Key Performance Indicators

We reached many of our previous KPI goals in 2008, which set the stage for us to address them from a fresh perspective.

UPS documents and evaluates its sustainability in many ways, including both quantitative and qualitative information. At the highest level, we track a number of Key Performance Indicators (KPIs) that capture important developments such as our carbon footprint, employee safety, and philanthropy. From our first Corporate Sustainability Report in 2003 through our 2007 Report, we reported on the same set of KPIs and associated goals. We reached many of our previous KPI goals in 2008, which set the stage for us to address them from a fresh perspective.

As a result, we have revised a number of existing KPIs and added new ones. In some cases, we have expanded the scope of KPIs because we are now able to measure our international operations with accuracy comparable to our U.S. operations. In other cases, we have adjusted a KPI to match internationally accepted reporting standards. Finally, we have also added a new KPI that focuses on our aircraft emissions, which represent the largest, single component of our overall carbon footprint. Overall, we are striving to make our KPIs more comprehensive, transparent, and useful to external audiences.

Each of the KPIs in the table on the following page is presented in context in the relevant section of this Report, with more explanatory detail. We present them here as a snapshot of our overall sustainability performance. Note that we have already set 2011 goals for a number of KPIs in this table. We expect

to set additional goals in 2009. In setting these goals, we are taking into account the views and standards of a wide range of external stakeholders, specifically including those that monitor, rate, and report on our sustainability performance from a third-party perspective. While we will continue to report annually on our performance, we also intend to provide periodic updates. Go to sustainability.ups.com for updated information.

4.1 Key Performance Indicators continued

SOCIAL KPI DESCRIPTION	SCOPE OF DATA IN 2008	ADDITIONAL DATA DESCRIPTION	RESULTS				GOALS		
			2005	2006	2007	2008	2008	2011	2020
Full-Time Employee Turnover Rate	Global Operations	Percent of all full-time employees that leave our company annually.	8.4%	9.3%	9.6%	9.0%	13%	15%	-----
Employer of Choice Index	Global Operations	A subset of 20 questions from the Employee Opinion Survey that assess employees' opinions of how UPS attracts, retains, and motivates employees.	75%	75%	75%	Did not conduct	-----	70%**	-----
Total Charitable Contributions	Global Operations excluding UPS Freight	Includes The UPS Foundation grants, in-kind services and employee/retiree donations to United Way.	US\$91.6M	US\$96.9M	US\$98.8M	US\$100.9M	-----	US\$103.5M	-----
Automotive Accident Frequency	Global Operations	Total number of vehicular accidents (regardless of severity) per 100,000 driver hours.	16.3	14.5	13.2	13.3	16.0	13.0	-----
DART (Days Away, Restricted or Transferred Duty) Injury Rate per 200,000 Hours	Global Operations	Days away from work, restricted activity, or transferred to another job due to an on-the-job injury. This number represents the number of occurrences per 200,000 hours worked.	9.5*	7.8*	6.8	5.0	6.7	5.2	-----
ENVIRONMENTAL KPI DESCRIPTION	SCOPE OF DATA IN 2008	ADDITIONAL DATA DESCRIPTION	2005	2006	2007	2008	2008	2011	2020
Penalties as a percent of Total Environmental Inspections	U.S. Package Operations, Supply Chain and Freight reported separately	Environment related fines (United States) as a percent of total environment related agency inspections.	2.06%	0.94%	1.14%	0.59%	0.00%	0.00%	-----
Water Consumption—Absolute and Normalized Million cubic meters (Total) Cu meters per 1,000 Packages Cu meters per US\$1,000 of Revenue	U.S. Package Operations, Supply Chain and Freight reported separately	Water consumption (United States) includes all facility related water and water used to wash vehicles—expressed in cubic meters.	5.45 1.62 0.191	5.18 1.48 0.170	5.39 1.54 0.174	4.36 1.28 0.139	----- ----- -----	----- ----- -----	----- ----- -----
Energy Consumption—Normalized Gigajoule per 1,000 Packages Gigajoules per US\$1,000 of Revenue	U.S. Package Operations	Energy consumption (United States) includes stationary sources of energy and mobile sources of energy (gasoline, diesel, jet A, and compressed natural gas).	28.12 3.30	28.13 3.22	28.65 3.23	28.55 3.12	----- -----	----- -----	----- -----
Gallons of Fuel per Ground Package	U.S. Package Operations	Fuel consumption (United States) includes gasoline, diesel, compressed natural gas, fuel for rail services divided by total United States ground and air packages.	0.118	0.120	0.118	0.119	-----	-----	-----
Aircraft Emissions per Payload Capacity	UPS Airlines—Global Operations	Total Emissions in kgs divided by the sum of max structural payload capacity (in thousands of kgs) weighted by annual aircraft cycles.	0.83	0.81	0.80	0.76	0.75	0.74**	-----
Percent of UPS Air Fleet Meeting Stage IV Noise Guidelines	UPS Airlines—Global Operations	Percent of UPS total fleet that meets 2006 noise requirements. Cumulative noise as measured by Effective Perceived Noise decibels.	95.5%	96.1%	96.4%	100%	98.0%	100%	-----
CO ₂ Emissions—Normalized Metric tonnes per 1,000 Packages Metric tonnes per US\$100,000 of Revenue	U.S. Package Operations	GHG emissions (United States) calculated using GHG Protocol—Scope 1 and Scope 2. Includes stationary sources of energy (electricity, natural gas, propane, and heating oil) and mobile sources of energy (gasoline, diesel, jet A, compressed natural gas).	2.08 24.43	2.09 23.97	2.13 23.99	2.12 23.18	----- -----	----- -----	----- -----
Number of Reportable Spills	U.S. Package Operations, Supply Chain and Freight reported separately	Spills that meet criteria of being federal or state reportable.	42	33	49	82	0	0	-----
Aviation Gallons Burned per 100 Available Ton Miles	UPS Airlines—Global Operations	Gallons of jet fuel consumed by aircraft type by lane segment divided by (air distance by lane segment X maximum payload in tons) divided by 100.	7.32	7.13	7.22	6.73	7.10	6.90	6.27
CO ₂ Pounds per Available Ton Mile	UPS Airlines—Global Operations	Pounds of CO ₂ emitted for every ton of capacity transported one nautical mile.	1.54	1.50	1.52	1.42	-----	-----	1.24

Met or exceeded 2008 are bold. * U.S. Package Operations only. ** Revised goal.

4.2 2008 Achievements

New
Accountability
and Resources for
Sustainability

New Key
Performance
Indicators (KPIs)
and Goals

Global Scope in
Carbon Inventory

Safety Goals
Accomplished

New Strategy
for Corporate
Philanthropy

In 2008, we documented our sustainability strategy as a way to communicate its long-term direction to stakeholders. In tandem with that action, UPS also created a sustainability team dedicated to collecting data, monitoring Key Performance Indicators and reporting strategic activity and achievements. The team reports to a member of the UPS Management Committee, Bob Stoffel, elevating the accountability of our entire sustainability program.

2007 marked the final year for a set of five-year sustainability goals. In 2008, we reevaluated all our Key Performance Indicators and set new ones based on a more global framework and reflective of more strenuous evaluations now being conducted by external stakeholders. We expect to continue to add new goals as our data collection and impact analysis of empirical data improves.

Our previous carbon inventory was limited to U.S. Package Operations, which historically has accounted for most of our business. In 2008, the UPS sustainability team began expanding the inventory to encompass our entire global enterprise, as well as our supply chain. In terms of the widely accepted Greenhouse Gas Protocol, this means UPS now reports a global carbon inventory with not only Scope 1 and 2 data, but also with Scope 3—a level of disclosure unusual among our industry peers.

UPS exceeded its 2002-2007 safety goals, which put UPS at the top of the industry with regard to employee safety. Our new safety goals reflect the incremental improvements we believe are still available to us in the years ahead.

The UPS Foundation, the charity arm of UPS, realigned its global strategy to strengthen its impact and better leverage the intellectual and physical assets we hold as a company. The five focus areas are community safety, nonprofit effectiveness, economic and global literacy, environmental sustainability, and diversity.

4.3 External Recognition



DOW JONES SUSTAINABILITY INDEX

In 2008, UPS was selected for the sixth time for the Dow Jones Sustainability Index for North America.



FORTUNE MOST ADMIRABLE COMPANIES

In *Fortune* magazine's ranking of Most Admired Companies for 2008, UPS was No. 1 in the Delivery and Logistics industry and placed among the top 20 companies overall. In the category of social responsibility among American companies, UPS placed No. 2 in 2008 and No. 1 in the industry in both 2008 and 2009.



SMARTWAY EXCELLENCE AWARD

The U.S. Environmental Protection Agency (EPA) recognized UPS with its SmartWay Excellence Award for environmental leadership in the U.S. freight industry. UPS was also the first company in the package sector to join the EPA's Climate Leaders Program.



WBENC AMERICA'S TOP CORPORATION

The Women's Business Enterprise National Council (WBENC) named UPS to its "America's Top Corporations for Women's Business Enterprises." The award honors corporations for world-class supplier diversity programs.

4.4 2009 Objectives

Lay the groundwork toward establishing an enterprise-wide goal for carbon emissions reduction.

Develop a comprehensive, verifiable approach for expressing increases in network efficiency in terms of fuel saved and emissions reduced.

Increase the impact of our “green services” commitment.

Adopt and implement a Human Rights Statement.

In 2008, we made substantial investments in technology and resources that make it possible for us to capture our global carbon emissions across all business units and geographies. Our next step was to set an emissions reduction goal for our airline, which represents 53 percent of our total inventory (which we present in this report in section 7.3). The implementation of global sustainability software in 2009 will give us the data structure we need to set accurate, transparent, and achievable enterprise goals in the future.

UPS has achieved incremental increases in network efficiency for generations by optimizing all aspects of our operations throughout our geographic footprint. In 2009, we plan to establish a systematic, quantitative, and verifiable approach to capturing the environmental benefits of this continuous process improvement.

Building on our 2008 commitment to develop and deliver products and services that help our customers reduce their environmental footprint, we plan to bring more environmentally focused offerings to market in 2009 and provide them to more customers.

UPS has always fully supported the human rights principles expressed in the U.N. Global Compact. In 2009, we plan to complete, adopt, and begin implementing a UPS Human Rights Statement as a companion to our UPS Code of Business Conduct and other corporate sustainability policies.