[United Parcel Service, Inc: Rule 14a-8 Proposal, November 22, 2021]
[This line and any line above it – *Not* for publication.]
ITEM 4*: Report on balancing climate measures and financial returns

RESOLVED*, shareholders ask the board to commission and publish a report on (1) the extent (if any) to which Company decisions involving greenhouse-gas emissions reduction prioritize Company financial performance over the environmental costs and risks of climate change and (2) the manner in which any consequent environmental costs and risks threaten returns of diversified shareholders who rely on a stable and productive economy.*

Supporting Statement:

In 2020, the Company announced a roadmap to carbon neutrality in 2050. The Company has established the following specific goals:

- By 2025
  - 25 percent renewable electricity for facilities
  - 40 percent alternative fuel purchases as a percent of total ground fuel
- By 2035
  - 30 percent sustainable aviation fuel
  - 100 percent renewable electricity for facilities
  - 50 percent reduction in carbon dioxide per package delivered for global small packages.[1]

These goals do not appear consistent with the consensus on measures necessary to keep global warming below disastrous levels. More consistent measures could include:

- Meeting a 1.5-degree Celsius Science-Based Target standard
- Achieving a 50 percent reduction in greenhouse-gas emissions by 2030
- Committing to purchasing only electric light-duty vehicles by 2025

The gap between the Company's declared goals and "Paris alignment" may be due to the Company's decision only to address the risk of climate change to the enterprise, rather than addressing the risks the Company poses to the environment: while the Company identifies climate change as having "inherently high risk to the organization,"[2] the public documents that discuss the Company's climate stance disclose no consideration of climate change's broad environmental stakes such as:

- Halving GDP growth by the end of the century[3]

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[1] https://investors.ups.com/_assets/ups/files/pages/ups/db/1149/description/UPS+ESG+Strategy+June+2021.pdf
[2] https://about.ups.com/content/dam/upsstories/assets/reporting/sustainability-2021/2020_UPS_TCFD_Report_081921.pdf
[3] https://www.cftc.gov/sites/default/files/2020-09/9-9-20%20Report%20of%20the%20Subcommittee%20on%20Climate-Related%20Market%20Risk%20-%20Managing%20Climate%20Risk%20in%20the%20U.S.%20Financial%20System%20for%20posting.pdf

- Having "broad implications for macroeconomic performance, including inflation, interest rates, balance of payments, productivity, wealth, and gross domestic product (GDP) growth"[4]
- Shrinking the world economy by 3 percent by 2050.[5]

Lowered GDP will directly reduce returns to diversified investors,[6] and a warming planet may create serious disruption costs that further threaten financial markets.[7] By adopting a slower pace of mitigation, the Company is able to increase its margins and financial performance. **But improved Company financial performance that comes at the expense of the environment and the economy is a bad trade for most Company shareholders, who are diversified and rely on broad economic growth to achieve their financial objectives.**

This proposal asks for a report that analyzes the climate trade-offs the Company makes between financial return and the global economy, and how those trade-offs affect diversified shareholders. Such a report would not require precision: identifying areas where the Company is choosing not to accelerate decarbonization and analyzing how such choices manifest as costs or risks to diversified portfolios would help determine whether and when the Company should prioritize Paris alignment over financial returns.

Please vote for: Report on balancing climate measures and financial returns – Proposal 4*

[This line and any below are *not* for publication]
[*Number to be assigned by the Company]

The graphic above is intended to be published with the rule 14a-8 proposal. The graphic would be the same size as the largest management graphic (and accompanying bold or highlighted management text with a graphic) or any highlighted management executive summary used in conjunction with a management proposal or a rule 14a-8 shareholder proposal in the 2021 proxy.

The proponent is willing to discuss mutual elimination of both shareholder graphic and any management graphic in the proxy in regard to this specific proposal.

Reference SEC Staff Legal Bulletin No. 14I (CF)

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[4] Id.
[5] https://www.eiu.com/n/global-economy-will-be-3-percent-smaller-by-2050-due-to-lack-of-climate-resilience.
[6] Ibid n. 2.
[7] *Supra,* n.3

[16] Companies should not minimize or otherwise diminish the appearance of a shareholder's graphic. For example, if the company includes its own graphics in its proxy statement, it should give similar prominence to a shareholder's graphics. If a company's proxy statement appears in black and white, however, the shareholder proposal and accompanying graphics may also appear in black and white.

Notes: This proposal is believed to conform with Staff Legal Bulletin No. 14B (CF), September 15, 2004, including (emphasis added):

Accordingly, going forward, we believe that it would not be appropriate for companies to exclude supporting statement language and/or an entire proposal in reliance on rule 14a-8(i)(3) in the following circumstances:

- the company objects to factual assertions because they are not supported;
- the company objects to factual assertions that, while not materially false or misleading, may be disputed or countered;
- the company objects to factual assertions because those assertions may be interpreted by shareholders in a manner that is unfavorable to the company, its directors, or its officers; and/or
- the company objects to statements because they represent the opinion of the shareholder proponent or a referenced source, but the statements are not identified specifically as such.

We believe that it is appropriate under rule 14a-8 for companies to address these objections in their statements of opposition.

See also Sun Microsystems, Inc. (July 21, 2005).

I also remind you of the SEC's recent guidance and my request that you acknowledge receipt of this shareholder proposal submission. SLB 14L Section F, https://www.sec.gov/corpfin/staff-legal-bulletin-14l-shareholder-proposals, Staff "encourages both companies and shareholder proponents to acknowledge receipt of emails when requested."