



TNT BULGARIA

COMMUNICATION ON PROGRESS
REPORT

2010 – 2011

Statement of commitment



TNT Bulgaria is a member of UN Global Compact since 2003 and since then we have incorporated UNGC principles in our policies and practices. As an active member of the local network we have always supported the compact activities on a local level aimed at improving business and social environment through incarnating social responsibilities in the existing business standards. At times of world financial turbulences we have kept to our social responsibilities without compromising any of them.

I confirm that we continuously support the Global compact principles and we will further focus our efforts to sharing and disseminating the corporate responsibility idea among our stakeholders – employees, partners, customers and any other interested party.

A handwritten signature in blue ink, consisting of stylized initials and a long horizontal flourish extending to the right.

Ivan Vassilev
Country General Manager
TNT Bulgaria

GENERAL OVERVIEW

TNT Bulgaria is a part of TNT Express. It is established on December 22, 1995 and is one of the leading express distributors in Bulgaria.

TNT Bulgaria has developed a network of 6 offices and more than 20 representatives that covers the whole country. TNT Bulgaria offers a wide range of services. The country headquarters are based in Sofia and the other main depots are in Plovdiv, Varna, Burgas, Pleven and Sevlievo. The company prides itself on high standards of customer service, based on its philosophy of putting the customer at the center of its business, and acting as a business partner to devise professional solutions for their distribution needs.

TNT Bulgaria is managed by a management board that consists of 6 Managers headed by the Country General Manager.

At TNT Express we provide a wide range of express services to businesses and consumers around the world. We have a long-standing commitment both to protecting the environment, promoting social values and to conducting our operations with integrity and with respect for the interests of all our stakeholders. As a part of TNT Express TNT Bulgaria adheres to the above mission and values and respects TNT Business principles in our daily operations. We are committed to sound business conduct and we therefore manage our business according to our company standards and these *TNT Express Business Principles*.

Principles that guide our company

Legal and international regulations

We comply with the laws, rules and regulations of the countries in which we conduct business.

Public reporting and communication

Our financial statements, public reporting documents and other public communication provide full, fair, accurate, timely and understandable disclosure of TNT Express's position in accordance with relevant laws and generally accepted accounting principles and standards. We comply with all applicable laws and accounting rules, financial reporting requirements and requirements of the securities exchanges on which TNT Express N.V. is listed.

We maintain open and transparent communication with our customers, employees, shareholders and society, while giving due respect to confidentiality.

Public activities

We do not intervene in party political matters, nor do we make gifts or donations to political parties. Where it concerns our business, we – as a company – voice opinions on social, environmental, regulatory or other matters that may affect our shareholders, customers, employees and the world.

Human rights

We are committed to developing and promoting a culture where internationally recognised human rights contained within the Universal Declaration of Human Rights (proclaimed in a resolution of the United Nations General Assembly on 10 December 1948) are not infringed.

These TNT Express Business Principles outline our commitment to the human rights worldwide in four broad headings: our company, our employees, our business and our relationship to our world.

Safety

We provide all employees with safe and healthy working conditions.

We comply with relevant safety laws and regulations, and deploy policies that prevent, identify and eliminate hazards across our company and operations. Safety representatives and improvement groups exist throughout our company.

We strive to adopt best practices and to exceed legal safety requirements. We continually measure and assess our safety performance.

Principles that guide our employees

Employees

We seek to attract, develop, reward and retain outstanding individuals who appreciate the value of acting as a team. We create equal opportunities for all our employees, without regard to age, disability, ethnicity, gender, marital status, race, religion or sexual orientation.

We do not condone unfair treatment of any kind. We treat all people with consideration and respect.

We are committed to the Investors in People standard.

Individual conduct

Conflicts of interest

Employees may not take business opportunities for themselves that belong to TNT Express. Our employees must report to management any transaction or relationship that could reasonably be expected to give rise to a conflict of interest.

Company assets

Our employees may not use company assets for unauthorised personal benefit. We do not tolerate fraud, theft, loss through recklessness or waste of company assets.

Gifts and entertainment

Our employees must avoid improper personal benefits for themselves or family members that result from their association with TNT Express. Employees may not accept gifts or entertainment that might appear to place them under obligation.

Bribes

Our employees and agents may not pay or accept bribes to gain or render orders, services or financial or other benefits. Our employees and agents must immediately turn down and report any attempt at or opportunity for bribery.

Principles that guide our business

Customers

We strive to provide the most reliable and efficient solutions in the transfer of our customers' goods and documents.

We safeguard property and information entrusted to us by customers and other parties.

Competition

We believe in open and fair competition.

We do not use unethical practices to obtain competitive advantage. We will not use information acquired through illegitimate activity to the detriment of competitors or other parties.

Business associates and agents

Our Business Principles guide our decisions to do business or to partner with others. To the fullest extent possible, we require our business associates to observe the TNT Express Business Principles.

We expect our agents – individuals or organisations that legally represent TNT Express N.V. – to comply with the principles.

Principles that guide our relationship with our world

Social responsibility

To carry out our business, we use resources that impact society and the environment. We support and strive to implement developments that can lead to sustainable environmental and social benefits.

We strive to use finite resources carefully. We incorporate environmental risk management into our decision-making. We review and regularly report on progress in social responsibility.

We invest in society around the world, putting our resources to use in areas related to our business. Our social investment aims to promote the best outcome for our partners, stakeholders and our business.

We also support the principles of the United Nations Global Compact on human rights, employment standards, the environment and anti-corruption.

TNT Bulgaria joined the UN Global Compact in 2003. In 2010 we were re-elected as a member of the National Board of the local network which transformed into an independent organization with the withdrawal of United Nations Development Programme from the country. On 6th of May our CGM Mr. Ivan Vassilev was among the hosts and the few top managers in the country who participated at the official event where Mr. Ban Ki-moon, Secretary General of the United Nations signed a Memorandum of Understanding. It memorized the official launch of the Bulgarian Association as a self-sustained organization with the mission to promote corporate social responsibility among the Bulgarian business.

HUMAN RIGHTS

Principle One

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle Two

make sure they are not complicit in human rights abuses.

Being an example for a good corporate citizen TNT Bulgaria is dedicated to a responsible business conduct in compliance with TNT Business Principles. We are committed to develop and promote a culture where internationally recognised human rights contained within the Universal Declaration of Human Rights are not infringed.

TNT Bulgaria is a company committed to social, health and safety and ecological accountability to the personality and the society. As a result of this we have developed, certified and maintain an Integrated Management System responding to ISO9001, ISO14001, OHSAS18001, Investor in People and SA8000 Standards. Our system is based on principles like: quality service assurance, strong social responsibility by respecting personality and human rights and constant improvement of the environment and the working conditions. TNT Bulgaria is certified towards 5 internationally recognized standards three of which are directly addressing the human rights.

FTE Coverage	ISO 9001	OHSAS 18001	ISO 14001	SA 8000	Investor in People
2010	100%	100%	100%	100%	100%
2011	100%	100%	100%	100%	100%
Initial certification in	2001	2006	2006	2005	2001

All employees are treated equally with dignity and respect and are given fair and transparent remuneration according all local and corporate regulations. New recruits are presented with detailed information about their job profile, responsibilities and benefits. Employment is freely chosen in TNT Bulgaria. In TNT Bulgaria we conduct regular market researches for basic needs calculation in order to ensure fair and worthy payment of our employees. At the time of world financial turbulences and constantly increasing unemployment TNT Bulgaria succeeded in retaining its employees with keeping the salary levels which has a very positive and motivating impact over the personnel.

In June 2011 the company was re-certified towards **Social Accountability 8000** for a second time. In the audit report it was written that: *“The overall audit trail showed that the management system is very well maintained. The personnel of the organization were emotionally prepared for the performed audit and very well motivated. Good impressions were established by the fact that during the audit trail audited employees were open minded, friendly, and willing to benefit from the audit. No non-conformities has been raised.”*

In 2002 TNT and WFP started a long-term partnership named **Moving the World** focused on mutual efforts to eliminate world hunger. Our partnership permits us to share our experience

in logistics and transportation and thus to have maximum influence in the fight against hunger.



End Hunger: Walk the World is the world's largest annual global event to raise money and awareness for WFP's efforts to fight child hunger and malnutrition. The Walk is a joint effort of WFP and its corporate partners, led by TNT (in 2003), Unilever and DSM. Employees from these companies walk with WFP Goodwill Ambassadors, staff, and beneficiaries as well as government and NGO partners to show their solidarity in the fight against hunger and malnutrition.

The aim of Walk the World is threefold: to raise awareness about hunger and WFP's work, to create employee engagement and to raise funds for WFP's school feeding problem. The funds are used to support WFP's School Feeding Programme in Nicaragua, Cambodia, The Gambia, Tanzania and Malawi.

Taking place across 24 time zones in 24 hours, the 1 day event put a spotlight on the problem of child hunger. Since Walk the World began nine years ago, it has mobilised over two million participants and fed over 200,000 children in school.

TNT Bulgaria has participated in the annual Walk the World events since the initial launch in 2003 organizing local walks each year. On June 6th 2010 and June 5th 2011 TNT Bulgaria employees, their families and friends joined the initiative focused on raising the awareness of the problem and fundraising and together with this celebrating the international Day of the Child – June 1st with various sport activities and animation especially for the kids.

In 2011, TNT Bulgaria succeeded to raise enough money to ensure the daily food ration of 13 children in Tanzania for a whole year (0,19 USD is the cost to feed a child for a day at school). School meals contribute over the long term to fight world hunger and poverty as well as reducing diseases. Up to now with the annual events we have succeeded to raise enough money to feed approximately 180 hungry children in the schools of TNT Bulgaria's twinning country Tanzania.

Another important part of the Moving the World project is *the Fleet Forum organisation and its annual events*. The **Fleet Forum** is a joint initiative by the International Federation of the Red Cross, the World Food Programme, World Vision International, and TNT, who together represent a wide humanitarian community of the governmental and Non-Governmental Organisations (NGOs). Through the Joint Supply Chain Initiative TNT brings expertise from the commercial sector and from its projects with WFP, to the forum.

At the end of 2010, TNT Bulgaria's Marketing & PR Coordinator was chosen among many candidates for a 4-month assignment to contribute with her expertise and knowledge to the organization and the success of the annual Fleet Forum special events in 2011. Her main responsibilities included: the preparation and execution of two external events - Breakfast Session During World Economic Forum in Davos (January 2011) and the Fleet Forum Annual Conference in Geneva (March 2011); to liaise with Fleet Forum stakeholders, partner organisations (FIA Foundation and HUMANAV) and sponsors in order to organise both events and others.

During the Annual Conference event, which was held in the end of March in Geneva, Fleet Forum also announced two strategic partnerships. The first is in the environmental pillar: Fleet Forum signed a Memorandum of Understanding with Nissan to actively work together to reduce the environmental footprint of fleet operations in low and middle income countries. Fleet Forum also entered a partnership with North Star Alliance. North Star Alliance is operating road side wellness centres across Africa focussing on truck drivers' health. Together with North Star, Fleet Forum will develop training modules which will allow drivers to learn while they are on the road. With the ultimate goal to make transport in low and middle income countries safer and healthier. The Fleet Forum Annual Conference 2011 was a big success. And we are proud that through our Marketing & PR Coordinator, TNT Bulgaria has also contributed to it.

LABOUR

Principle Three

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle Four

the elimination of all forms of forced and compulsory labour;

Principle Five

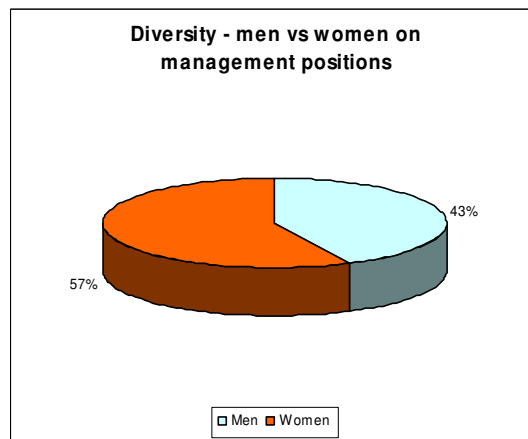
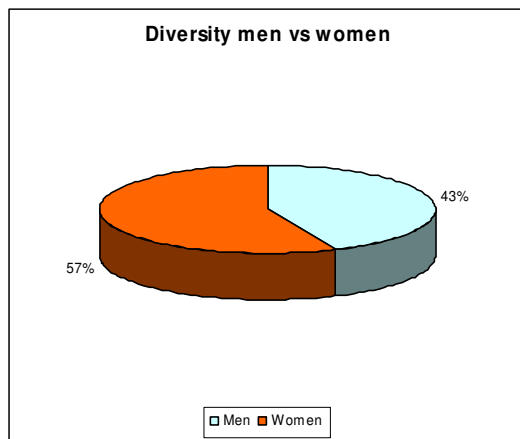
the effective abolition of child labour; and

Principle Six

eliminate discrimination in respect of employment and occupation.

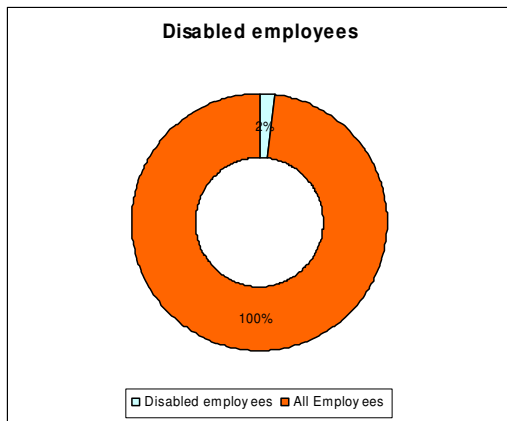
In TNT Bulgaria we treat equally all employees ensuring the same working conditions to all staff and without any discrimination based on age, disability, ethnicity, gender, marital status, race, religion or sexual orientation. The company treats all personnel with dignity and respect and does not tolerate any disciplinary action which may humiliate any of the employees. We are committed to the appliance of the requirements of the SA8000, OHSAS18001 and Investor in People standards and our performance is regularly audited.

In confirmation of the above the split is between men and women in the company and further to that the split between men and women on managerial positions.



Refers to June 2011

As written above we do not apply any discrimination to employees with disabilities and disabled people are provided with the opportunity to apply for job and work for TNT. There are people with disabilities working for TNT Bulgaria.



In TNT Bulgaria we do not use and do not tolerate the usage of a child labour. The younger worker in the company is 21 years old. Employment is freely chosen in TNT and all employees have signed contracts, registered within the National Assurance Institute as stipulated in the law. Employees' records are regularly checked by the SA auditors and further confirmation is done during the face-to-face interviews between employees and the auditors.

In TNT we strongly believe in diversity and inclusion. We do not tolerate nieghter discrimination on sexual orientation nor improper behaviour and interference related to the matter. Quite on the contrary in 2005 **TNT Pride network** was founded uniting gay, lesbian, bisexual and transgender colleagues. Rather a forum than a union, it focuses on promoting inclusion, understanding and support among TNT colleagues on gay, lesbian and bisexual issues. A colleague from TNT Bulgaria joined the network and in August 2011 supported by the company participated at the Gay Pride parade in Amsterdam for a second time.

In March 2010 TNT Bulgaria joined the project "**Bridge to the Business**", initiated by Roma Program of the Open Society Institute Sofia and "America for Bulgaria" Foundation which aimed at responding to the critical needs of Roma youths with higher education and good qualifications and helping them in the process of job finding.

The idea is to include the private sector as a valuable strategic and long-term partner as the participation of the private companies is crucial for the effective realization of the policies for Roma integration. The program focuses on lending support to the process of employment by assuring 3-months practices in leading companies with strong social engagement. After a series of interviews TNT Bulgaria had invited a young lady who was given the opportunity to work as a personal assistant to the country general manager due to the maternity leave of the titular of the position. After the period of three-month practice was over the lady was invited to join the team of TNT Bulgaria to a temporary replacement contract which eventually turned into a permanent one. In 2011 TNT Bulgaria hired another youth from the program at the position of a customer service representative. As a result of the project 6 of the 13 participants in the project find a permanent job. For its essential contribution to the program TNT Bulgaria was awarded a honorary diploma for socially-responsible partnership from the Open Society Institute.

As the company is certified towards SA8000 the employees has chosen their workers' representative – a lady, working as a PUD Team Leader who represents the employees on various forums one of which the biannual European working council meetings.

ENVIRONMENT

Principle Seven

Business should support a precautionary approach to environmental challenges;

Principle Eight

undertake initiatives to promote greater environmental responsibility; and

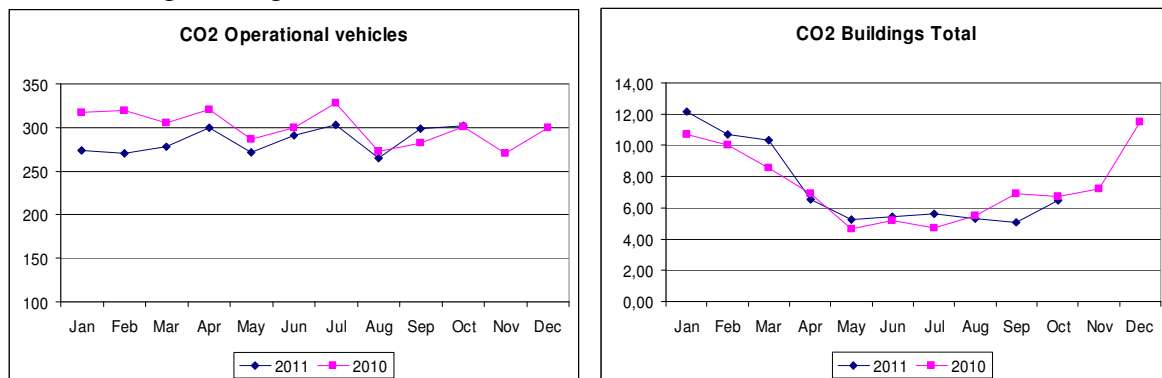
Principle Nine

encourage the development and diffusion of environmentally friendly technologies.

As a socially responsible company TNT Bulgaria is dedicated to a responsible business conduct in compliance with TNT Business Principles. TNT Business principles guide us to support and strive to implement developments that can lead to sustainable environmental and social benefits. We strive to use finite resources carefully. We incorporate environmental risk management into our decision-making. We review and regularly report on progress in social responsibility.

TNT Bulgaria has been certified towards ISO14001 since 2006 and has been regularly audited for compliance with the requirements of the standard.

In 2010 as a result of a corporate initiative TNT Bulgaria developed a **CO2 Reduction plan** focusing at reduction of CO2 emissions of 2 main sources – buildings and vehicles. In 2011 while replacing some of the operational vehicles one of the basic criteria was low CO2 emissions factor. As a result as it is visible from the graph there was an improvement of about 5% on average CO2 g/km in 2011 versus 2010.



The data for 2011 is up to October 2011.

Various initiatives were undertaken concerning the buildings – replacement of old equipment with new energy saving ones (air-conditioners, etc.), automatic auto switch-off of all computers after working time, automatic auto switch-off of external lightning in day-time, replacement of printers and copiers with multi-functional machines. Despite the undertaken measures reducing the electricity consumption is difficult mainly due to the fact that the volumes are the same and above the last year. Further efforts will be done in 2012.

Since 2008, TNT Bulgaria has started **electronic invoicing** for its customers. The company was the first in the transport sector and the second in the country offering e-invoicing to its customers. Since 2010 the e-invoicing percentage of all invoices has been 90% and above.

In 2009 TNT Bulgaria initiated a project “**Paperless office**” focused at reducing paper consumption in the office. The first step was to analyze paper consumption in the company and by departments, the second one to ensure storage space (server) and specific equipment (scanners, etc.) for the transition. Printers and copiers were replaced with multi-functional devices, the default printing option was double-sided and printing is with individual IDs. The documents that are required to be printed are on a queue and are only printed when personal ID is pressed on the machine which prevents printing by mistake. Further to this there is an optimization in some processes and printing is replaced with scanning. Due to all improvements the paper consumption in 2011 was reduced with about 30% compared to 2010.

In 2007 TNT Bulgaria started an internal campaign “Ride a bicycle, Arrive on time” stimulating employees to use bicycles to get to the work as an alternative transport thus focusing on reducing traffic jams and CO2 emissions. In continuation of this alternative in June 2010 a new marketing campaign was launched “**Get green, get a bike**”, where the promotional materials designated for the customers were bicycles and cycling accessories, appealing for a cleaner capital, country and planet. More than 750 companies, existing and potential customers of TNT Bulgaria, took part in the campaign and promoted “the green idea” and over 50 bicycles were presented.



ANTI-CORRUPTION

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.

As per our Business Principles we comply with the laws, rules and regulations for our business field. Our financial statements, public reporting documents and other public communication provide full, fair, accurate, timely and understandable disclosure of TNT Express's position in accordance with relevant laws and generally accepted accounting principles and standards. We comply with all applicable laws and accounting rules and financial reporting requirements. We maintain open and transparent communication with our customers, employees, shareholders and society, while giving due respect to confidentiality.

We have strict internal policies on individual conduct regarding conflicts of interest, company assets, gifts and entertainment, bribes and fraud prevention. There is a strong control over spending where each spending is preliminary approved by higher level and no one has right to approve his own costs. Majority of payments is through bank transfers and petty cash payments are reduced to a minimum. Regular financial audits are done to the accounting system and no issues with illegal payments have ever been reported.

In October 2010 for a third year in a row Ivan Vassilev, Country General Manager of TNT Bulgaria was nominated for the **“Manager of the year”** honors among the top10 managers in the country. The award is presented by one of the most prestigious national business and economic magazines - "Manager" and the methodology of the ranking is developed by the auditing and consulting agency Deloitte. It promotes Bulgarian leaders with responsible management and business practices. The annual selection is done in between more than 100 managers from different business sectors. In 2010, Ivan Vasilev was presented with a special award for sustainable business development of the company in the three consecutive years 2008, 2009 and 2010.

