

bpost

UN Global Compact Communication on Progress

Year 2012

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Introduction

Description of nature of business

bpost is the leading postal operator in Belgium. bpost's core business is collecting, sorting, transporting and delivering letters and parcels.

On 22/12/2011 bpost adhered to the 10 principles of the UN Global Compact and to the UN Caring for Climate program. A confirmation letter from the Caring for Climate program was received on 23/12/2011.

Statement of Continued Support

bpost's CEO confirms that the company fully endorses the UN Global Compact – Caring for Climate initiative.

With this communication, we express our intent to advance those principles within our sphere of influence. We are committed making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company. bpost will make a clear statement of this commitment to our stakeholders and the general public.

We recognize that a key requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts to implement the ten principles. We support public accountability and transparency, and therefore commit to report on progress within *one year* of joining the Global Compact, and *annually* thereafter according to the Global Compact COP policy.

Measurement of Outcomes

bpost is measuring outcome against Global Reporting Initiative guidelines (application level B).

See [2011 annual report](#) for more details.

Human Rights

- ➔ Principle 1: Business should support and respect the protection of internationally proclaimed human rights
- ➔ Principle 2: Business should make sure that they are not complicit to human rights abuses

The wellbeing of our employees also involves guidance and support in terms of physical and mental health. The Psychosocial Prevention service is responsible for managing work-related stress. This comprises running prevention campaigns, raising awareness among managers, registering complaints and providing support, even stress management courses. Psychosocial support staff also provides counseling in response to traumatic events, such as physical and verbal aggression, the death of a colleague and occupational accidents, as well as conflicts between members of staff or complaints about unethical or sexual harassment.

Further, this year, bpost has broadened its field of action by adopting a new sustainable purchasing policy with suppliers. In 2011 we partnered with Ecovadis to conduct a study among our 50 key suppliers aimed at gaining a better understanding of their vision and results in terms of sustainability. Environmental performance (energy, water, waste, products...) and social performance (health and safety, working conditions, child/forced labor...) were taken into account.

Here are the questions on which the suppliers have been assessed:

LAB100 Has your company formally adopted a company specific policy with regards to labor practices or human rights issues (for suppliers and labor practices/human rights issues, see SUSTAINABLE PROCUREMENT section)?

LAB310 What specific mechanisms are in place to ensure effective implementation of your company's Employees Health and Safety policy?

LAB370 What specific mechanisms are in place to ensure effective implementation of your company's Non Discrimination policy?

LAB450 Share of employees for whom the company's labor practices and human rights specific mechanisms/measures have been effectively implemented?

LAB5020 Health and safety indicators for direct workforce (year n-1)

LAB5021 Lost time injury rate for direct workforce (year n-1)

LAB710 Has your company employees health and safety management system obtained any certifications?

LAB720 Percentage of operational facilities OHSAS 18001 certified?

Each supplier was rated on a scale of 1 to 10. Less than 1% of suppliers were identified as being in a high-risk category. In 2012 bpost will implement awareness raising actions at these suppliers.

Labour Standards

- ➔ Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- ➔ Principle 4: Business should uphold the elimination of all forms of forced and compulsory labor;
- ➔ Principle 5: Business should uphold the effective abolition;
- ➔ Principle 6: Business should uphold the elimination of discrimination in respect of employment and occupation.

The economic context and the unavoidable fall in mail volumes force us to continue on the path of change. Faced with these challenges, we have taken the decision to make our human capital a priority through the bpeople project launched at the end of 2011. This will focus on the conditions required to promote the wellbeing and commitment of all employees. These aspects actually determine the performance of the company and are key to the success of the change programs to come.

Since 2007 bpost regularly measures employee satisfaction and motivation. In 2011, 83% of employees responded to this survey. The results led to the formulation of action plans that are intended to improve motivation in our company. Starting in 2012, as part of the bpeople project, the main focus will be on measuring employee commitment.

A good level of diversity in teams at all echelons is important if bpost is to be able to meet the challenges of today and tomorrow. It is necessary to combine old know-how and new knowledge, the approaches of women and of men, taking the best attributes from the various generations, their abilities and cultures.

At bpost diversity management is part of talent management. It responds to the various concerns of the company: the need to optimize resources and individual commitment, improve customer focus, fight prejudice and promote a corporate culture based on open-mindedness and respect. The first 2011 action plan presents priority actions to support women as they try to forge a career, to promote equal opportunities for employees with a disability and to better identify the issues of intercultural diversity on the field. It also presents the cross disciplinary actions with regard to training and raising awareness.

Lastly, diversity and equal opportunities have been firmly established in the Code of Conduct, which applies to all staff, while a diversity column has been introduced in the company magazine. bpost views diversity as a process of permanent improvement over the long term, in dialogue with the social partners.

bpost published its Code of Conduct in 2007. It sets out the behavior the company expects of each of its employees in the performance of their job. It especially addresses respect for others, equal opportunities, integrity, conflicts of interest and confidentiality.

The Code was updated in 2011 to take account of the new mission and values of bpost as well as the growing importance of corporate governance. It applies to all employees of bpost. It also stresses the active role management must play in promoting compliance with the Code and the values of bpost.

The staff representatives are consulted on all changes. Together with any specific points that may be mentioned in the collective agreements, the statutory provisions of bpost explicitly provide a structure of dialogue/negotiation in which plans to restructure the various departments are examined and discussed, including implementation schedules. The company's consultation structure provides for local (zonal consultation committees), regional (regional consultation committee) and national bodies (Mail, Retail, FM-Cleaning joint subcommittees, central services consultation committee).

In addition, before implementation the restructuring projects are discussed in the Joint Committee, the central body for negotiation and dialogue with the social partners. 2011 was primarily characterized by the continued restructuring of mail rounds (Georoute, introduction of automated sorting at round level) and the restructuring of the delivery network into "logistical platforms". The 2011 collective agreement, which was concluded at the end of 2010, confirms management's commitment to achieving all restructurings without compulsory redundancies. Additionally, it provides for the payment in 2011 of a one-off bonus to all employees, based on the profitability level achieved by the company in 2010. This agreement covers pay-grade contract and statute members of staff, who make up around 85% of the workforce. It does not apply to auxiliary mail carriers, who are covered by a special agreement, or non-pay-grade contract employees.

The social performance indicators were disclosed in the 2011 annual report using the GRI standards (level B).

Environment

- ➔ Principle 7: Business should support a precautionary approach to environmental challenges
- ➔ Principle 8: Business should undertake initiatives to promote greater environmental responsibility
- ➔ Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies

To influence the whole of its value chain, from supplier to customer, in 2009 bpost developed a program to build a postal system that is less of a burden on the environment. Known as Green Post, the program covers all energy and environmental aspects of the company as well as the development of energy-efficient solutions and products for our customers. By implementing a set of measures, bpost wishes to give customers peace of mind that their letters and parcels will be delivered in the most responsible conditions with minimal impact on the environment.

Since the establishment of the Green Post program bpost has constantly worked to reduce its impacts on the environment. The starting point is observing and applying the environmental regulations. With this in mind, bpost arranges annual inspections, updates declarations and works closely with the various authorities.

Besides the regulatory aspects, bpost works actively to implement environmental management systems. In 2011 nine of our main sites earned ISO 14001 certification. The five sorting centers were certified in 2009. This means that the annual volume of letters and parcels is now handled in responsible environmental circumstances. The stamps production facility in Mechelen and the company's main office were certified in 2010; bpost international and the Aalst Mail Center in 2011. The other sites are also going through the same process, especially with regard to how waste is managed. The goal is to reduce waste and connected costs by making money on paper waste. With this in mind, 33% of paper discarded as unsorted waste between 2009 and 2011 was salvaged as waste paper and sold. In 2011 bpost launched a campaign to actively raise awareness at the 50 Mail Centers with the goal of reducing waste by 10% between 2009 and 2012.

Reducing our climate change impacts Greenhouse gas emissions are the determining factor when measuring the environmental impact of bpost's operations. Road transport is the backbone of the mail collection and delivery network and bpost cannot provide its primary service without a large fleet. bpost has developed an ambitious action plan to reduce its carbon emissions by 35% in 2007-2012 and its energy consumption by 15% in 2005-2012. We have now started to work on new targets for 2020 and to ratchet up our efforts. In 2011 bpost completed many projects to reduce energy consumption on company premises. This actually accounts for approximately 50% of the greenhouse gas emissions generated by our operations. These projects have led to a 7% decrease of the energy consumption between 2010 and 2011. As well as consuming green electricity, bpost has implemented a relighting campaign, testing new technologies such as LEDs, motion detectors and modular lighting.

At bpost we also work to reduce the energy requirements of our premises. Since 2009, 200 buildings that consume high amounts of energy have been audited. The results have been used as input in the development of action plans. Building insulation campaigns have been implemented and the use of gas favored for heating ends. In 2011 bpost undertook the construction of a very low energy building in Verviers and we now look to apply the most energy efficient techniques on every newbuild project. It is of course vital to gather and analyze as much data as possible, which is why bpost is computerizing its energy consumption metering system.

Sustainable mobility bpost makes use of many different types of transport for its logistical operations. The bpost fleet comprises 6,298 vans, 2,892 mopeds, 402 trucks and, 500 bikes – 2,545 of them electrical bikes since 2010. The acquisition of these electrical bikes is the first step in the overhaul of our fleet. bpost also trains van drivers to drive in an environmentally friendly way, which allows us to save 5-7% on fuel. Over 3350 employees have already taken the course. Between October 2011 and February 2012, we held the Eco-Driving Challenge. The goal was to get employees thinking about their actual consumption and to create team dynamics at the various Mail Centers. In 2010 a new car policy was also

introduced, featuring vehicles with low carbon emissions. The aim is to encourage employees to choose a company car that emits less carbon.

In 2010 bpost launched the DM Carbon Meter in association with Greenloop. This tool enables major customers to measure the carbon footprint of their addressed DM campaigns. This helps them to continue to reduce their environmental impact and spurs them to adopt an environmentally friendly policy. bpost was the first postal operator and the first communication channel in Belgium to work on the development of a tool to measure the carbon footprint generated during the complete lifecycle of an addressed DM campaign. This tool shows that the entire process of mail delivery (collect, sorting, delivery) represents less than 10% of carbon emissions linked to the complete lifecycle of a mailing (design, production, distribution, recycling). To complement this low-carbon offering, bpost gives its customers the possibility of offsetting the carbon emissions generated in delivering their mail items. This offering, on joint initiative with CO2logic, raises financing for projects to cut greenhouse emissions in emerging countries. bpost also participates in the project by offsetting carbon emissions generated by its own mail. In 2011, 158 tons of carbon were offset.

Indicators related to the environmental performance were disclosed in the annual report 2011, according to GRI guidance (application level B). bpost is also participating to the Carbon Disclosure Project and reported the detailed figures of its energy and environment management results.

Anti-Corruption

➔ Principle 10: Businesses should work against corruption in all its forms including extortion and bribery

The Board has adopted charters to clarify the rules of good governance and transparency and implement these at all levels. One of these rules consist in a system of disclosure regarding mandates held and rules aimed at avoiding conflicts of interests and providing guidance on how to inform the Board in a transparent way in case such conflicts occur. The Board may decide to exclude the member who has a conflict of interest from the deliberations and vote on that subject.

bpost's purchasing process is defined according to European and Belgian legislation in order to guaranty fair competition and avoid corruption.

Further, bpost is also taking into account the responsibility of its suppliers. As explained above, key suppliers were assessed by a third party (Ecovadis). Part of the assessment is related to business ethics. Here are examples of questions on which suppliers were assessed:

FB100 Has your company implemented a formal policy covering any of the following topics?

FB310 What specific mechanisms are in place to ensure effective implementation of your company's corruption and bribery policy?

FB320 What specific mechanisms are in place to ensure effective implementation of your company's anti-competitive practices policy?

CP320 What specific mechanisms are in place to ensure effective implementation of your company's fair and responsible marketing policy?

FB400 Share of employees for whom the company's business ethics specific mechanisms/measures have been effectively implemented?