



United Parcel Service Inc (UPS)
Vote Yes: Item #6 – Third-Party Environmental Justice Audit
Annual Meeting: May 7, 2026

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THE RESOLUTION

Shareholders request that UPS, at reasonable cost and omitting proprietary information, disclose an evaluation conducted by an independent third-party of the impacts of its operations affecting Black, Indigenous, and People of Color (BIPOC) and low-income communities.

SUMMARY

Investors recognize that unmanaged environmental justice risks can disrupt operations, weaken competitiveness, and erode long-term shareholder value. United Parcel Service (UPS) has an ongoing track record of receiving fines from the Environmental Protection Agency for its violation of environmental laws and regulations, many of which disproportionately affect BIPOC and low-income communities.

Addressing the business risk associated with an inadequate environmental justice strategy is necessary to improve long-term investor confidence. Therefore, the resolution asks that UPS conduct and disclose an independent third-party evaluation of the impacts of its operations on BIPOC and low-income communities.

RATIONALE FOR A YES VOTE

- 1. UPS warehouses are overly concentrated in communities with large racial and ethnic minority populations, contributing to air quality inequality.** UPS's facility network overlaps with populations already experiencing elevated environmental burdens, placing the company squarely within the scope of these documented risks.
- 2. UPS has had numerous fines and violations in the past five years, suggesting outsized environmental injustice in low-income and BIPOC communities and associated material risk.** The regulatory landscape relating to environmental injustice has shifted in ways that directly affect companies like UPS. Regulators increasingly recognize that warehouse operations contribute to local air pollution through associated truck traffic and are beginning to hold operators accountable.

DISCUSSION

Emerging scientific evidence, regulatory developments, and company-specific data indicate that UPS faces growing environmental justice-related risks that warrant independent evaluation and oversight.



First, recent peer-reviewed research demonstrates that concentrating warehouses in communities with large racial and ethnic minority populations contributes to air pollution inequality.¹ A 2024 study in *Nature Communications* found that warehouse activity is associated with significant increases in nitrogen dioxide (NO₂), a pollutant linked to asthma and cardiovascular disease, and that warehouse locations are disproportionately located in marginalized and minority communities.² The study establishes a clear connection between logistics infrastructure and unequal environmental burdens.

UPS operates one of the largest logistics networks in the United States, with extensive warehouse and distribution center infrastructure and high volumes of fleet traffic³—the precise characteristics identified as driving localized air pollution.⁴ Enforcement records further confirm that UPS's footprint overlaps with overburdened communities: EPA has stated that many UPS facilities reviewed in a nationwide settlement are located in communities it identifies as disproportionately impacted by pollution and experiencing elevated environmental burdens,⁵ placing the company squarely within the scope of these documented risks.

The regulatory landscape has shifted in ways that are likely to directly affect companies like UPS. Regulators increasingly recognize that warehouse operations contribute to local air pollution through associated truck traffic and are beginning to hold operators accountable. For example, EPA recently approved the South Coast Air Quality Management District's "Warehouse Indirect Source Rule" which makes certain warehouse-related emissions enforceable under the federal Clean Air Act and explicitly targets pollution in overburdened communities.⁶ In addition, New Jersey's Environmental Justice Law requires regulators to evaluate cumulative impacts on overburdened communities and, in some cases, deny permits for facilities such as transfer stations and other industrial operations if they would disproportionately affect those communities.⁷ Similar regulatory approaches are under consideration in other jurisdictions, signaling a broader trend toward increased scrutiny of logistics facilities. For example, Colorado is actively developing or proposing "indirect source rules" that target warehouse-related emissions, while New York legislation introduced in 2025 would require facility-by-facility review and permitting of large distribution warehouses based on their air pollution impact.⁸

Taken together, these developments indicate that UPS faces heightened legal, regulatory, and reputational risks related to environmental justice. A third-party evaluation would provide investors with critical transparency into how UPS is managing these risks and whether additional mitigation measures are needed.

¹ <https://cen.acs.org/environment/atmospheric-chemistry/Warehouses-worsen-local-air-pollution/102/web/2024/08>

² <https://www.nature.com/articles/s41467-024-50000-0.pdf>

³ See <https://about.ups.com/content/dam/upsstories/assets/fact-sheets/ups-global/UPSCorporateFactSheet26.pdf>

⁴ <https://about.ups.com/content/dam/upsstories/assets/fact-sheets/ups-supply-chain-solutions/UPS-Supply-Chain-Solutions-Overview.pdf>

⁵ <https://www.epa.gov/enforcement/united-parcel-service-inc-ups-settlement>

⁶ <https://www.epa.gov/newsreleases/epa-approves-south-coast-aqm-ds-groundbreaking-rule-reduce-southern-california-air?>

⁷ <https://dep.nj.gov/ej/law>

⁸ <https://www.bdlaw.com/publications/indirect-source-rules-a-new-and-evolving-frontier-of-state-and-local-vehicle-regulation>



RESPONSE TO UPS' BOARD OF DIRECTORS' STATEMENT IN OPPOSITION

The Company's opposition statement states that "UPS is currently executing on a mission to deliver pathways to empower resilient, just, and safe communities" and proceeds to detail ways in which The UPS Foundation (The Foundation) assists philanthropic efforts since 1951.

This proposal does not ask the Company to deliver philanthropic efforts or outcomes, nor does the proposal relate in any way to efforts made by The Foundation. The Foundation's efforts are not directly aimed at acknowledging or remediating adverse effects of the Company's current environmental injustices. The existence of a corporate related foundation does not equate to conducting a thorough environmental justice audit, with the assistance and supervision of a third-party auditor, to determine the scope of environmental justice impacts on low-income and BIPOC communities in the United States.

The Company's opposition statement states that "UPS has been widely recognized by independent third-parties for its commitment to its customers, workers, communities and the environment."

Significantly, the Company has not received any award or accolade from environmental justice and/or civil rights organizations or networks. The accolades listed by the Company are not related to the ongoing concerns raised by investors in this proposal. The Company discusses its current environmental reporting process and structure, yet these materials, including the annual Sustainability and Community Impact Report, fall short of the proposal's request. Neither report addresses the Company's strategy to lessen environmental injustice risk to impacted communities, nor do the reports provide sufficient disclosure on how the Company is proactively addressing these concerns. The proposal seeks a third-party audit and associated report on how the Company's current policies and practices impact communities adversely harmed by environmental injustice. A third-party audit firm with specialized expertise in anti-discrimination would provide an unbiased assessment of the Company's impact on BIPOC and low-income communities. It could also, should the company seek such information, assist with in-depth risk management assessments, provide actionable insights on how to build a proactive environmental justice strategy while building trust with external stakeholders including local communities, and lastly, create clear roadmaps for improvement.

The Company's opposition statement states that "UPS already provides transparent, comprehensive disclosures for stakeholders."

Investors encourage the Company to go beyond the limited disclosures it currently provides to stakeholders. By taking a proactive approach, the Company could enhance its current reporting structures and mitigate potential brand damage. Including external recommendations to the Board's Nominating and Corporate Governance Committee would raise awareness of these important issues and increase current transparent, comprehensive disclosures for stakeholders.

The Company's opposition statement states that "UPS maintains robust governance structures, compliance programs and audit practices." Yet despite the Company assuring investors that it "conducts more detailed, job-specific training on the waste management requirements of the Resource Conservation and Recovery Act (RCRA) for all employees who respond to spills or leaking packages," EPA data shows that over the past five years the Company has incurred hundreds of RCRA pollution



violations that disproportionately affected BIPOC communities.⁹ The fines associated with these violations total in the millions, raising investor concern that current policies enacted by the Company are not enough to prevent future financial damage.

The Company's opposition statement asserts that "The proposed audit would be redundant and inefficient," yet investors have justified the business case for robust, proactive, environmental justice policies, highlighting that it will protect the Company from future claims and lawsuits. UPS' most recent 10-K acknowledges the material risk arising from "adverse publicity or public sentiment surrounding labor relations, safety matters, environmental, sustainability and governance concerns" and cites "environmental liability" as having the potential to subject the Company to "various claims and lawsuits that could result in significant expenditures."¹⁰ An environmental justice audit would assist UPS in mitigating adverse impacts on affected communities while reducing legal liabilities and brand damage.

CONCLUSION

Vote "Yes" on this Shareholder Proposal #6 which will provide important information to UPS about the extent to which its current warehouse and delivery center operations are adversely impacting surrounding BIPOC and low-income communities to help inform its current and future actions to reduce such harm and associated risks to the Company.

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For questions, please contact Olivia Knight, As You Sow, oknight@asyousow.org

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⁹ <https://echo.epa.gov/>

¹⁰ <https://www.sec.gov/ix?doc=/Archives/edgar/data/0001090727/000162828026008432/ups-20251231.htm>