



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

**Benchmarking Sustainability
Contracting Practices**

Management Advisory Report

August 8, 2012

Report Number CA-MA-12-002



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

HIGHLIGHTS

August 8, 2012

Benchmarking Sustainability Contracting Practices

Report Number CA-MA-12-002

BACKGROUND:

The U.S. Postal Service's Supply Management organization has defined its sustainability goals in the *Strategic Sustainability Performance Plan*. The Postal Service states that its mission is to build socially responsible and sustainable supply chains and defines its community and environmental responsibility as focusing on green, sustainable, and lean supply chains. To accomplish this mission, Supply Management will focus on refining policies, practices, and contract requirements to include sustainable attributes and business practices.

Our objective was to identify best practices from other *Federal Acquisition Regulation (FAR)*-exempt federal agencies to improve the Postal Service's supply management purchasing policies and processes related to sustainability.

WHAT THE OIG FOUND:

The Postal Service is generally comparable with other FAR-exempt agencies in enhancing its sustainability efforts for contracting policies and practices. The Postal Service has established procurement policies addressing sustainability and has proactively set performance goals related to sustainability. The agencies we benchmarked are at various levels of incorporating sustainability in their supply management process. The

Postal Service is making strides to achieve its goal of incorporating sustainability efforts and improvements to its purchasing processes. We identified some innovative sustainability practices at other agencies related to achieving sustainability goals, policies and clauses, and training that the Postal Service should consider as it moves forward in achieving its supply management sustainability goals.

WHAT THE OIG RECOMMENDED:

We recommended that management, as part of their continued sustainability efforts, develop sustainability contract clauses and use, as guidance, those clauses provided by benchmarked agencies that are consistent with the Postal Service's sustainability goals. Training should be provided to contracting officials and relevant business partners, once the clauses are implemented.

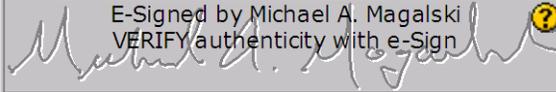
[Link to review the entire report.](#)



August 8, 2012

MEMORANDUM FOR: SUSAN M. BROWNELL
VICE PRESIDENT, SUPPLY MANAGEMENT

E-Signed by Michael A. Magalski
VERIFY authenticity with e-Sign

A rectangular box containing a handwritten signature in cursive, with the text "E-Signed by Michael A. Magalski" and "VERIFY authenticity with e-Sign" above it. A small yellow question mark icon is in the top right corner.

FROM: Michael A. Magalski
Deputy Assistant Inspector General
for Support Operations

SUBJECT: Management Advisory – Benchmarking Sustainability
Contracting Practices
(Report Number CA-MA-12-002)

This report presents the results of our review of the sustainability best practices at *Federal Acquisition Regulation*-exempt agencies (Project Number 11YG044CA000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Judith Leonhardt, director, Supply Management, or me at 703-248-2100.

Attachments

cc: Deborah Giannoni-Jackson
Trent Ensley
Douglas P. Glair
Corporate Audit and Response Management

TABLE OF CONTENTS

Introduction 1

Conclusion 1

Sustainability Plans and Goals 2

Contracting Sustainability Policies and Clauses 3

Training 4

Recommendation 4

Management’s Comments 5

Evaluation of Management’s Comments 5

Appendix A: Additional Information 6

 Background 6

 Objective, Scope, and Methodology 6

 Prior Audit Coverage 7

Appendix B: Benchmarking Survey Results 8

Appendix C: Sustainability Questionnaire 9

Appendix D: Sustainability Clauses 12

Appendix E: Management’s Comments 15

Introduction

This report presents the results of our review of the U.S. Postal Service's purchasing processes and policies related to sustainability (Project Number 11YG044CA000). The report is part of a value proposition between the Postal Service's vice president, Supply Management, and the U.S. Postal Service Office of Inspector General (OIG). Our objective was to identify the best practices of other federal agencies that are also exempt from complying with the *Federal Acquisition Regulation*¹ (FAR) to improve the Postal Service's supply management purchasing policies and processes related to sustainability. This review addresses strategic and operational risk.

Executive Order 13423² instructs federal agencies to conduct their environmental, transportation, and energy-related activities in an environmentally, economically and fiscally sound, integrated, continuously improving, efficient, and sustainable manner. Executive Order 13514³ was a follow-up to Executive Order 13423 and requires 95 percent of new contract actions, including task and delivery orders, to be energy and water efficient, bio-based,⁴ environmentally preferable, and non-ozone depleting, and contain recycled content or be non-toxic or be a less toxic alternative. None of the agencies included in the benchmarking, including the Postal Service, is required to comply with these orders.

The Postal Service's Supply Management organization is dedicated to enhancing sustainability. Part of its mission is to build socially responsible and sustainable supply chains and define its community and environmental responsibility as focused on green, sustainable, and lean supply chains. To accomplish its mission, Supply Management will focus on refining policies, practices, and contract requirements to include sustainable attributes and business practices where cost effective, relevant, and practical.

Conclusion

The Postal Service is generally comparable with other FAR-exempt agencies in enhancing its sustainability efforts for contracting policies and practices. The Postal Service has established procurement policies addressing sustainability and has

¹ Uniform policies and procedures for acquisition that regulate most executive agencies. The Postal Service and the agencies we benchmarked against are not bound by this regulation.

² Executive Order 13423, *Strengthening Federal Environmental, Energy, and Transportation Management*, January 2007.

³ Executive Order 13514, *Federal Leadership in Environmental, Energy, and Economic Performance*, October 2009.

⁴ Bio-based products are composed of biological products or renewable agricultural material.

proactively set performance goals related to sustainability. The agencies we benchmarked⁵ are at various levels of incorporating sustainability in their supply management process. Specifically, three agencies have a formal policy addressing sustainable procurement. The other two agencies did not have sustainability policies, but one incorporates sustainable contracting practices when it makes good business sense.

The benchmarked agencies have the following similarities with the Postal Service:

- Each agency was exempt from meeting the objectives of Executive Orders 13423 and 13514; however, in addition to the Postal Service, three of the five have included portions of the orders or similar goals (such as increasing sustainable contracting actions) to the extent possible, considering their feasibility and impact on the business.
- Three of the five agencies were in the beginning stages of obtaining sustainability data from their suppliers. The Postal Service is currently obtaining environmentally preferred product data for purchases made using the EBuy2 system⁶ and are exploring the potential of collecting data for off-catalog purchases (purchases not made through EBuy2).
- Two of the five agencies have considered incorporating sustainability into their best value determination⁷ when appropriate for specific commodities; however, as Supply Management officials have also noted, it would be difficult to evaluate and verify information provided by suppliers. In addition, it could place an undue burden on their suppliers, so they decided not to include mandatory sustainability factors as a part of determining best value.

See [Appendix B](#) for the detailed results of our benchmarking survey.

The Postal Service is making strides toward achieving its goal of incorporating sustainability efforts and improvements to its purchasing processes. We identified some innovative sustainability practices at other agencies related to achieving sustainability goals, policies, clauses, and training that the Postal Service should consider as it moves forward in achieving its supply management sustainability goals.

Sustainability Plans and Goals

Three agencies have incorporated Executive Order 13514 requirements into their sustainability goals. To help accomplish these goals, one agency requires its suppliers

⁵ Benchmarked agencies include National Railroad Passenger Corporation (AMTRAK), Bonneville Power Administration (BPA), Federal Aviation Administration (FAA), Federal Deposit Insurance Corporation (FDIC), and Tennessee Valley Authority (TVA).

⁶ EBuy2 automates the Postal Service's buying process from order to payment.

⁷ Postal Service defines best value as the outcome that provides the optimal combination of elements, such as lowest total cost of ownership, technology, innovation and efficiency, assurance of supply, and quality relative to the Postal Service's needs.

to complete a sustainability questionnaire when submitting a request for information or a request for a proposal. The questionnaire asks potential contractors to provide information regarding its environmental policies, practices, performance, and data on its available products or services. The agency uses this information to qualitatively measure and assess the environmental impact of supplier goods and services in sustaining its operations. See [Appendix C](#) for a list of questions included in the sustainability questionnaire.

The Postal Service's *Strategic Sustainability Performance Plan*⁸ provides Supply Management with three sustainability goals: (1) increase the number of environmentally preferable products available for purchase on the EBuy2 catalog system by 50 percent, (2) require all suppliers with contract commitments greater than \$500,000 to provide sustainability data, and (3) include standard Postal Service sustainability clauses in all new contract actions.

The Postal Service has also made sustainability part of its Delivering Results, Innovation, Value, and Efficiency initiative that includes reducing its energy consumption; and engaging employees, customers, and suppliers. To meet these goals, the Postal Service is currently enhancing the EBuy2 system to reflect environmentally preferable products and actively engaging in our benchmarking of similar federal agencies to obtain their best practices. Further, the Postal Service has an ongoing initiative to capture off-catalog, environmentally preferable product sustainability data. Examples include migrating from an Excel-based data capture process to an enhanced web-based system and building a sustainability module to capture off-catalog sustainability data. As these efforts evolve and come to fruition, the Postal Service should also consider using tools, such as supplier surveys in obtaining pertinent sustainability data.

Contracting Sustainability Policies and Clauses

Three of the five benchmarked agencies indicated they have incorporated sustainability into their policies and standard contract clauses. The policies included procuring products and services that promote energy and water efficiency, recycled content, and low- or non-toxic chemicals. We noted that clause relevance depends on the mission and commodity purchase activity inherent to each agency and not all clauses will be relevant for all agencies. Agencies also incorporated clauses into their procurement activities addressing the requirements of Executive Order 13514. As an example, one clause regarding energy efficiency requires that applicable purchases be ENERGY STAR-certified or be placed in the upper 25th percentile of efficiency for similar products. Two other examples are clauses that require the use of bio-based and non-ozone depleting items, as designated by U.S. Department of Agriculture and the U.S. Environmental Protection Agency. These clauses also provide specific guidance to suppliers and helpful clarification. See [Appendix D](#) for a detailed list of sustainability clauses.

⁸ *Strategic Sustainability Performance Plan*, June 3, 2011.

The Postal Service's Supplying Principles and Practices (SP&Ps) currently contain limited guidance related to sustainability.⁹ Specifically, they state that promoting an environmentally responsible supply base furthers the Postal Service's business interests. The SP&Ps do not currently contain sustainability clauses; however, Supply Management plans to develop additional clauses, which should be warranted from a business sense, relevant, consistent with existing policies, and practical, given resource constraints. The Postal Service's *Strategic Sustainability Performance Plan* sets a goal to include sustainability clauses in all new contract actions, beginning in 2015. The Postal Service might benefit by adopting specific clauses similar to those used by benchmarked agencies to provide detailed requirements for its suppliers.

Training

Two agencies developed training to educate contracting personnel on sustainable acquisition requirements, and one agency plans to train contracting officer representatives and business partners to increase program awareness. The training materials these agencies use focus on information related to the overall strategy of the organization, reporting requirements, overall vision regarding sustainability, supply chain opportunities, and long-term benefits. The Postal Service has not yet included training as a part of its contracting sustainability plans but indicated it will consider training when incorporating sustainability in its SP&Ps or other purchasing policies. The Postal Service also uses the Supply Chain Academy Education Framework, which provides general training on supply chain sustainability issues. Providing supply management sustainability training not only to Postal Service contracting personnel but also to its business partners could provide valuable insight and help establish the importance of incorporating sustainability into both the Postal Service and contractor purchasing processes.

Recommendation

We recommend the vice president, Supply Management, as part of the continued sustainability efforts:

1. Develop sustainability contract clauses and use, as guidance, those clauses provided by benchmarked agencies that are consistent with the Postal Service's sustainability goals. Training should be provided to contracting officials and relevant business partners, once the clauses are implemented.

⁹ SP&Ps, December 12, 2011.

Management's Comments

Management agreed with the findings and recommendation. Specifically, management stated their *Strategic Sustainability Performance Plan* established a goal to develop and include sustainability clauses in all new contract actions in 2015. Management will use the results of this report to establish relevant policy and clauses for use in Postal Service contracts. As a part of their policy development and change process, management will offer knowledge sharing sessions to purchasing specialists and clients, in coordination with the publication of any new or updated policies. See [Appendix E](#) for management's comments, in their entirety.

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendation and corrective action should resolve the issues identified in the report. Management requested that we close the recommendation based on their on-going actions to develop sustainability clauses, and this recommendation will be closed with issuance of this report.

Appendix A: Additional Information

Background

The Postal Service's Green Purchasing Plan defines sustainability as "buying green, being green, and selling green." In an effort to embody this definition, the Postal Service has made enhancing sustainability one of the main objectives in its *Five-Year Strategic Plan for 2009-2013* and appointed its first vice president of Sustainability in 2008. In addition, the Postal Service's *2011 Strategic Sustainability Performance Plan* describes its sustainability goals and implementation initiatives. The Postal Service has 15 corporate sustainability goals and has assigned Supply Management with the following three goals: (1) increase the number of environmentally preferable products, (2) require all contractors with current contract commitments of \$500,000 or more to provide sustainability data, and (3) include standard sustainability clauses in all new contracts.

Supply Management is also dedicated to enhancing sustainability in its procurement practices and has defined its goals to do so in various policies and plans. In the Supply Management *Three-Year Strategic Plan, 2010-2012*, the Postal Service states that its mission is to build socially responsible and sustainable supply chains and define its community and environmental responsibility as focusing on green, sustainable, and lean supply chains. To accomplish this mission, Supply Management will focus on refining policies, practices, and contract requirements to include sustainable attributes and business practices. Supply Management has incorporated sustainability into its SP&Ps by explaining that the Postal Service is committed to encouraging its suppliers to promote and enhance environmental responsibility when conducting business with the Postal Service. They have also partnered with the OIG in this review of the best practices of other FAR-exempt agencies to improve Supply Management's purchasing policies and processes related to sustainability.

Executive Order 13423, signed by President Bush in January 2007, instructs federal agencies to conduct their environmental, transportation, and energy-related activities under the law in support of their respective missions, in an environmentally, economically and fiscally sound, integrated, continuously improving, efficient, and sustainable manner. Executive Order 13514, signed by President Obama in October 2009, was a follow-up to Executive Order 13423 and requires 95 percent of new contract actions — including task and delivery orders — to be energy- and water-efficient, bio-based, environmentally preferable, non-ozone depleting, contain recycled content, or be non-toxic or be a less toxic alternative.

Objective, Scope, and Methodology

Our objective was to identify the best practices of other FAR-exempt federal agencies to improve Supply Management's purchasing policies and processes related to sustainability.

As part of our value proposition with the vice president, Supply Management, we selected the following government entities that are also exempt from the FAR:

- BPA — provides power to its Pacific Northwest customers and constituents.
- TVA — provides electricity, manages the Tennessee River system, and provides environmental stewardship.
- FDIC — insures deposits, manages receiverships, and examines and supervises financial institutions for safety, soundness, and consumer protection.
- AMTRAK — provides intercity travel connections to and between the nation's key metropolitan areas.
- FAA — regulates civil aviation, develops aviation technology, and operates air traffic control.

To accomplish our objective, we, with Postal Service officials, surveyed each agency to gain insight on how sustainability is incorporated into its contracting policies and conducted interviews with those who were available to discuss best practices and knowledge sharing. We also surveyed and interviewed Postal Service officials to obtain their progress on the sustainability goals and reviewed Postal Service and benchmarked agency sustainability documentation.

We conducted this review from August 2011 through August 2012, in accordance with the Council of the Inspectors General on Integrity and Efficiency, *Quality Standards for Inspection and Evaluation*. We discussed our observations and conclusions with management on July 18, 2012, and included their comments where appropriate.

[Prior Audit Coverage](#)

The OIG did not identify any prior audits or reviews related to the objective of this review.

Appendix B: Benchmarking Survey Results

Questions	POSTAL SERVICE	AGENCY A	AGENCY B	AGENCY C	AGENCY D	AGENCY E
Required by law to follow Executive Orders 13423 and 13514?	NO	NO	NO	NO	NO	NO
Have purchasing policy statements regarding sustainability?	NO	YES	YES	YES	NO	NO
Use sustainability provisions and/or clauses in solicitations and contracts?¹⁰	YES	YES	YES	YES	NO	NO
Sustainability used as an evaluation factor when evaluating proposals?¹¹	YES	YES	YES	NO	NO	NO
Sustainability factored into contract award decisions?	YES	YES	YES	NO	NO	NO
Required to provide reports related to sustainability to agency head?	YES	YES	YES	YES	NO	NO
Organization's suppliers report sustainability data to the agency?	YES	NO	YES	YES	NO	YES
Work with suppliers to develop new ways to increase sustainability?	YES	NO	NO	YES	NO	YES
Participate in collaborative sustainability innovation with customers?	YES	NO	NO	YES	NO	YES
Researched the cost of implementing sustainability in contracts?	NO	YES	YES	NO	NO	NO
Determined the goodwill branding associated with implementing sustainability in procurement practices?	NO	NO	NO	NO	YES	NO

¹⁰ Agencies noted that provisions/clauses are used for specific acquisition categories when deemed appropriate by the contracting officer.

¹¹ Agencies stated they use sustainability as a factor, when deemed appropriate by the contracting officer.

Appendix C: Sustainability Questionnaire

TVA uses supplier surveys to determine the extent of its supplier's green policies, practices, and products. Questions included in its survey are listed as follows (the full survey is on TVA's public website):¹²

1. The environmental & sustainability profile for your company:

- A. Please detail and explain any notices of environmental violations occurring within the last 2 years.
- B. Please provide details about any third-party green certifications your organization has received or any programs you are working toward.
- C. Check all that apply regarding greenhouse gas (GHG) emissions at your organization:
- GHG emissions are not currently measured.
 - GHG emissions are measured and trended.
 - A voluntary commitment to reduce GHG emissions has been established.
 - A GHG emissions reduction program is in place.
 - GHG emissions are publicly reported.
- D. Check all that apply regarding energy consumption at your organization:
- Energy consumption is not currently measured and trended.
 - Energy consumption is measured and trended.
 - A voluntary program to improve energy efficiency is in place.
 - An energy efficiency goal has been established.
 - Renewable energy is utilized as part of meeting energy needs.
 - Has your energy consumption been changing (increasing or decreasing) over the past 5 years? Explain.
- E. Check all that apply regarding non-hazardous waste generation (e.g., commercial and industrial) at your organization:
- Non-hazardous waste generation is not measured and trended.
 - Non-hazardous waste generation is measured and trended.
 - Voluntary commitments to reduce non-hazardous waste generation are in Place.
 - Progress toward reducing non-hazardous waste generation is publicly communicated.
 - Recycling and/or reuse of non-hazardous waste is utilized as part of meeting waste goals.
 - Recycling and/or reuse of non-hazardous waste is measured and trended.

¹² https://supplier.tva.gov/Documents/Supplier_Environmental_Sustainability_RFP_Questions.pdf.

F. How do you incorporate any recycled materials, particularly from post-consumer sources, into your production or manufacturing processes? Check the options that apply.

- Post-consumer source are end products generated by consumers that are diverted from the solid waste stream for re-use in the manufacture of a new product.
- Post-consumer waste is distinguished from pre-consumer waste, which is the re-introduction of manufacturing scrap (such as trimmings from paper production, defective aluminum cans, etc.) back into the manufacturing process.
- Other (please explain).

2. The integration of environmental considerations and best practices into standard business practice:

G. Are your supply chain transactions electronically transmitted and received? (e.g., electronic invoices and payments). If not, are you willing to start?

H. Are your organization's environmental performance results reported externally? (e.g., website, published in a sustainability/environmental report, included in an annual report or other published document)

3. The ability to offer innovative products/materials to improve environmental performance:

I. Describe any opportunities where your organization can collaborate with us to improve our environmental performance (e.g., redefining shipment frequencies, packaging requirements, shipment sizes, material reduction, etc.).

4. Leadership and sharing of learning and best practices with employees, suppliers, and customers, as applicable:

J. How does your organization currently work with its suppliers on their environmental performance and the impact of climate change on their business? (e.g., through purchasing requirements, education, training).

K. Describe any program you offer similar to a Product Take Back Program. (TVA defines a Product Take Back Program as an environmentally preferred approach where the supplier assumes physical responsibility for products and/or packaging at the end of their useful lives for re-manufacture, refurbishment or safe disposal. Examples include: electronics, furniture, power tools, batteries, cardboard, etc.).

5. Please list and describe your green products and/or services.

Products and services meeting TVA’s green specifications, as identified in TVA’s Green Products List, are TVA’s preferred choice. The list is available at http://supplier.tva.gov/Green_Products.html.

Product/Service	Description	If this product or service meets TVA’s green specifications, according to TVA’s Green Products List, please identify the appropriate green code or codes (as listed on the Green Products List). Leave blank, if not applicable.
Sample: Electric Motors	energy efficient 1-500 hp motor	B - Energy Star

Appendix D: Sustainability Clauses

BPA is one agency that incorporates sustainability clauses into its contracting actions. A list of its sustainability clauses is below. Additional details on BPA's clauses can be obtained from its website.¹³

Clean Air and Water

Facilities listed on the EPA List of Violating Facilities shall not be used in the performance of this contract. The contractor agrees to meet Clean Air and Water standards as identified in 42 U.S.C. 7401 et seq., Executive Order 11738, and any implementation plan described in 42 U.S.C. 1342 as well as local government with pretreatment regulations (33 U.S.C. 1317). The contractor shall comply with all requirements of the Clean Air Act (42 U.S.C. 7414) and the Clean Water Act (33 U.S.C. 1318) relating to inspection, monitoring, entry, reports and information, and all regulations and guidelines.

Ozone-Depleting Substances

- (a) In the performance of this contract, the Contractor shall advance the use of non - ozone depleting products that are EPA-designated items unless—
- (1) The product cannot be acquired—
 - (A) Competitively within a time frame providing for compliance with the contract performance schedule;
 - (B) Meeting contract performance requirements; or
 - (C) At a reasonable price.
 - (b) "Ozone-depleting substance," as used in this clause, means any substance the Environmental Protection Agency designates in 40 CFR Part 82 as—
 - (1) Class I, including, but not limited to, chlorofluorocarbons, halons, carbon tetrachloride, and methyl chloroform; or
 - (2) Class II, including, but not limited to, hydrochlorofluorocarbons.
 - (c) The Contractor shall label products which contain, or are manufactured with, ozone-depleting substances in the manner and to the extent required by 42 U.S.C. 7671j(b), (c), and (d) and 40 CFR Part 82, Subpart E, as follows:
Warning
Contains (or manufactured with, if applicable) * _____, a substance(s) which harm(s) public health and environment by destroying ozone in the upper atmosphere.

The Contractor shall insert the name of the substance(s).

¹³ <http://www.bpa.gov/corporate/business/bpi/>.

Refrigeration Equipment

The Contractor should make every effort to comply with the applicable requirements of Sections 608 and 609 of the Clean Air Act (42 U.S.C. 7671g and 7671h) as each or both apply to this contract. For more information on Section 608 (general refrigeration), see: http://www.epa.gov/ozone/title6/downloads/Section_608_FactSheet2010.pdf. For more information on Section 609 (motor vehicle air conditioning), see: http://www.epa.gov/ozone/title6/downloads/Section_609_FactSheet2010.pdf.

Energy Efficiency in Energy

- (a) “Energy-Efficient Product” means a product that meets Department of Energy and EPA criteria for use of the Energy Star trademark label; or is in the upper 25 percent of efficiency for all similar products as designated by the Department of Energy’s Federal Energy Management Program.
- (b) Unless otherwise approved in writing by the Contracting Officer, the Contractor and its subcontractors shall make every effort to ensure that energy-consuming products are Energy-Efficient Products at the time of contract award, for products that are—
- (1) Delivered; or acquired by the Contractor for BPA use or for performing services at a BPA facility; or
 - (2) Specified in the design of a building or work, or incorporated during its construction, renovation, or maintenance.
- (c) Information about these products is available for—
- (1) ENERGY STAR® at <http://www.energystar.gov/products>; and
 - (2) FEMP at http://www1.eere.energy.gov/femp/procurement/eep_requirements.html.

EPA Designated Items

- (a) In the performance of this contract, the Contractor shall advance the use of products containing recovered materials as designated by the EPA’s Comprehensive Procurement Guideline (CPG) program unless the product cannot be acquired—
- (1) Competitively within a timeframe providing for compliance with the contract performance schedule;
 - (2) Meeting contract performance requirements; or
 - (3) At a reasonable price.
- (b) Information about this requirement is available at EPA’s CPG web site, <http://www.epa.gov/osw/consERVE/tools/cpg/database.htm>. The list of EPA designated items is available at <http://www.epa.gov/osw/consERVE/tools/cpg/index.htm>.

Bio-Based Product

- (a) In the performance of this contract, the Contractor shall advance the use of bio-based products that are United States Department of Agriculture (USDA)-designated items unless—
- (1) The product cannot be acquired—

- (A) Competitively within a time frame providing for compliance with the contract performance schedule;
 - (B) Meeting contract performance requirements; or
 - (C) At a reasonable price.
- (b) Information about this requirement and these products is available at www.usda.gov/biopreferred.

Appendix E: Management's Comments

SUSAN M. BROWNELL
VICE PRESIDENT, SUPPLY MANAGEMENT



August 3, 2012

LUCINE M. WILLIS

SUBJECT: Response to Draft Audit Report – Benchmarking Sustainability Contracting Practices (Report Number CA-MA-12-DRAFT)

We appreciate the opportunity to review and comment on the subject draft report. It was a pleasure working with the Office of Inspector General (OIG) and participating in this value proposition. Management generally agrees with the OIG's findings and recommendation. The benchmarking results will be extremely useful in assisting Supply Management with its sustainability goals. We have gained an understanding of how and where other non-Federal Acquisition Regulation agencies are with implementing sustainable supply chain initiatives and their challenges. We want to thank these agencies for participating in this value proposition. The benchmarking results validate Supply Management's sustainable supply chain goals and approach.

AUDIT RECOMMENDATIONS

We recommend the vice president, Supply Management, as part of the continued sustainability efforts:

Recommendation 1. Develop sustainability contract clauses and use, as guidance, those clauses provided by benchmarked agencies that are consistent with the Postal Service's sustainability goals. Training should be provided to contracting officials and relevant business partners, once the clauses are implemented.

Management Response/Action Plan: Management agrees. Our *Strategic Sustainability Performance Plan*, dated June 3, 2011, established the goal to develop and include sustainability clauses in all new contract actions beginning in 2015. We will use these benchmark results to establish relevant policy and clauses for use in our contracts. As part of our policy development and change process, we always offer knowledge sharing sessions to our purchasing specialists and clients in coordination with the publication of any new or updated policies.

Target Implementation Date: Since this value proposition assisted the Postal Service with benchmarking efforts as requested and validated actions included in our corporate *Strategic Sustainability Performance Plan*, we request the OIG's consideration to close this recommendation with issuance of the final report.

Responsible Official: Manager, Supply Management Infrastructure, Supply Management.

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This report and management's response do not contain proprietary or sensitive business information that may be exempt from disclosure pursuant to the Freedom of Information Act. If you have any questions about this response, please contact Susan Witt at (202) 268-4833.

A handwritten signature in cursive script that reads "Susan M. Brownell".

cc: Deborah Giannoni-Jackson
Trent Ensley
Donna Schoenbeck
Corporate Audit and Response Management