

UNITED PARCEL SERVICE, INC.
CORPORATE GOVERNANCE GUIDELINES

Effective November 7, 2019

The Company's shareowners elect the Board of Directors (the "Board"). The Board establishes policy for the Company and provides oversight of the Company's management.

I. Board Structure

The Company's Amended and Restated Bylaws provide that the number of directors shall be not less than seven nor more than sixteen, as determined from time to time by resolution of the Board. The Board's membership includes a majority of independent directors.

II. Definition of Independent Director

An "independent director" is a director who satisfies all criteria for independence of a director established by the New York Stock Exchange, as determined by the Board. The Board has adopted the standards set forth on Attachment A to these Guidelines to assist in assessing director independence. The Board determines at least annually whether each director is independent.

III. Board Committees

The Board currently has five standing committees: Audit; Compensation; Executive; Nominating and Corporate Governance; and Risk. Committee membership, including the number and identity of directors comprising a committee and the director designated as committee chair, is determined by the full Board, acting with the recommendation of the Nominating and Corporate Governance Committee. The membership of the committees and committee chair service are rotated on a periodic basis. From time to time, the Board may provide for other standing or special committees as are necessary to carry out its responsibilities.

IV. Annual Election of Directors

Each director is elected by the shareowners annually for a one year term.

V. Majority Voting and Director Resignation Policy

The Company's Amended and Restated Bylaws require majority voting in uncontested director elections. As a result, directors are elected by a majority of the votes cast, which means that the number of shares voted "for" a director must exceed the number of shares voted "against" that director. The Nominating and Corporate Governance Committee has established procedures for any director who is not elected to tender his or her offer to resign.

Upon receiving the director's offer to resign, the Nominating and Corporate Governance Committee will recommend to the Board whether to accept or reject the offer to resign, or whether other action should be taken. In determining whether or not to recommend that the Board accept any resignation offer, the Nominating and Corporate Governance Committee may consider all factors believed relevant by the Committee's members. If a majority of the members of the Nominating and Corporate Governance Committee were required to tender their offers of resignation as provided above, the independent directors on the Board who were not required to tender their offers of resignation will act as a committee to consider the offers and recommend to the Board whether or not to accept them.

The Board will act on the Nominating and Corporate Governance Committee's recommendation within ninety (90) days following certification of the election results. In deciding whether or not to accept an offer to resign as well as, if applicable, the effective date of the Board's acceptance of the offer to resign and any other conditions, the Board will consider the factors considered by the Nominating and Corporate Governance Committee and any additional information and factors that the Board believes to be relevant. Any director who offers to resign shall recuse him or herself from the Board vote unless the number of independent directors who were successful incumbents is fewer than three.

Thereafter, the Board will promptly publicly disclose its decision regarding any offer to resign (including the reason(s) for rejecting the resignation offer, if applicable). If the Board determines to accept a director's offer to resign pursuant to this process, the Nominating and Corporate Governance Committee will recommend to the Board and the Board will thereafter determine whether and when to fill such vacancy or reduce the size of the Board.

VI. Shareowner Advisory Vote on Executive Compensation (Say-on-Pay)

It is the Board's policy that the Company will submit to a vote at each annual shareowners meeting an advisory (non-binding) resolution on the compensation of the Company's named executive officers, as described in the Compensation Discussion and Analysis section and in the compensation tables and accompanying narrative disclosure set forth in the proxy statement for such meeting. Every six years the Company will submit for a shareowner advisory vote the frequency of future advisory votes on executive compensation.

VII. Board and Chief Executive Officer Evaluations

The Board annually evaluates its own performance and that of the Company's Chief Executive Officer. Board evaluations are administered by the Nominating and Corporate Governance Committee; the Chief Executive Officer evaluation is administered by the Compensation Committee.

VIII. Board Interaction with Institutional Investors, the Media and Customers

As a general matter, management should speak for the Company. Under some circumstances, Board members may interact with the Company's various constituencies in compliance with the UPS Disclosure Policy.

IX. Board Compensation

All non-management directors of the Company will be compensated and reimbursed for their services as a director. A meaningful portion of each non-management director's compensation is provided in Company stock, stock options or other forms of equity. Board compensation is administered in a way so as not to compromise directors' independence.

The Compensation Committee's independent compensation consultants report from time to time on the status of Board compensation in relation to other leading U.S. corporations. The Board has delegated to the Compensation Committee the responsibility to recommend changes, if any, to non-management directors' compensation. Any such recommended changes are discussed and approved by the full Board.

X. Stock Ownership Guidelines

To further align the interests of management and directors with those of the Company's shareowners, the Board has adopted stock ownership guidelines that extend to most levels of management and to members of the Board. The guidelines are based on the Company's expectation that each executive officer and director will maintain a targeted level of investment in the Company's stock. Target ownership for the Chief Executive Officer is eight times annual salary, and for the other executive officers is five times annual salary. The target for non-management directors is five times their annual retainer.

Shares of Class A common stock, deferred units and vested and unvested Restricted Stock Units (RSUs) and Restricted Performance Units (RPU) are considered as owned for purposes of calculating ownership. Executive officers and directors are expected to reach target ownership within five years of either the adoption of the guidelines or the date that the executive officer or director became subject to the guidelines.

XI. Board Membership Criteria, Committee Appointments and Selection of New Director Candidates

The Board has delegated to the Nominating and Corporate Governance Committee the responsibility for reviewing and recommending nominees for membership on the Board and appointments to Board committees, including evaluating and making a recommendation to the Board as to the independence of all directors.

The Nominating and Corporate Governance Committee's objective is to maintain a Board of individuals of the highest personal character, integrity and ethical standards, and that reflects a range of professional backgrounds and skills relevant to the Company's business. The Committee identifies new director candidates through a variety of sources, including recommendations from shareowners and independent third parties.

In evaluating each candidate, the Committee considers factors such as personal character, values and disciplines, independence, ethical standards, diversity, other outside commitments, professional background, skills, experiences and relevant subject matter expertise, all in the

context of an assessment of the needs of the Board at that point. Each director candidate is expected to provide that other existing and planned future commitments do not materially interfere with his or her responsibilities as a director.

An invitation to join the Board may be extended on behalf of the entire Board by the Chairman and/or by the Chair of the Nominating and Corporate Governance Committee.

XII. Director Orientation

The Board and management have established an orientation and education process for directors, including background materials, meetings with senior management and visits to Company facilities.

XIII. Board Leadership

The Board, upon recommendation of the Nominating and Corporate Governance Committee, selects the Company's Chairman. The Board is free to select a Chairman in any manner that is best for the Company at a given point. The Board believes that it is in the best interests of the Company for the Board periodically to evaluate and make changes, as appropriate, to the Board's leadership structure.

From time to time, the Board will decide, in its business judgment, whether to have the same person occupy the offices of Chairman and Chief Executive Officer after considering relevant factors, including the specific needs of the business and the best interests of the Company. If the positions of Chairman and Chief Executive Officer are combined, or if the Chairman is not an independent director, the independent directors will appoint an independent director to serve as the lead independent director for a period of at least one year.

The lead independent director's responsibilities include: (a) presiding at meetings of the Board at which the Chairman is not present, including executive sessions of the non-management and independent directors; (b) approving information sent to the Board; (c) approving the agenda and schedule for Board meetings to provide that there is sufficient time for discussion of all agenda items; (d) serving as liaison between the Chairman and the non-management and independent directors; and (e) being available for consultation and communication with major shareowners upon request. The lead independent director also has the authority to call executive sessions of the non-management and independent directors.

XIV. Former Chief Executive Officer on the Board

The Company's immediate-past Chief Executive Officer may, at the discretion of the Board, continue to serve on the Board following his or her retirement as Chief Executive Officer.

XV. Retirement

A director should not be eligible for nomination or election as a director of the Company after he or she attains the age of 75.

XVI. Changes in Director's Professional Status

A director will promptly notify the Chair of the Nominating and Corporate Governance Committee of his or her retirement or resignation from, or any other significant change in, his or her business or professional roles or responsibilities. This notification requirement applies both to management and non-management directors.

Upon the receipt of such a notification, the Nominating and Corporate Governance Committee will evaluate the appropriateness of the notifying director's continuing membership on the Board and, based upon this evaluation, recommend to the Board whether he or she should continue to serve as a director of the Company.

XVII. Service on Other Public Boards

Board members are expected to commit sufficient time to the Board in order to properly discharge their duties. It is in this regard that directors must obtain approval from the Chair of the Nominating and Corporate Governance Committee in advance of (i) accepting an invitation to serve on another public company board of directors, or (ii) significant commitments involving affiliations with other businesses or governmental units. Directors are also asked to notify the Chair of the Nominating and Corporate Governance Committee of any appointments to an audit committee, a committee chair position, a lead director position, or a board chair position on any other public company board.

In addition, it is the Board's policy that:

- (a) Non-management directors may not serve on more than four public company boards (including the UPS Board) without approval of the Chair of the Nominating and Corporate Governance Committee; and
- (b) Directors who are members of the Company's Audit Committee may not serve on the audit committees of more than three public companies concurrently (including the Company's Audit Committee) without approval of the Chair of the Nominating and Corporate Governance Committee.

XVIII. Board Access to Senior Management and Outside Advisors

Directors have reasonable access to members of the Company's management. Selected senior managers may be invited to attend all or part of each Board meeting. Other managers also may be invited to attend Board meetings as appropriate. The Board has the authority to retain such outside counsel, experts and other advisors as it determines necessary or appropriate to assist it in the performance of its functions.

XIX. Board Agendas and Materials

The Chairman and Chief Executive Officer, considering input from members of the Board, establishes the agenda for each Board meeting with the approval of the lead independent director.

Information and data that are important to the Board's understanding of the Company are distributed to the Board before it meets. In some cases, due to timing or the sensitive nature of an issue, materials are presented only at the Board meeting. Management distributes materials periodically between meetings to update the Board on the Company's interim operations and results.

XX. Succession Planning and Management Development

The Chief Executive Officer, with assistance from the Nominating and Corporate Governance Committee, reports to the full Board periodically on the Company's succession planning and management development efforts. The Chief Executive Officer will also, in consultation with the Nominating and Corporate Governance Committee, recommend to the Board a contingency succession plan in the event of the Chief Executive Officer's unplanned departure, disability or death.

XXI. Strategic Planning

The Board reviews the Company's long-term strategic plan at least annually and monitors implementation of the strategic plan throughout the year.

XXII. Meetings of Non-Management Directors

The non-management directors hold executive sessions without management present as frequently as they deem appropriate, typically at the time of each regular board meeting. The lead independent director determines the agenda for the session and, after the session, acts as a liaison between the non-management directors and the Chairman and Chief Executive Officer.

The lead independent director chairs the executive sessions. The lead independent director may invite the Chairman and Chief Executive Officer to join the session for certain discussions, as he or she deems appropriate. If the non-management directors include any directors who are not independent directors, then at least once a year there will be an executive session including only the independent directors.

XXIII. Director Attendance at Annual Meeting

It is the Board's policy that directors attend the annual meeting of shareowners.

ATTACHMENT A

An independent director is a director whom the Board has determined has no material relationship, other than as a director of the Company, with the Company or any of its consolidated subsidiaries, either directly, or as a partner, shareowner or officer of an organization that has a relationship with the Company. In addition, when determining whether a director is independent, the Board applies the categorical standards set forth below.

Under no circumstances is a director independent if:

1. the director is, or has been within the past three years, an employee of the Company, or an immediate family member of the director is, or in the past three years has been, an executive officer of the Company, other than on an interim basis;
2. (A) the director is a current partner or employee of a firm that is the Company's internal or external auditor; (B) the director has an immediate family member who is a current partner of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and who personally works on the Company's audit; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the Company's audit within that time;
3. the director, or a member of the director's immediate family, is or in the past three years has been, employed as an executive officer of another company where any of the Company's present executive officers at the same time or served on that company's compensation committee;
4. the director, or a member of the director's immediate family, has, in any twelve-month period within the past three years, received any direct compensation from the Company in excess of \$120,000, other than compensation for service on the Board or any of its committees, compensation received by the director's immediate family member for service as a non-executive employee of the Company, and pension or other forms of deferred compensation for prior service with the Company; or
5. the director is a current employee, or a member of the director's immediate family is a current executive officer, of a company that has made payments to or received payments from the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of the other company's consolidated gross revenues. For purposes of this section, a contribution to a tax-exempt entity is not a "payment."

An immediate family member includes a director's spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and anyone (other than a domestic employee) who shares the director's home.