

Secure and Environmentally-Friendly Destruction of Undeliverable as Addressed (UAA) Mail

**National Postal Forum
May 3, 2011**

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Agenda

- Sustainability and Secure Destruction
- Description and Benefits
- Update of Activities
- Next Steps

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Sustainability and Secure Destruction



FY09 operations

- 177 billion pieces annually
- \$68 billion in revenue
- 623K career employees
- 32,662 K facilities
- \$627M on facility energy
- \$1.1 billion fuel spend
- 150.1 M delivery points

FY10 operations

- 171 billion pieces annually
- \$67 billion in revenue
- 582K career employees
- 32,528 K facilities
- \$575M facility energy
- \$1.1 billion fuel spend
- 150.8 M delivery points

**The USPS® challenge — less mail, limited capital,
more addresses**

Sustainability at USPS®

Balancing people, planet, profit...

People

- Safety & health
- Diversity
- Human rights

Planet

- Zero waste, releases & spills
- Clean air, water, land
- Climate change

Profit

- Innovation
- Capital efficiency
- Risk management
- Margin improvement



...to ensure a viable U.S. Postal Service®
affordable universal service
for current and future generations.

Our Vision: Be A Sustainability Leader

- Build a conservation culture at USPS®
- Use sustainability to enhance the value of mail
- Lead the adoption of sustainable business practices across mailing industry, supply chain, customers, and public

Environmentally responsible secure destruction fits well with corporate goals

FY09-FY10 USPS® Leadership

- Facility energy -28% vs 2003
- GHG - 8% vs 2008
- Largest Green Roof in NYC
- Cradle to Cradle certification
- 3rd GHG verified report
- 3nd Sustainability Report
- Rated “Most Trusted Government Agency” and 3rd “Most Trusted Business”



The Climate Registry



All without tax dollars!

Undeliverable as Addressed Disposal

- USPS® UAA Recycling Policy
 - Seek practical and cost-effective ways
 - Foster a “zero waste” ethic within the USPS
 - Recycle consistent with public trust obligations
 - Comply with laws and regulations
- FY2010 UAA statistics
 - Generated over 300K tons Undeliverable Standard Mail and discarded lobby mail
 - Recycled about 168K tons (56%)
- Returned 1.48 billion pieces of RTS First-Class Mail

Opportunity to use secure destruction to improve environmental performance, cut costs, and enhance value to customers

Secure Destruction

What is it?

What is *Secure Destruction*?

- Established in response to mailer concerns over the disposal of UAA due to sensitivity of information contained in mailpiece
- A method of securely destroying the mail via industry standard destruction methods
- Provides compliance and confidence that sensitive information isn't exposed, stolen or abused

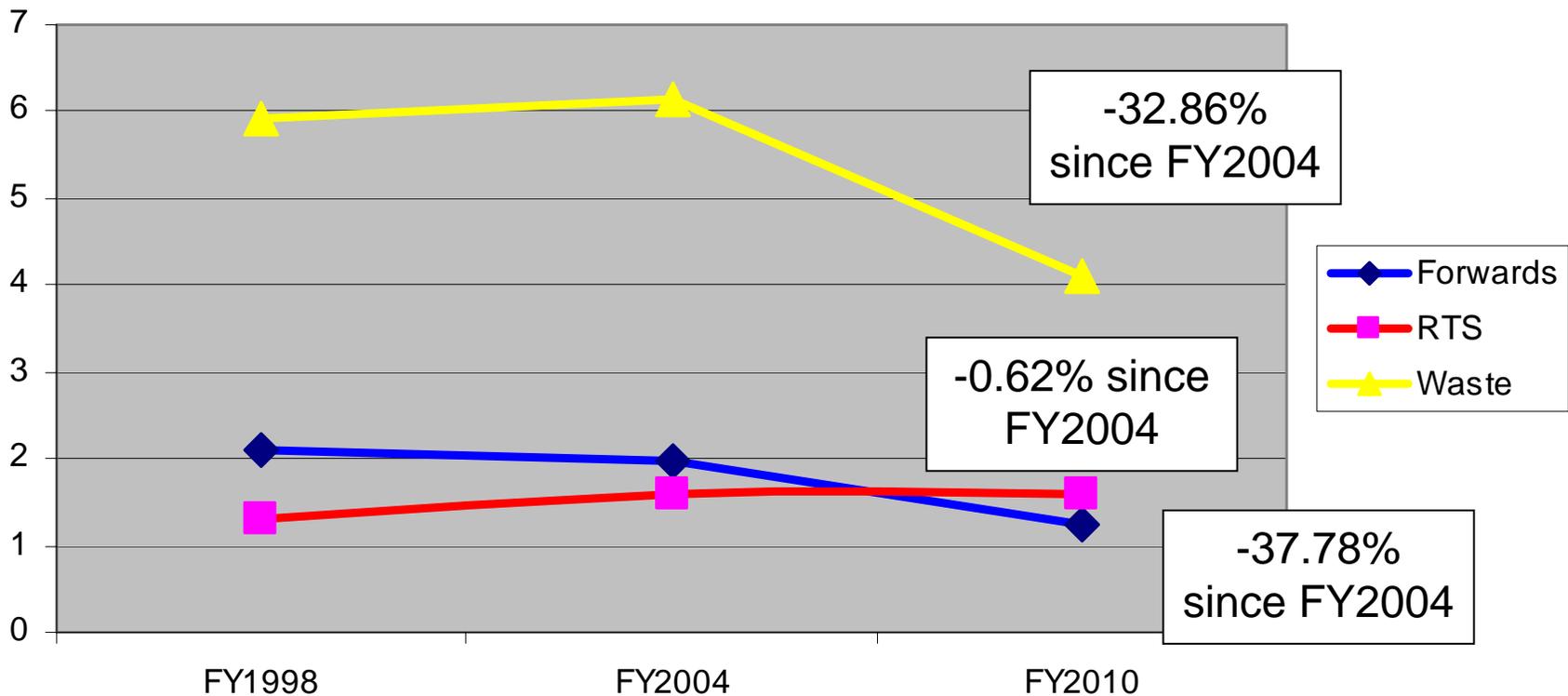


Secure Destruction Benefits

- Potential to reduce USPS® costs of returning UAA mail
 - FY2010, 1.48 billion pieces of RTS First-Class Mail®
- Potential to reduce mailer costs associated with handling and destroying returned mail
- Addresses mailers' concerns over security of sensitive information by securely destroying the mail, minimizing the risk of a potential data breach

UAA Mail Volume Trends

UAA Volume



Total UAA Mail (All Classes)

	FY1998	FY2004	FY2010
Forwarded			
Cost*	\$437.6 MM	\$421.9 MM	\$294.7 MM
Volume	2.093 B	1.985 B	1.235 B
Per Piece	20.9¢	21.3¢	23.9¢
Returned			
Cost*	\$767.9 MM	\$822.5 MM	\$817.5 MM
Volume	1.311 B	1.603 B	1.593 B
Per Piece	51.0¢	51.3¢	51.3¢
Treated as Waste			
Cost*	\$253.9 MM	\$269.8 MM	\$246.2 MM
Volume	5.904 B	6.136 B	4.120 B
Per Piece	4.3¢	4.4¢	6.0¢
Total UAA Cost*	\$1,459.4 MM	\$1,514.2 MM	\$1,358.4 MM
Total UAA Volume	9.308 B	9.724 B	6.948 B

* Directly Attributable Cost

Current Mail Preparation

- Currently, First-Class Mail® eligible for disposal only when:
 - ACS™ participant
 - Change Service Requested Endorsement
 - Option 2 indicated in UMF (Universal Mailer File)

- FY10, 46.3 million First-Class Mail waste volume

Mail Currently Eligible for Disposal

- These mailpieces are disposed of under certain conditions:
 - Matches to a Change of Address (COA) on file that is older than 12 months
 - Undeliverable with no COA on file (NIXIE)

Proposed Participation Requirements

- Mailer must participate in either OneCode ACS® or Full-Service ACS™ to receive notice of disposed mailpieces
- Mail must bear Intelligent Mail® barcode containing a Secure Destruction Service Type ID



Proposed Mail Handling Procedures

- Mail follows normal mail processing flow until identified as Undeliverable As Addressed (UAA)
- First-Class UAA letter mail is isolated when processed on Postal Automated Redirection System (PARS)



Proposed Mail Handling Procedures

- United States Postal Inspection Service® engaged (monitoring and training)
- Notification of treatment is sent to mailer via ACS™ fulfillment
- Sorted to special bin for verification



Proposed Verification Procedures

- Processing clerk manually scans all mail sorted to secure disposal bin to validate proper sortation
- Area is monitored by Postal police using cameras covering secured area



Proposed Safeguards

- United States Postal Inspection Service® engaged in internal security reviews to maintain strict measure of security
- Certified destruction method with tamper-proof bins
- Securely and properly destroyed within the United States



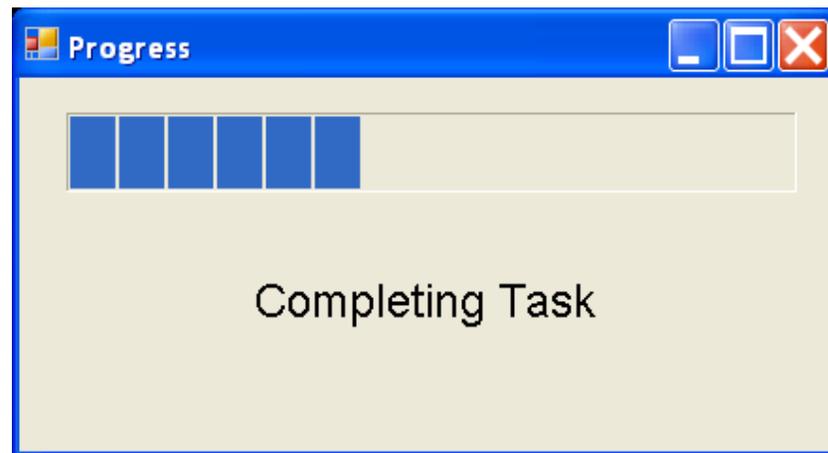
Proposed Providers

- Commercial service providers required to provide a “Certificate of Destruction” on a periodic basis
- National Association of Information Destruction (NAID) certified vendor
- Vendor’s destruction centers are subject to random audits by USPIS



Progress

- Conducted weekly meetings of Postal stakeholders to develop and plan Secure Destruction Service product offering
- Surveyed potential suppliers capable of performing Secure Destruction Service
- Performed 30-day pilot test of Secure Destruction Service at Baltimore Processing & Distribution Center using USPS® mail to validate process



Next Steps

Next Steps

- Coordinate multi-site pilot testing at selected Processing & Distribution Centers
- Resolve mailer concerns over legal exposure and liability risks
- Engage mailing industry for participation in pilot based on current mail-piece design



Future

- Develop implementation timeline and participation guide
- Implement USPS® internal mail processing changes to act upon STIDs created for Secure Destruction
- Communicate availability of Secure Destruction Service to mailing industry



USPS® Sustainability Promise

*Our vision is simple: **Be a Sustainability Leader***

We take seriously our responsibility to provide mail service to everyone in America and are committed to conducting our business in an environmentally, socially and financially responsible manner.

Learn more at [USPS.com/green](https://www.usps.com/green)



Stay Informed!

- To receive updates about the progress of this important endeavor submit your contact information to securedestruction.ncsc@usps.gov



Knowledge Validation

- USPS® goal is to lead the adoption of sustainable business practices across mailing industry, supply chain, customers, and public

True

- In Fiscal year 2010, the USPS returned about 1.4 million pieces of First-Class Mail®

False

- USPS Inspection Service will perform security reviews of Secure Destruction Service program to maintain strict security

True

Thank You!