



“Supply Chain Excellence, Today and Tomorrow”

Mark A. Guilfoil – Vice President, Supply Management

Supply Chain Excellence,
Today and Tomorrow



Mark A. Guilfoil

Vice President of Supply Management

| Today's Agenda

1

**Organization
& Mission**

2

**Goals
& Results**

3

**Historical
Capital
Obligations**

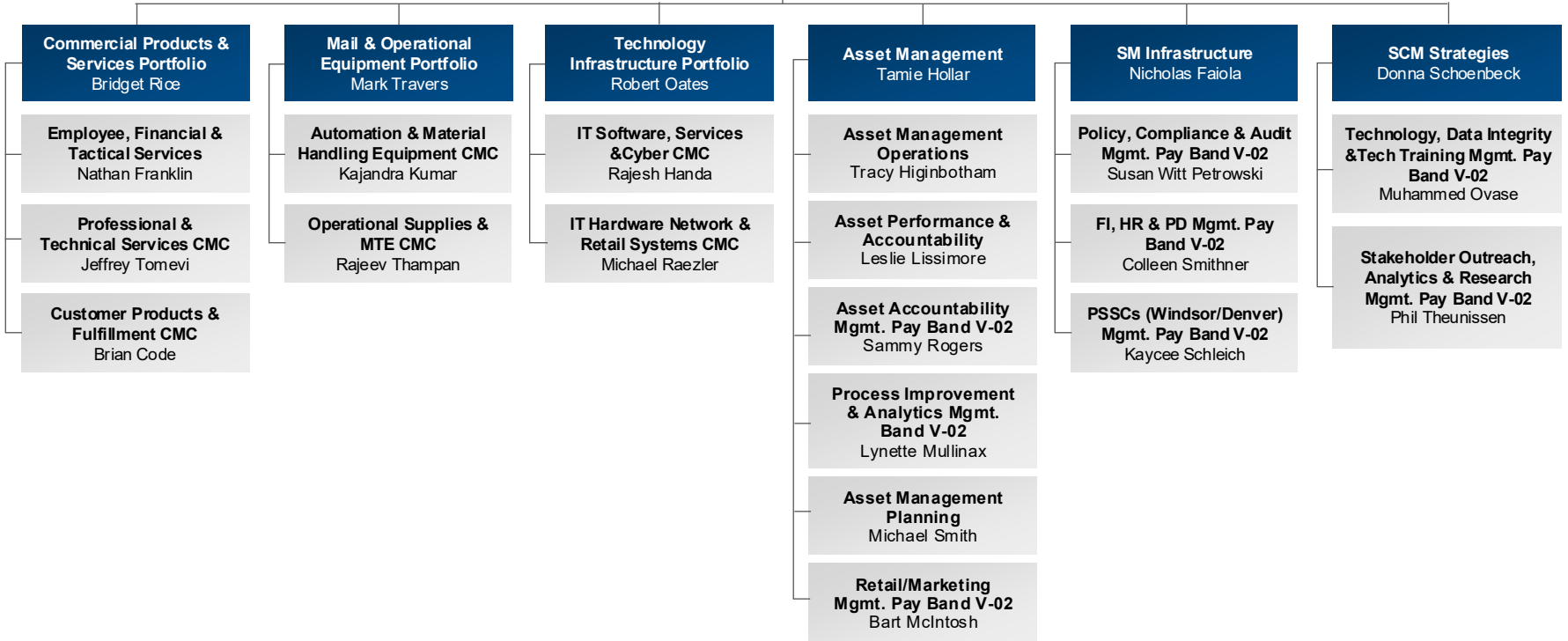
4

**Strategic
Initiatives**

5

**Sustainable
Initiatives**

Organization Chart



Supply Management Vision & Mission



Our Vision

Ensuring Superior Supply Chain Solutions
Today & Tomorrow

Our Mission

We provide innovative, efficient, and sustainable supply chain and material management solutions with our business partners, suppliers, and stakeholders in supporting the mission and business needs of the Postal Service.

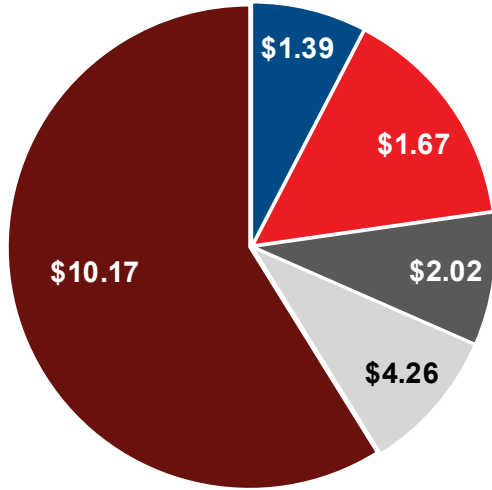
Postal Service Supply Chain – Purchasing Background

- ✓ Postal Service contracting and purchases are made using commercial purchasing policies, processes, and terms and conditions.
- ✓ We are highly automated using procure to pay systems, eSourcing, catalogs, and state of the art inventory management systems.
- ✓ In FY25 we have developed new Purchasing Policy, Process, and Procedures, and are finalizing commodity specific procedures for the CIO, CTO, Facilities, and Transportation.
- ✓ The current Supplying Principles and Practices (SPs and Ps) incorporate the best of public and private supply chain practices and source best value as the standard for all purchases.
- ✓ Postal Service does not operate under the Federal Acquisition Regulation, also exempt from many other procurement laws and regulations, example Small Business Act.

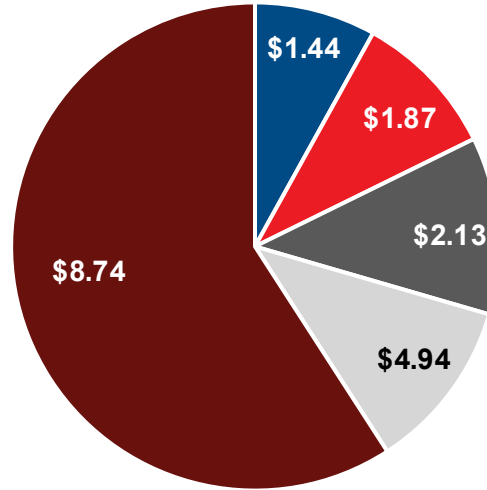
FY25 Spend Data & Key Performance Metrics

End of Year Managed & Influenced Spend – In Billions

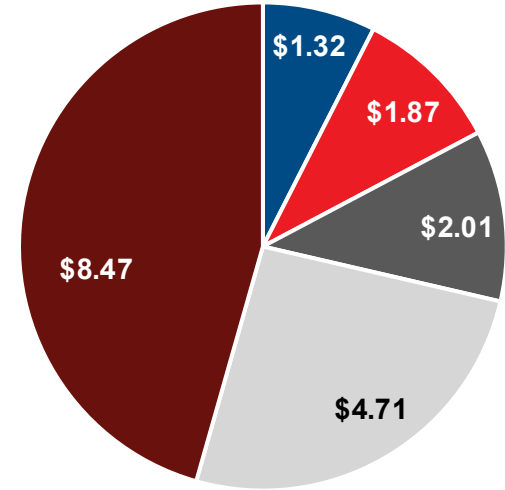
FY23 M+I = \$19.51B



FY24 M+I = \$19.12B



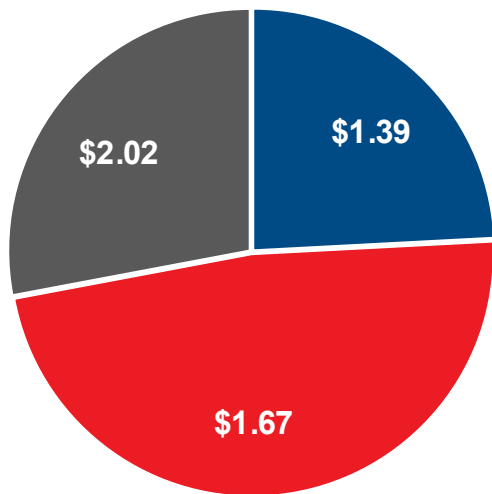
FY25 M+I = \$18.38B



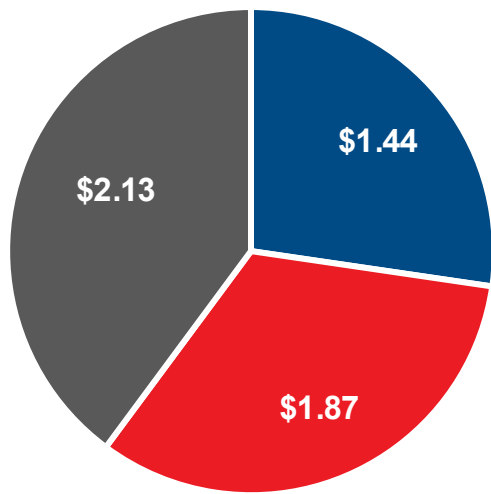
■ Transportation Strategy ■ Commercial Products & Services ■ Mail & Operational Equipment ■ Technology Infrastructure ■ Facilities & Fleet Acquisition

End of Year Managed & Influenced Spend – In Billions

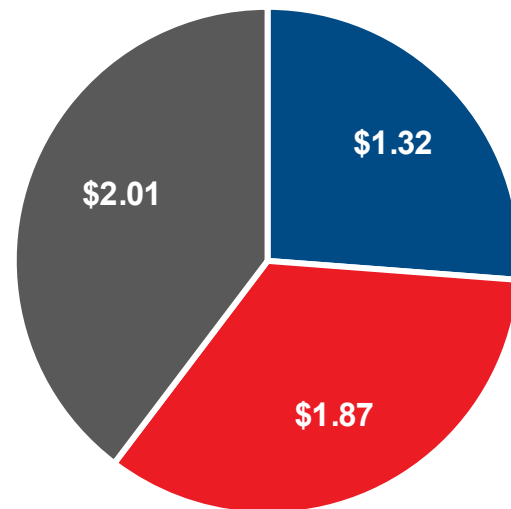
FY23 M+I = \$5.07B



FY24 M+I = \$5.44B



FY25 M+I = \$5.2B

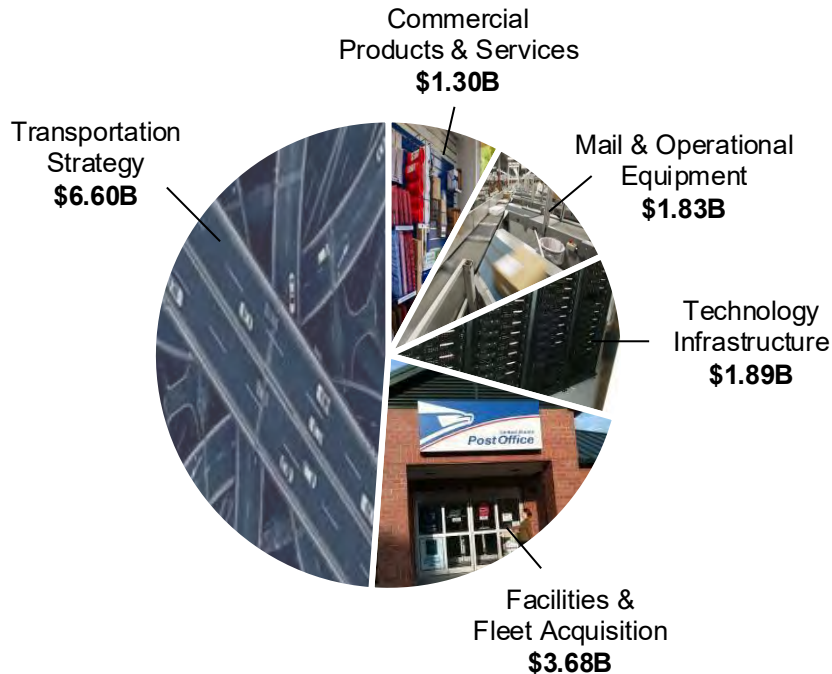


Commercial Products & Services

Mail & Operational Equipment

Technology Infrastructure

FY25 US Postal Service Contract Spend Data



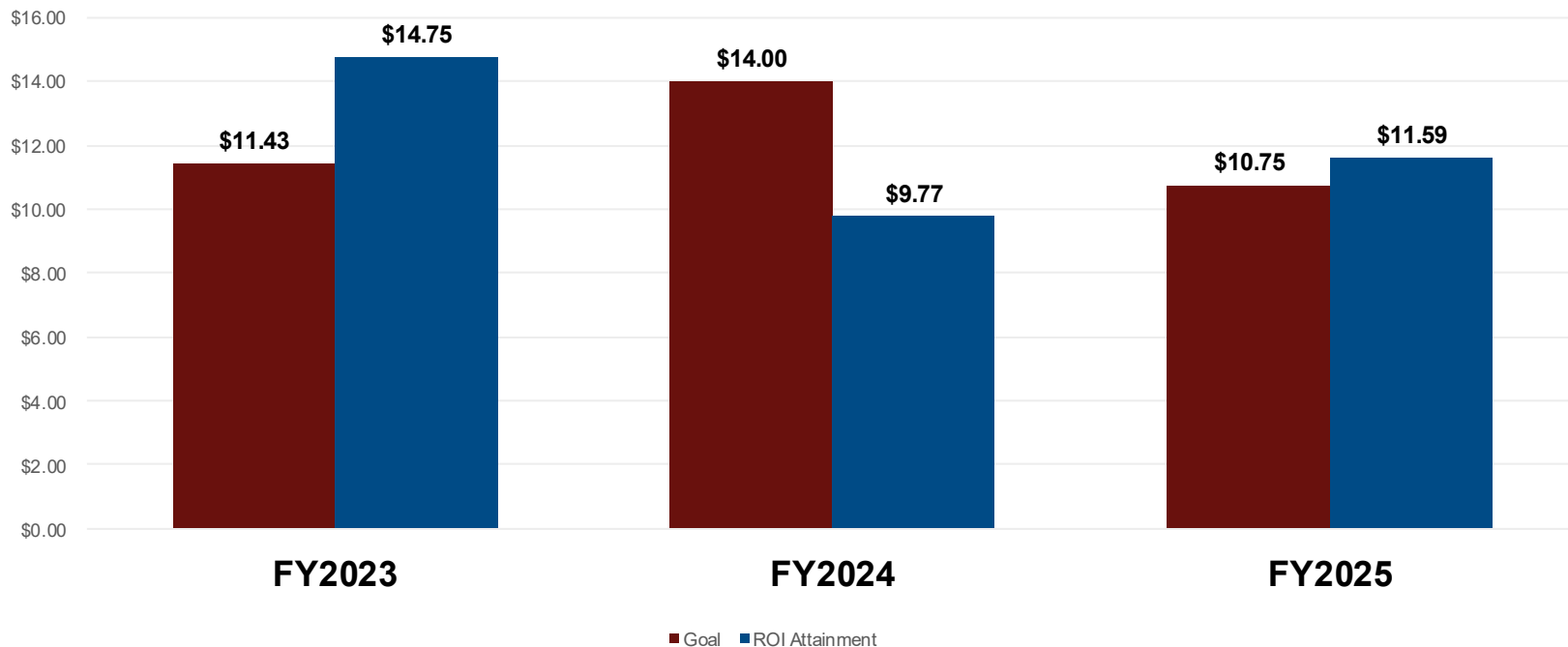
- ▶ **\$15.28B** Managed Contract Spend
- ▶ **\$18.38B** Managed & Influenced Spend
- ▶ **10,704** Suppliers
- ▶ **260** Suppliers = **80%** SM Contract Spend
- ▶ **9,502 / 89%** Small Businesses
- ▶ **31,033** Finance Numbers
- ▶ **19,664** Contract Actions (FY24)
- ▶ **75** Key Suppliers

FY25 Supply Management Contract Spend Data

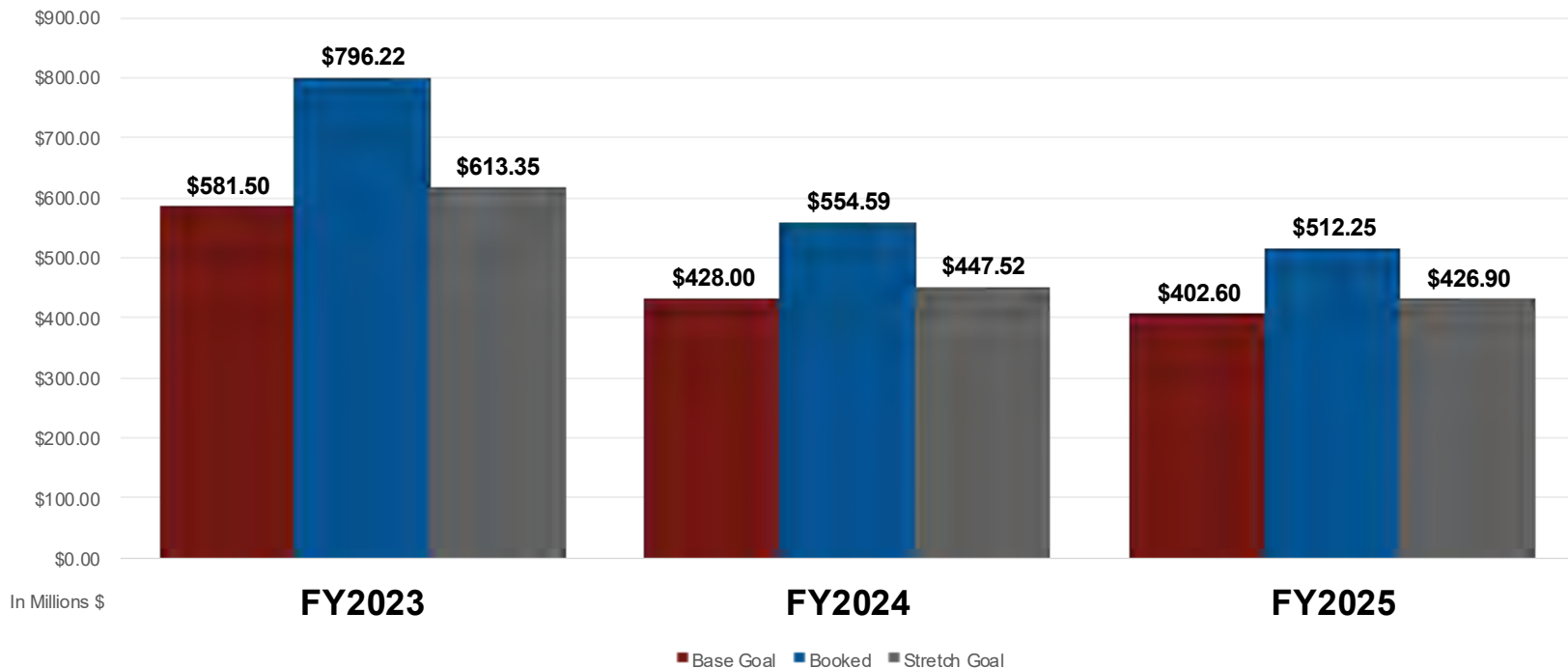


- ▶ **\$5.02B** Managed Contract Spend
- ▶ **\$5.21B** Managed & Influenced Spend
- ▶ **763** Employees: **375** Non-Bargaining / **388** Bargaining
- ▶ **3,338** Suppliers
- ▶ **83** Suppliers = **80%** SM Contract Spend
- ▶ **\$513M** Total SCM Impact Results
- ▶ **2,450 / 73%** Small Businesses
- ▶ **30,746** Finance Numbers
- ▶ **5,235** Contracting Actions (FY24)
- ▶ **75** Key Suppliers
- ▶ MDC & NPC Order Lines = **17.9M**
- ▶ NMCS Help Desk Transactions = **318k**
- ▶ Managed Inventory Investment = **\$638M**
- ▶ Total Inventory Sales = **\$571M**

Return on Investment – New Impact / Sourcing Expense

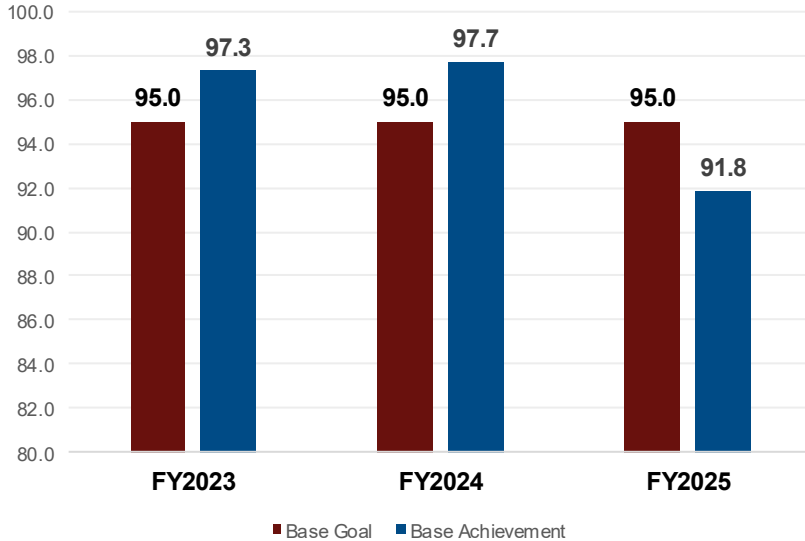


SCM Impact – Totals

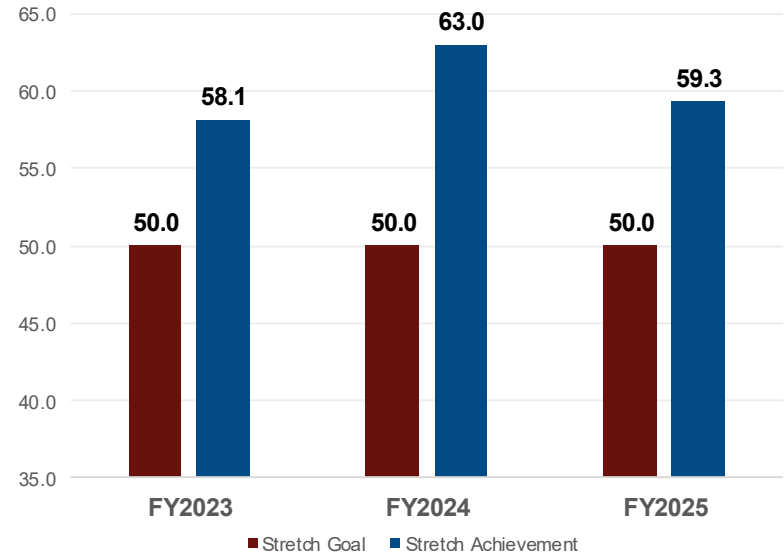


Improve Business Partner Relationships – Sourcing Major Program Support Survey

Meets / Exceeds Expectations

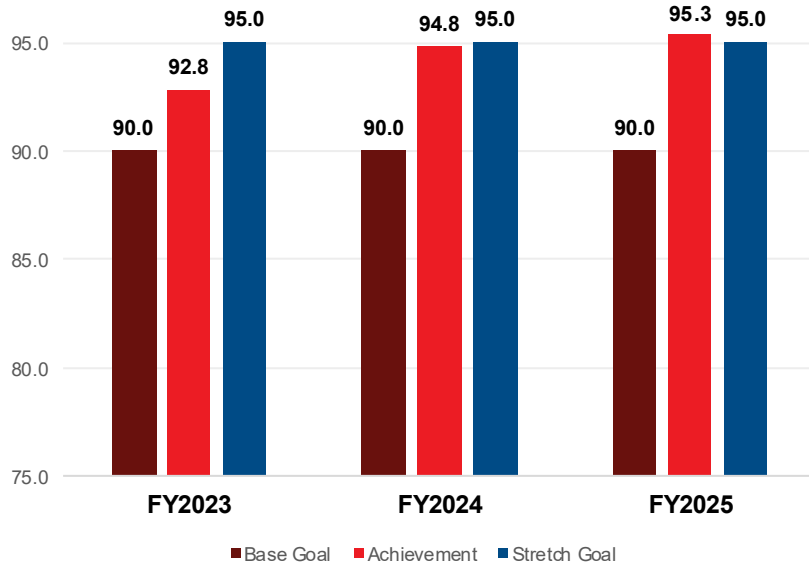


Exceeds Expectations

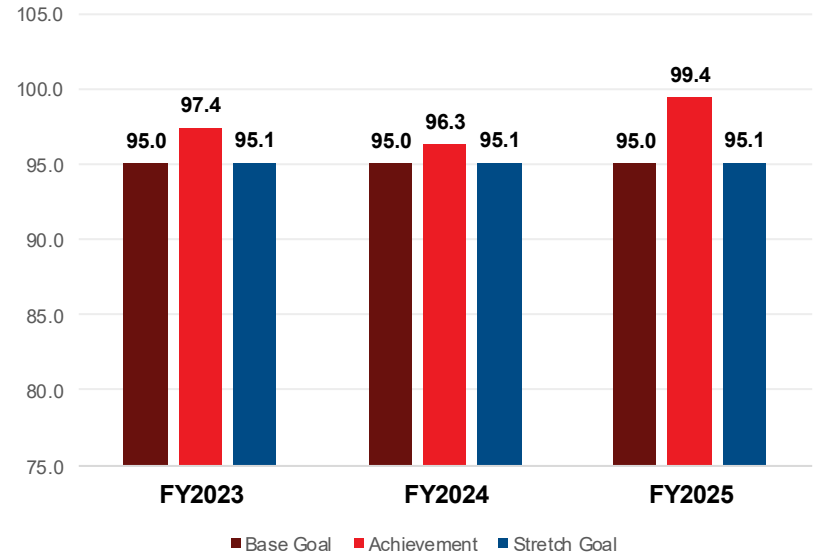


Improve Business Partner Relationships – Asset Management Major Program Support Survey

Very Good / Excellent



Good / Very Good / Excellent



VP Supply Management Get It Right (GIR) Goals

| Get it Right (GiR) Goals



GiR #884

Drive Down
Supply Chain
Costs



GiR #885

Ensure Supply
Chain Availability
–
Material
Distribution
Center (MDC) /
Field Product
Requirements



GiR #886

Contract & Major
Program Pipeline
Cycle Time



GiR #888

National Printing
Center
Operations



GiR #889

S&DC Activation
Equipment
Support

GiR #884: Drive Down Supply Chain Costs

Business Impact Metrics & Targets

Metric Title	New SCM Impact		Carryover SCM Impact		Total SCM Impact	
<i>Unit of Measure</i>	\$		\$		\$	
<i>KPI Up or Down</i>	Up		Up		Up	
<i>INC or CUM</i>	Cumulative		Cumulative		Cumulative	
<i>Basic Metric Description</i>	New SCM Impact		Carryover SCM Impact		Total SCM Impact	
Baseline FY2025	4.5% of FY2025 Managed Spend		4% of FY2025 Managed Spend		8.5% of FY2025 Managed Spend	
	Plan	Actual	Plan	Actual	Plan	Actual
Q1 – Oct						
Q1 – Nov						
Q1 – Dec	\$10M	\$63K	\$25M	\$324K	\$35M	\$387K
Q2 – Jan						
Q2 – Feb						
Q2 – Mar	\$30M	\$51.2M	\$50M	\$120.5M	\$80M	\$171.7M
Q3 – Apr						
Q3 – May						
Q3 – Jun	\$40M		\$60M		\$100M	
Q4 – Jul	\$80M		\$70M		\$150M	
Q4 – Aug	\$150M		\$150M		\$300M	
Q4 – Sep	\$234M		\$208M		\$442M	
FYTD	\$30M	\$51.2M	\$50M	\$120.5M	\$90M	\$171.7M
EOFY	\$234M		\$208M		\$442M	

12-month Key Milestones Plan

Milestone Description	Plan Date	Update Date Request	Cross-Functional VP Groups
Conduct SM Portfolio Planning Meetings	11/28/25	Complete	
Identify SM Portfolios Tactical Opportunities (TOs) / SCM Projection	11/28/25	Complete	
Finalize SM Portfolio Goals	12/08/25	Complete	

GiR #885: Ensure Supply Chain Availability

Business Impact Metrics & Targets

Metric Title	MDIMS Inventory Management Performance Measurement		Top 50 Market Basket items Fulfillment Rate		MDC Inventory Fulfillment & Distribution Effectiveness (Perfect Order)	
<i>Unit of Measure</i>	Backorder Rate - %		% of orders shipped on time		% of Requests Fulfilled	
<i>KPI Up or Down</i>	Down		Up		Up	
<i>INC or CUM</i>	Cumulative		Cumulative		Cumulative	
<i>Basic Metric Description</i>	Parts, Supplies & Equipment Backorder Rate		Top 50 items supplied on time according to delivery terms in contract		Compilation score measuring perfect order, the result of order lines shipped on time and shipped correctly for operating assets.	
Baseline	1.00%		99.28%		95%	
	Plan	Actual	Plan	Actual	Plan	Actual
Q1 – Oct	1.00%	0.86%	95%	99.65%	95%	99.43%
Q1 – Nov	1.00%	0.78%	95%	99.20%	95%	99.14%
Q1 – Dec	1.00%	0.80%	95%	98.66%	95%	99.28%
Q2 – Jan	1.00%	0.81%	95%	98.61%	95%	99.65%
Q2 – Feb	1.00%	0.85%	95%	98.51%	95%	99.24%
Q2 – Mar	1.00%		95%	98.57%	95%	
Q3 – Apr	1.00%		95%		95%	
Q3 – May	1.00%		95%		95%	
Q3 – Jun	1.00%		95%		95%	
Q4 – Jul	1.00%		95%		95%	
Q4 – Aug	1.00%		95%		95%	
Q4 – Sep	1.00%		95%		95%	
FYTD	1.00%	0.85%	95%	98.57%	95%	99.24%
EOFY	1.00%		95%		95%	

12-month Key Milestones Plan

Milestone Description	Plan Date	Update Date Request	Cross-Functional VP Groups
Update eBuy plus tracking report of top 50 market basket items	10/30/25	Complete	
Deploy the 1st release of Dashboard functionality and conduct knowledge sharing workshops.	12/31/25	Complete	
Deploy 2 nd release of Dashboard functionality	03/31/26	Complete	
Reduce parts in Engineering's work queue for future purchases by 10%	03/31/26	Complete	Engineering Systems & Maintenance Operations
Develop & publish Link Article on new MDC Dashboard	05/29/26		
Deploy 3rd release of Dashboard functionality	06/30/26		
Deploy 4th release of Dashboard functionality	09/30/26		
Reduce parts in Engineering's work queue for future purchases by additional 10%	09/30/26		Engineering Systems & Maintenance Operations

GiR #886: Contract and Major Program Pipeline

Business Impact Metrics & Targets

Metric Title	Non-Competitive Contract Cycle Time		Competitive Contract Cycle Time		Simplified Purchase Contract Cycle Time		Major Program Contracts Awarded	
<i>Unit of Measure</i>	# Days		# Days		# Days		# Contracts	
<i>KPI Up or Down</i>	Down		Down		Down		Up	
<i>INC or CUM</i>	Cumulative		Cumulative		Cumulative		Incremental	
<i>Cycle Time</i>	Avg # days SOW/SOO-Contract Award		Avg # days SOW/SOO-Contract Award		Avg # days SOW/SOO-Contract Award		# of Contracts Awarded	
Baseline	49		155		19		48	
	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual
Q1 – Dec	44	35	135	153	19	16	6	6
Q2 – Mar	44	41	135	156	19	16	13	
Q3 – Jun	44		135		19		6	
Q4 – Sep	44		135		19		2	
FYTD	44	41	135	156	19	16	16	6
EOFY	44		135		19		27	

12-month Key Milestones Plan

Milestone Description	Plan Date	Update Date Request	Cross-Functional VP Groups
FY26 Q1 Procurements			
Award Contract of Greetings Cards Program	10/01/25	Complete	
Award Contract of Facilities Operation & Maintenance Services (FOMS) fka Facility Repair & Alteration Services Supplier (FRASS)	10/01/25	Complete	
Award Contract of Counterfeit Packages Disposal	10/21/25	Complete	
Award Contract of SOX & Compliance Services	10/24/25	Complete	
Award Contract of Powered Industrial Vehicles (PIV)	11/30/25	Complete	VP Engineering Systems
Award Contract of Texas MTESC Re-compete	11/29/25	Complete	
FY26 Q2 Procurements			
Award Contract of Enterprise Initiatives Project Management Support	01/14/26	Complete	
Award Contract of PIV Phase 2	01/30/26	Complete	
Award Contract of Expedited Packaging Supplies - Linerboard Envelopes	02/27/26	Complete	
Award Contract of Jacksonville MTESC Re-Compete	03/06/26	Complete	
Award Contract of Letter Automation Modernization (LAM)	03/18/26	Complete	
Award Contract of Enterprise Storage and Servers	03/30/26	Complete	
Award Contract of Singulate Scan Induction Unit (SSIU) - Upgrade/Replacement	03/27/26		
Award Contract of Loose Mail System (LMS) Upgrade	03/30/26		
FY26 Q3 Procurements			
Award Contract of Integrated Pest Management	04/03/26		
Award Contract of Kansas MTESC Re-compete	04/03/26		
Award Contract of Memphis - Matrix East West Sorter (MEWS)	04/10/26		
Award Contract of Small Delivery Unit Sorter (SDUS) - 2026 Purchase	04/10/26		
Award Contract of Enterprise Maintenance Management System	04/14/26		
Award Contract of Parallel Induction Linear Sorter (PILS) - FY26 - Phase 2	04/24/26		
Award Contract of Advance Purchase of High-Speed Tray Sorters (HSTS) - FY26 - Ph 2	04/24/26		
Integrated Dispatch & Receipt (IDR) Systems - FY26	04/30/26		
Award Contract of SAP Modernization (HCM S/4 Hana Private Cloud)	04/30/26		
Award Contract of Customer Experience Index Survey - Administration Services	04/30/26		
Award Contract of Land Mobile Radios (LMR)	05/01/26		
Award Contract of Sign-Language Video Remote Interpreting (VRI)	06/30/26		CHRO

12-month Key Milestones Plan

Milestone Description	Plan Date	Update Date Request	Cross-Functional VP Groups
FY26 Q4 Procurements			
Award Contract of POS Postage Standard Shipping Linerless Label	07/14/26		
Award Contract of SW Reseller Contract Recompete	07/15/26		
Award Contract of Delivery Operations Information System (DOIS)	07/17/26		
Award Contract of Short Message Service (SMS)	07/22/26		
Award Contract of Learning Management System (LMS)	07/22/26		
Award Contract of Video Conferencing Platform (Zoom)	08/01/26		
Award Contract of Secure Access Service Edge (SASE)	08/03/26		
Award Contract of Strategic Consulting Services (SCS)	08/07/26		
FY27 Q1 Procurements			
Award Contract of Electrical Switchgear Maintenance Services	10/01/26		
Award Contract of Integrated Facility Services Management (IFSM) Data Sites	10/01/26		
Award Contract of Integrated Facility Services Management (IFSM)	10/01/26		
Award Contract of Fuel Card Services	10/16/26		CRDO
Award Contract of Agency of Record – Media and Creative	01/31/27		
Previously reported and schedule is shifting / TBD			
Award Contract of Additional 8,500 NGDVs	TBD		
Award Contract of USPS Smart Lockers (sPLs): Phase 2	TBD		VP Engineering Systems
Award Contract of EVSE Site Assessment & Infrastructure Installation	TBD		
Award Contract of PIV Telematics	TBD		
Award Contract of IaaS & PaaS Cloud Computing Services - Cloud Recompete	TBD		

GiR #888: National Printing Center Operations

Business Impact Metrics & Targets

Metric Title	On-Time Completion (%)		Total Impressions (# Pages Printed)	
Unit of Measure	%		#	
KPI Up or Down	Up		Up	
INC or CUM	Cumulative		Incremental	
Basic Metric Description	Monthly On-Time to Service Commitments		Total printed pages at NPC	
Baseline	97.9%		365,333,684	
	Plan	Actual	Plan	Actual
Q1 – Oct	98%	99.3%	26,846,000	32,661,985
Q1 – Nov	98%	99.1%	27,150,000	28,189,348
Q1 – Dec	98%	98.8%	32,259,000	26,152,494
Q2 – Jan	98%	100%	28,617,000	26,849,388
Q2 – Feb	98%	99.7%	26,432,000	27,802,417
Q2 – Mar	98%	100%	29,217,000	32,925,515
Q3 – Apr	98%		25,791,000	
Q3 – May	98%		28,782,000	
Q3 – Jun	98%		29,088,000	
Q4 – Jul	98%		26,870,000	
Q4 – Aug	98%		26,706,000	
Q4 – Sep	98%		28,165,000	
FYTD	98%	100%	170,521,000	174,581,147
EOFY	98%		335,923,000	
Rolling Average*		99.5%		

*Rolling Average displayed on GiR slide only, not contained in MAPT for official GiR Tracking

GiR #889: S&DC Activation Equipment Support

Business Impact Metrics & Targets

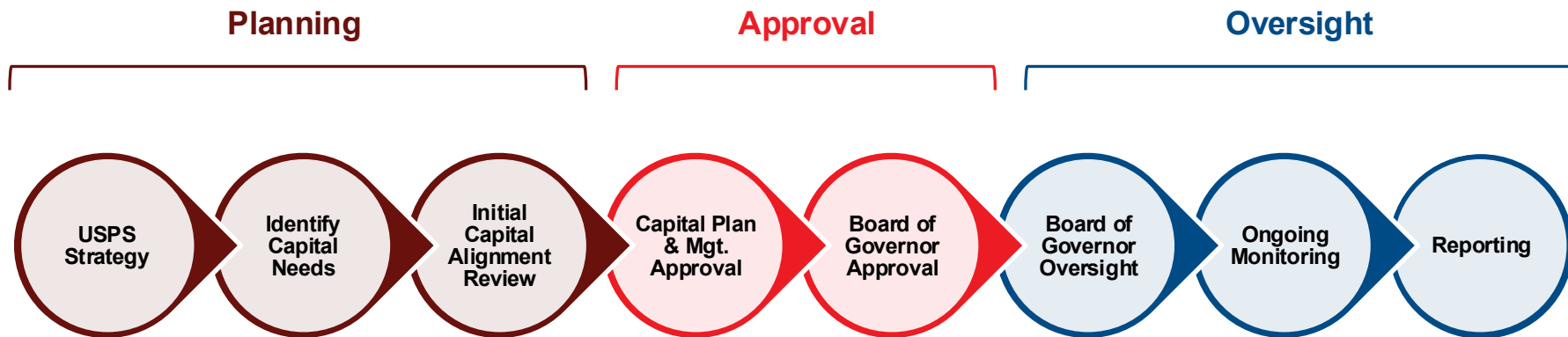
Metric Title	Items Required		Items Ordered		Items Received		Items Received	
Unit of measure	#		#		#		%	
KPI up or down	Up		Up		Up		Up	
INC or CUM	Incremental		Incremental		Incremental		Cumulative	
Basic Metric Description	Number of items required		Number of items ordered		Number of items received		Percent of items received	
Baseline	432,564		437,251		432,221		98.8%	
	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual
Q1 – Oct	23,502	23,502	23,502	22,291	23,502	21,566	100%	96.7%
Q1 – Nov	117,937	117,937	117,937	118,336	117,937	115,962	100%	98%
Q1 – Dec								
Q2 – Jan	37,197	29,235	37,197	29,088	37,197	29,198	100%	100.4%
Q2 – Feb								
Q2 – Mar	129,363	70,072	129,363	70,281	129,363	65,006	100%	92.5%
Q3 – Apr	0		0		0		0	
Q3 – May	140,981		140,981		140,981		100%	
Q3 – Jun	TBD		TBD		TBD		100%	
Q4 – Jul	TBD		TBD		TBD		100%	
Q4 – Aug	TBD		TBD		TBD		100%	
Q4 – Sep	TBD		TBD		TBD		100%	
FYTD	307,999	240,746	307,999	239,996	307,999	231,732	100%	92.5%
EOFY	TBD		TBD		TBD		TBD	

12-month Key Milestones Plan

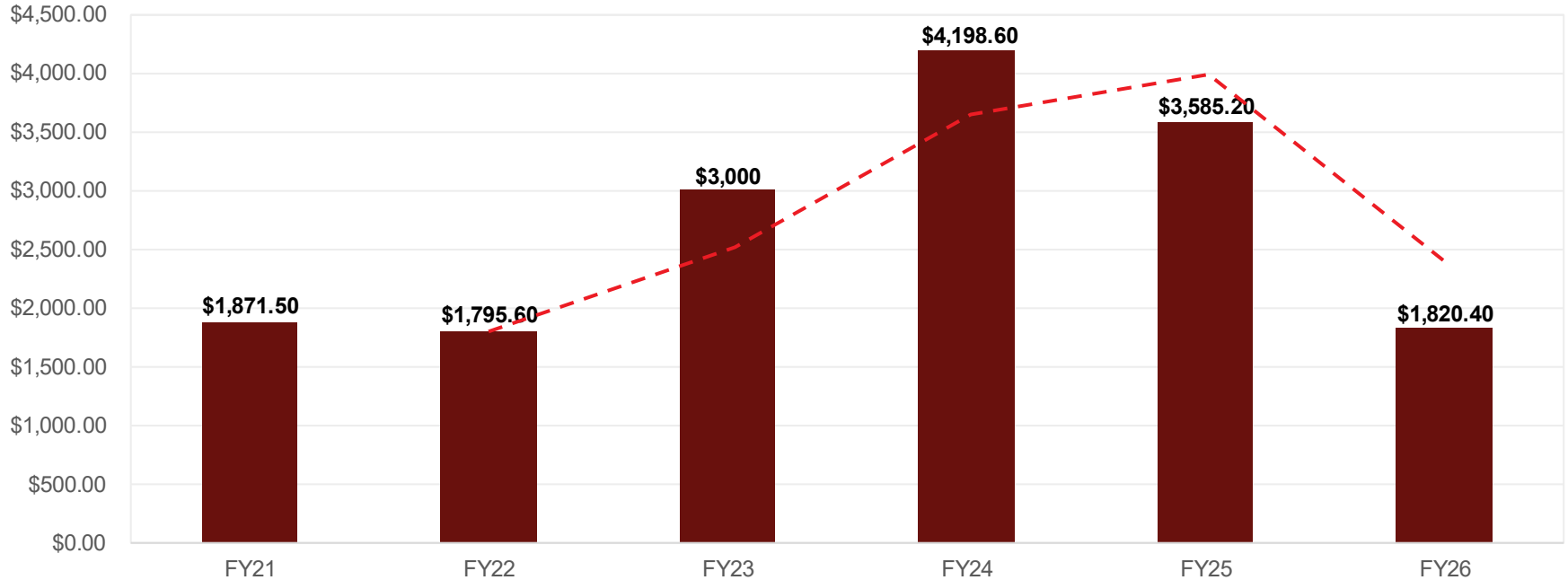
Milestone Description	Plan Date	Update Date Request	Cross-Functional VP Groups
Provide metric targets for FY	10/15/25	Complete	CRDO
Confirm Product Receipts for Nov w/Site Coordinators	10/15/25	Complete	SM, CRDO
Finalize Bill of Material for Jan Activations	11/01/25	Complete	CDRO
Secure Funding for Jan Activations	11/30/25	Complete	CRDO/CFO
Issue Contract/Orders for Jan Activations	11/30/25	Complete	SM
Confirm Product Receipts for Jan TBD w/Site Coordinators	12/15/25	Complete	SM/CRDO
Finalize Bill of Material for Mar/May Activations	01/31/26	Complete	CRDO
Secure funding for Mar/May Activations	02/15/26	Complete	CRDO/CFO
Issue Contracts/Orders for Mar/May Activations	02/28/26	Complete	SM
Confirm Product Receipts for Mar/May Activations	03/01/26	Complete	SM/CRDO

Historical Capital Obligations

Overview of Capital Investment Planning Process



Historical Capital Expenditures FY21-FY26 YTD



Types of Investments by Delegations of Approval Authority

For all investments except Repairs & Alterations (R&A), Leases, and New Space:

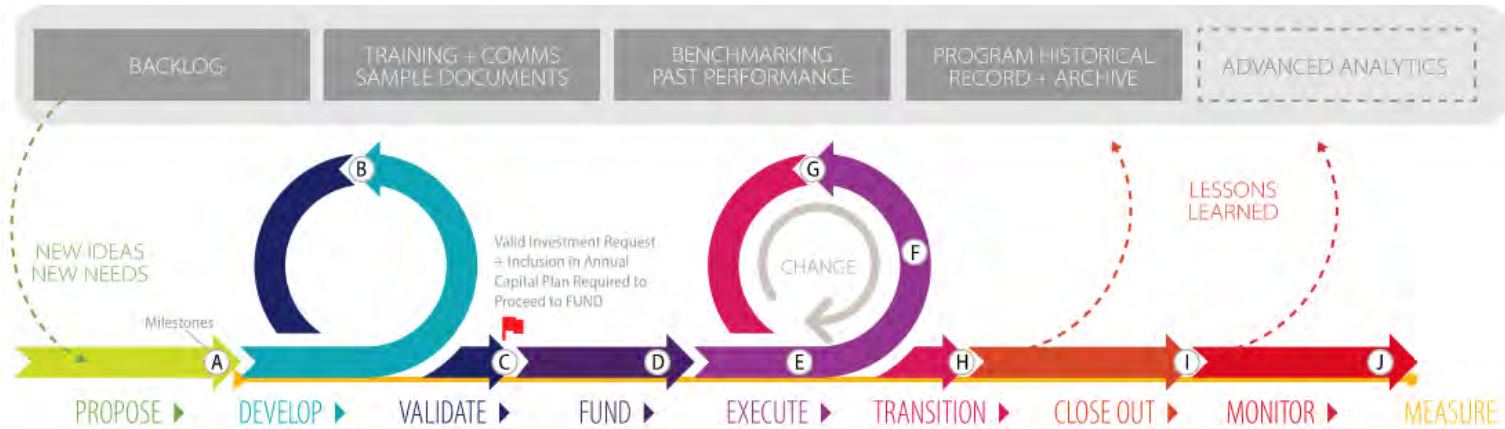
Threshold	Funding Process						
Capital and One-Time Investment Expense	Approval Authority	Business Case Document	Approval Mechanism	Supplemental Validation	Stakeholder Concurrence	CPC Review	IRC Approval
Up to \$1M	VP	JOE	eBuy	No	No	No	No
\$1M up to \$5M	VP or ERC or TRC	FIN	FIN	Yes - Finance	Limited	Yes	No
\$5M and over	PMG	FIN	FIN	Yes - Finance	Yes	Yes	Yes

For Repairs & Alterations (R&A):

Threshold	Funding Process						
Capital and One-Time Investment Expense	Approval Authority	Business Case Document	Approval Mechanism	Supplemental Validation	Stakeholder Concurrence	CPC Review	IRC Approval
Up to \$1M	VP Facilities	JOE	R&A eBuy	No	No	No	No
\$1M up to \$5M	VP Facilities	FFDAR	R&A eBuy	No	Yes - HQCIC	No	No
\$5M and \$7.5M	VP Facilities	FIN	FIN	Yes - Planning	Yes - HQCIC	No	No
\$7.5M up to \$10M	VP Facilities	FIN	FIN	Yes - Finance	Yes - FIN	No	No
\$10M and over	VP Facilities	FIN	FIN	Yes - Finance	Yes - FIN	Yes	Yes

Postal Investment Project Development and Execution Process (PIPEline)

The PIPEline Process tracks the entire lifecycle of all investment **over \$5 million** through monitoring and tollgates with Postal senior executive management at key project milestones.



Capital Review Process

Investment Review Committees	Scope	Frequency	Authority
Capital Planning Committee (CPC)	<ul style="list-style-type: none"> Investment strategy All Capital funds All Investment funds HQ Program funds 	Weekly	<ul style="list-style-type: none"> Provides ATP for Investments Approves IFP budget variances
Investment Review Committee (IRC)	<ul style="list-style-type: none"> Investments over \$5 million and certain leases 	Every two weeks	<ul style="list-style-type: none"> Approves PIPEline tollgates Affirms Red Folders to PMG
Inflation Reduction Act Funds Committee (IRA Committee)	<ul style="list-style-type: none"> BEV and BEV infrastructure strategy IRA Funds 	Weekly	<ul style="list-style-type: none"> Approves IRA eBuys (690002, 690004)
Technology Review Committee (TRC)	<ul style="list-style-type: none"> IT purchases over \$250k 	Weekly	<ul style="list-style-type: none"> Approves eBuys
Engineering Review Committee (ERC)	<ul style="list-style-type: none"> CTO non-IT purchases over \$50K CTO IT purchases over \$50K to \$250K 	Weekly	<ul style="list-style-type: none"> Approves eBuys
Capital Investment Committee (CIC)	<ul style="list-style-type: none"> Non-IRC level I Facilities Investments 	Every two weeks	<ul style="list-style-type: none"> Recommends approval to VP Facilities
Strategic Initiatives Action Group (SIAG)	<ul style="list-style-type: none"> Outsourcing decisions 	As needed	<ul style="list-style-type: none"> Affirms CBA conditions have been met
Cost Estimation & Support Group (CESG)	<ul style="list-style-type: none"> Provides ROMs for IT projects 	Weekly	<ul style="list-style-type: none"> Provides information needed for investment approvals

Two-Year Organizational Initiatives Plan (2026 – 2027)



Our Vision

Ensuring Superior Supply Chain Solutions
Today & Tomorrow

Our Mission

We provide innovative, efficient, and sustainable supply chain and material management solutions with our business partners, suppliers, and stakeholders in supporting the mission and business needs of the Postal Service.

| Supply Management Values



Colleagues



**Integrity &
Ethics**



**Service
Excellence**



**Quality &
Innovation**



**Social
Responsibility**

SM 2026-2027 – Vision and Commitments

Our vision and ten-year plan to achieve service excellence and financial sustainability:

Our commitments, particularly around service, people and infrastructure will serve as the foundation that will drive our evolution and determine our success.

Our new operating goals will be simple – get mail and packages to our carrier network in the most cost-effective manner, and on a deliberate schedule to meet our standards. From there, our carriers will deliver them within a day – over 99% of the time – to addresses across the country.

95%

performance target for on-time delivery across mail and shipping product classes.

\$40 billion

Capital investments in service, people, and infrastructure over the next ten years.

This Plan Represents Our Commitment To:

✓ Achieve Service Excellence

- ▶ Preserve Universal Service Obligation
- ▶ Delivering 6- and 7-days a week
- ▶ Achieve and maintain 95 percent delivery performance

✓ Realize Cost Savings and Revenue Growth

- ▶ Financial sustainability within three years, and a positive balance over ten years
- ▶ Achieve over 50% growth in package revenue by 2030
- ▶ Provide a new suite of same-day, one-day, and two-day delivery offerings
- ▶ Reverse a projected \$160 billion in losses over the next ten years

✓ Modernize Postal Infrastructure

- ▶ Cultivate a high performing, efficient and precise infrastructure and network operations across the enterprise
- ▶ \$40 billion in investments in our people and infrastructure, including a new vehicle fleet

✓ Enhance Our Employees' Wellbeing

- ▶ Reduce annual non-career employee turnover rate to below 20 percent

SM 2026-2027 – Organizational Initiatives



Strategy & Stakeholders

Ensure Strategic Alignment and Engage Stakeholders



Colleagues & Structures

Recruit, Retain, and Develop a Highly Skilled Workforce



Process

Improve Key Processes in Purchasing and Asset Management



Technology

Integrate and Improve Technology Solutions

SM 2026-2027 – Strategy and Stakeholders

Champion: Bridget Rice

Sr. Director, Commercial Products and Services Portfolio

- 1 Update and Enhance the Unsolicited Proposal Program
- 2 Improve Supplier Communications
- 3 Improve Internal Business Partner/Stakeholder Collaboration Through Better Communication and Training



SM 2026-2027 – Colleagues and Structure

Champion: Nick Faiola
Director, Supply Management

- 1 Enhance and Develop Additional Recruiting Initiatives to Attract And Retain Employees
- 2 Develop New Curriculum and Enhance Existing Training Programs



SM 2026-2027 – Process

Champions: Mark Travers & Robert Oates

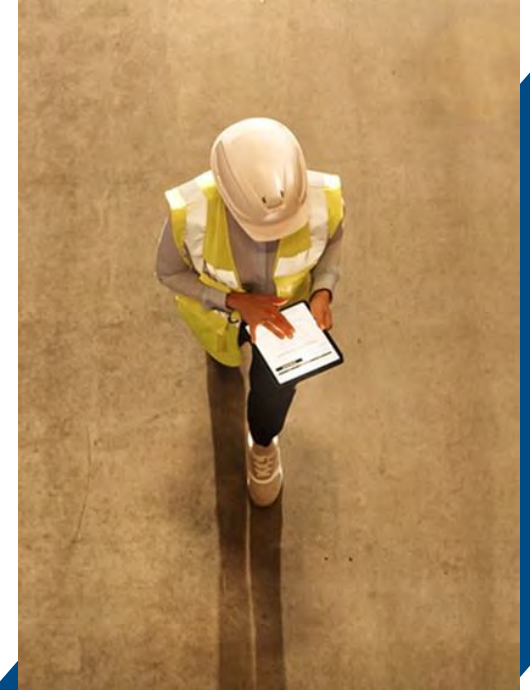
Sr. Director, Mail & Operational Equipment Portfolio

Sr. Director, Technology Infrastructure Portfolio

1 Streamline and Simplify Purchasing Processes

2 Develop Workload Management Program

3 Asset Management Process Improvements



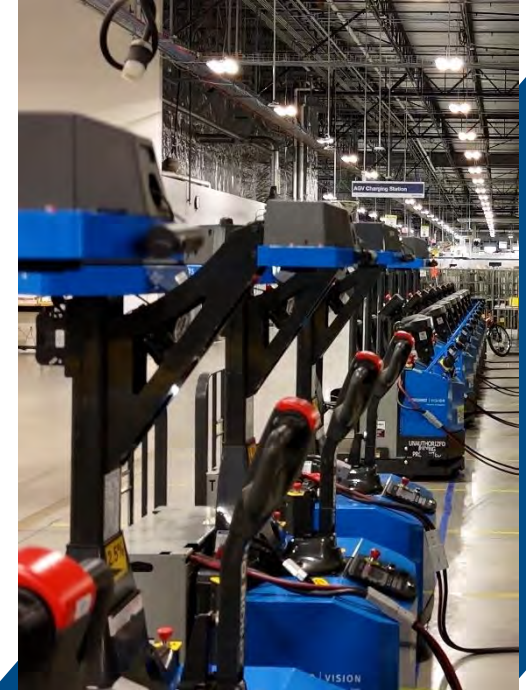
SM 2026-2027 – Technology

Champions: Donna Schoenbeck & Tamie Hollar

Director, SCM Strategies

Sr. Director, Asset Management

- 1 Exploit Artificial Intelligence/Robotic Processing Automation
- 2 Automate and Enhance Contract Authoring Management System (CAMS)
- 3 Develop Dashboards/Automate Reports
- 4 Deploy Asset Management Operations Improvements



Sustainability Initiatives

Sustainability Principles & Supplier Partnership



Collaborative Approach:

USPS works with suppliers to improve environmental performance across goods/services



Business Impact:

Sustainability supports long-term competitiveness and reduces environmental + operational costs



Supplier Innovation Encouraged:

- ▶ Propose sustainable products/practices that maintain or reduce cost
- ▶ USPS may reward impact via:
 - Shared savings
 - Increased contract quantities (up to 100%)
 - Contract extensions (up to 2 years)

Requirements, Product Standards + Reporting



Environmentally Preferred Products (EPP):

- ▶ Encouraged across sourcing, design, construction, and operations
- ▶ Key categories:
 - Recycled content
 - Bio-based content
 - Energy-efficient
 - Water-efficient
 - Eco-label certified



Supplier Reporting Requirements:

- ▶ Required for contracts \geq \$500K
- ▶ Reporting via:
 - eBuyPlus (catalog purchases)
 - SCRMS (off-catalog, semiannual)

2.1.b Increase Spend on Environmentally Preferred Products

Key Accomplishments/Challenges from Last Quarter

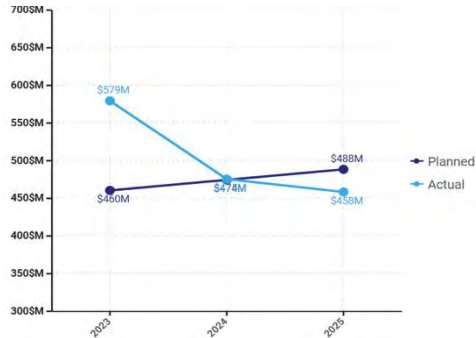
- FY25 On-Catalog EOY EPP spend is \$352M -> EOY total spend is \$531M/ 66.2%
- FY25 Off-Catalog EOY EPP spend is \$107M -> EOY total spend is 27.2M/ 39%
- **FY25 On and Off-Catalog EOY EPP spend is \$458M -> EOY total spend is \$803M/ 57%**

Next Steps/Actions

Off Track

- FY25 Off-catalog EPP numbers delivered in 2nd week of January.
- Ensure new supplier(s) offering EPP have SPs and Ps reporting clause 7-15 and are added to the eBuyPlus report.
- Conduct yearly review of all eBuyPlus onboarded suppliers to ensure their EPP designation is correct.
- Explore options in CAMS/eInvoicing to collect/automate Off-catalog EPP data via SCRMS

Annual EPP Spend (\$M)



Fiscal Year

Annual EPP Spend

2023	\$579M
2024	\$475M
2025	\$458M

Data Source(s): Supply Chain Relationship Management System (SCRMS), eBuyPlus

2.1.b Increase Spend on Environmentally Preferred Products

Key Accomplishments/Challenges from Last Quarter

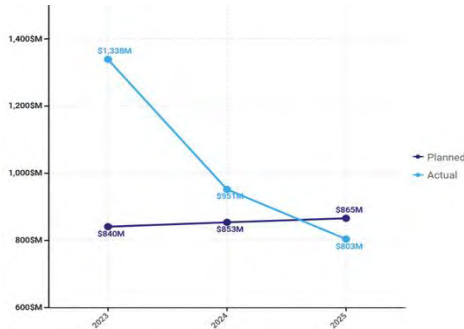
- FY25 On-Catalog EOY EPP spend is \$352M -> EOY total spend is \$531M/ 66.2%
- FY25 On and Off-Catalog EOY EPP spend is \$458M -> EOY total spend is \$803M/ 57%
- YTD EPP Spend in eBuyPlus for On-catalog, FY 26 through Jan. 31st is
 - Total EPP Spend: \$130,675,135
 - Total Spend: \$200,977,080
 - Percent EPP: 65.02%

Next Steps/Actions

Off Track

- FY25 Off-catalog EPP numbers delivered in 2nd week of January.
- Ensure new supplier(s) offering EPP have SPs and Ps reporting clause 7-15 and are added to the eBuyPlus report.
- Conduct yearly review of all eBuyPlus onboarded suppliers to ensure their EPP designation is correct.
- Explore options in CAMS/eInvoicing to collect/automate Off-catalog EPP data via SCRMS

Total Value of Applicable Contract Spend (\$M)



Fiscal Year	Total Value of Applicable Contract Spend
2023	\$1,338M
2024	\$951M
2025	\$803M

Data Source(s): Supply Chain Relationship Management System (SCRMS), eBuyPlus

2.1.b Increase Spend on Environmentally Preferred Products

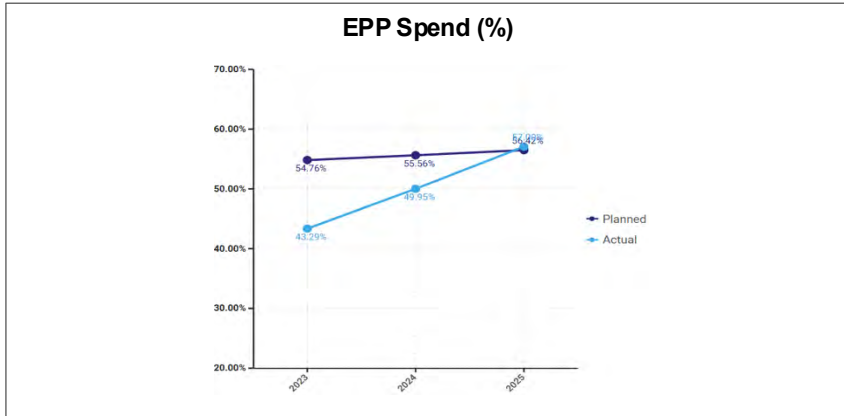
Key Accomplishments/Challenges from Last Quarter

- Rationalized and validated calculations to ensure data is properly recorded
- Compiled eBuyPlus catalog supplier FY25 EPP statistics
- Collected and validated on and off-catalog data in SCRMS FY25 EPP statistics

Next Steps/Actions

On Track

- FY25 Off-catalog EPP numbers delivered in 2nd week of January.
- Ensure new supplier(s) offering EPP have SPs and Ps reporting clause 7-15 and are added to the eBuyPlus report.
- Conduct yearly review of all eBuyPlus onboarded suppliers to ensure their EPP designation is correct.
- Explore options in CAMS/eInvoicing to collect/automate Off-catalog EPP data via SCRMS



Fiscal Year	Percent EPP Spend (%)
2023	43.29%
2024	49.95%
2025	57.00%

Data Source(s): Supply Chain Relationship Management System (SCRMS), eBuyPlus

2.2.e Total Pallets Recycled - Increase the Volume of Wooden Pallets Resold and Auctioned for a Second Life

Key Accomplishments/Challenges from Last Quarter

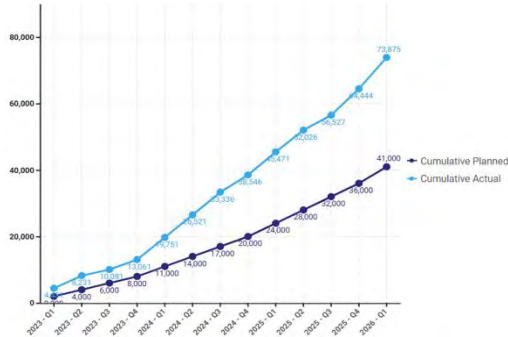
- Recycled 9,431 wooden pallets in Q1 and 73,875 program to date.
- Began tracking Wooden Pallet data in eDispose
- FY 2026 target is 20,000 pallets recycled
- FY 2030 target is 32,000 pallets recycled

Next Steps/Actions

On Track

- Enter wooden pallet volume and site participation data in eDispose

Volume of Wooden Pallets Resold



Quarter Year

Total Pallets Recycled

2023 - Q1	4,431
2023 - Q2	3,800
2023 - Q3	1,850
2023 - Q4	2,980
2024 - Q1	6,690
2024 - Q2	6,770
2024 - Q3	6,815
2024 - Q4	5,210
2025 - Q1	6,925
2025 - Q2	6,555
2025 - Q3	4,501
2025 - Q4	7,917
2026 - Q1	9,431

Data Source(s): Participating Facilities, GovDeals

2.2.e Facility Participation Rate - Increase the Volume of Wooden Pallets Resold and Auctioned for a Second Life

Key Accomplishments/Challenges from Last Quarter

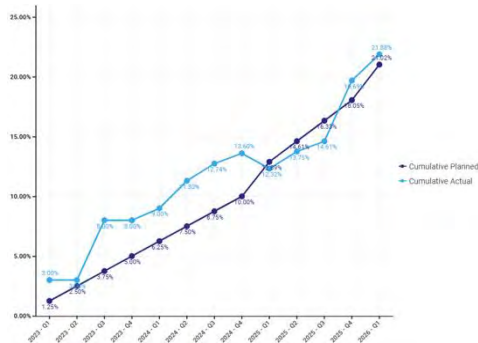
- Onboarded 7 of 17 new Facilities (Ybor City P&DC, Palatine LPC, Nashua P&DC, Billings P&DC, North Texas P&DC, EL Paso P&DC, and Miami ISC)
- Mailed 19 Certified Facility Certificates
- FY 2026 Target is 25% of facilities participating
- FY 2030 Target is 60% of facilities participating

Next Steps/Actions

On Track

- Prepare Certified Facility Certificate for North Texas P&DC and Dallas Regional Transfer Hub
- Contact and engage 4 new sites

Percent of Facilities Participating in Wooden Pallet Resale



Facility Participation Rate

Quarter Year	Value	Cumulative
2023 - Q1	3.00%	3.00%
2023 - Q2	0.00%	3.00%
2023 - Q3	5.00%	8.00%
2023 - Q4	0.00%	8.00%
2024 - Q1	1.00%	9.00%
2024 - Q2	2.30%	11.30%
2024 - Q3	1.44%	12.74%
2024 - Q4	0.86%	13.60%
2025 - Q1	-1.28%	12.32%
2025 - Q2	1.43%	13.75%
2025 - Q3	0.86%	14.61%
2025 - Q4	5.08%	19.69%
2026 - Q1	2.19%	21.88%

Data Source(s): Participating Facilities, GovDeals

2.3.a Recycled Content – Purchase Sustainable Packaging for Our Shipping Products

Key Accomplishments/Challenges from Last Quarter

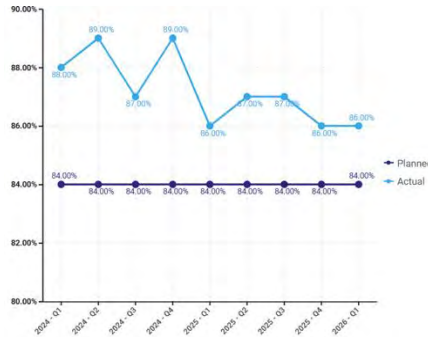
- Tyvek envelope final inventories now fully depleted and gone.
- Evaluating packaging menu and usage shows continued demand for poly packaging affecting recycled content goals (has been 0%)
- Recast data based on product weight shows Postal performing well for recycled content, thus internal goals are being reset for higher target of 84% (previously 74%).

Next Steps/Actions

On Track

- Collaborate with the Expedited Packaging Supplies and ReadyPost Program Offices on recycled content percentages specified in product requirements, and implementing changes that do not negatively impact Postal needs and where price is neutral.
- Coordinating with the Business Solutions Office to align GIR initiatives with potential changes to product offerings including higher recycled content.

Percent Recycled Content of Postal Packaging



Quarter Year	Recycled Content
2024 – Q1	88.00%
2024 – Q2	89.00%
2024 – Q3	87.00%
2024 – Q4	89.00%
2025 – Q1	86.00%
2025 – Q2	87.00%
2025 – Q3	87.00%
2025 – Q4	86.00%
2026 – Q1	86.00%

Data Source(s): Supplier Reporting, Victory Packaging, Pratt and Sealed Air

2.3.a Recyclability – Purchase Sustainable Packaging for Our Shipping Products

Key Accomplishments/Challenges from Last Quarter

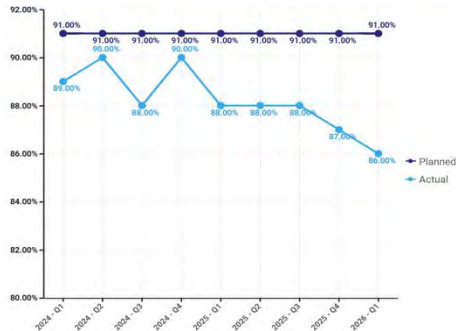
- 204 (total external facing) packaging products
- 151 external facing packaging products reviewed by How2Recycle
- Recast data based on product weight shows Postal performing well for recyclability, thus the internal goal is being reset for higher target of 91% (previously 88%).

Next Steps/Actions

Off Track

- Continue collaboration with the Expedited Packaging Supplies and ReadyPost Program Offices on recyclable/reusable percentages specified in product requirements
- Working with the ReadyPost Program Office to determine new product line for paper padded mailers and paper cushioning alternatives

Percent Recyclability of Postal Packaging



Quarter Year	Recyclability
2024 – Q1	89.00%
2024 – Q2	90.00%
2024 – Q3	88.00%
2024 – Q4	90.00%
2025 – Q1	88.00%
2025 – Q2	88.00%
2025 – Q3	88.00%
2025 – Q4	87.00%
2026 – Q1	86.00%

Data Source(s): How2Recycle, Victory Packaging, Pratt and Sealed Air

Questions?
