

United Nations Global Compact

Communications on Progress 2012

Effective 12 October 2012

In July 2010 Australia Post became a signatory to the United Nations Global Compact (UNGC), the world's largest voluntary corporate citizenship initiative.

The corporation is supporting the local network in Australia and is fully committed to implementing and aligning its operations with the 10 principles that address human rights, labour, environment and anti-corruption.

This Communication on Progress (COP) outlines Australia Post's commitment to each of the 10 UNGC principles for the 2011-12 financial year. The table in Appendix A provides page references for where further information on policies, programs and initiatives related to each principle can be found in Australia Post's 2012 Annual Report.

Introduction

Australia Post is the nation's oldest continually operating organisation. For more than 200 years we have serviced Australian communities across the nation. With more than 33,000 employees, 1,200 facilities, 10,000 vehicles and 4,428 retail outlets across metropolitan, regional and remote Australia, Australia Post has a significant impact on the community and the environment.

Australia Post conducts its business with integrity, ensuring compliance with all relevant laws, regulations, policies and procedures. Our comprehensive Code of Ethics clearly defines the standards of behaviour expected from our employees and our business partners.

As a government-owned agency, Australia Post is bound to operate in accordance with all of the human rights international treaties to which the Australian Government is a signatory. Some of the key treaties that align to our commitment to the UNGC are:

- Universal Declaration of Human Rights
- International Covenant on Civil and Political Rights
- Convention on the Prevention and Punishment of the Crime of Genocide
- Convention against Torture and Other Cruel, Inhuman and Degrading Treatment or Punishment
- Convention on the Reduction of Statelessness
- Convention relating to the Status of Stateless Persons
- Convention Relating to the Status of Refugees
- Slavery Convention of 1926
- Supplementary Convention on Slavery
- ILO Declaration on Fundamental Rights at Work
- Convention on the Rights of the Child
- Convention on the Political Rights of Women
- International Convention on the Elimination of all forms of Racial Discrimination
- Convention on the Elimination of all forms of Discrimination against Women
- Convention on the Rights of Persons with Disabilities.

As a business, we recognise that everything we do has a social, environmental and economic impact, and we are committed to responsibly and effectively managing our impacts – both positive and negative. The following pages outline the policies, strategies, programs and initiatives that are relevant to the 10 UNGC principles.

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: Businesses should make sure that they are not complicit in human rights abuses

Australia Post demonstrates commitment to this principle through the support of relevant treaties (see introduction), its Supplier Code of Conduct and other procurement practices.

While Australia Post's operations are based in Australia, we also use the services of international organisations (such as other postal agencies and logistics companies) in our overall supply chain. Suppliers that operate in high risk regions and emerging economies are managed by an Australian third party agent who is responsible for ensuring that policies and procedures concerning corporate responsibility practices, such as our Supplier Code of Conduct, are adopted and adhered to.

Our Supplier Code of Conduct requires that all suppliers adhere to key areas of corporate governance and ethical business management practices, which respect the rights of employees and local communities. The code outlines Australia Post's expectation that a supplier understands and complies with ethical, social and environmental standards of conduct within their business practice.

It also helps to identify whether a supplier has documented policies related to labour and human rights.

Australia Post's Code of Ethics booklet clearly outlines to employees that, when they conduct business on behalf of Australia Post, they must do so with integrity, honesty, fairness, and in compliance with all relevant laws, regulations, codes and corporate policies and procedures.

The rights of Australia Post's employees are protected through a number of policies and practices including:

- a diverse and inclusive workplace - our Workforce Diversity Business strategy ensures that we achieve a diverse and inclusive workplace which respects individual differences, including ideas, opinions and backgrounds, are celebrated, valued and managed in a way that maximises our business performance.
- gender equity – Australia Post is committed to supporting and promoting women and has programs in place to achieve this
- Reconciliation Action Plan (RAP) – the plan offers Indigenous Australians sustainable employment and training opportunities
- Safety – Australia Post's safety program is designed to support a vision for zero harm, zero injuries and zero tolerance of unsafe acts or workplaces. Australia Post has in place safety targets related to LTIFR and IR, and these are a performance indicator for all employees.
- Whistle blower process – a 24 hour a-day-service that is independently managed by an external provider.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Australia Post respects the rights of employees to exercise freedom of association and collective bargaining. The corporation demonstrates this commitment through active partnerships with relevant unions, and robust collective agreement negotiation processes.

The Australia Post Fair Work Agreement (APFWA) 2010 was the result of collective bargaining. The APFWA provides a framework through which the corporation engages with the principle unions that are a party to the agreement. Through the APFWA, Australia Post has committed to open consultation with its employees and relevant unions. Australia Post supports active partnerships with unions and employees, and this is reflected in its commitment to ongoing consultative forums at the national, state and local level. Australia Post has undertaken to commence negotiating a future agreement, at least three months prior to the nominal expiry date of the existing agreement. The APFWA also recognise the role union delegates play in the workforce and their right to represent union members in the workplace.

Australia Post's Harassment, Discrimination and Bullying (HDB) Policy, which applies to all Australia Post workplace participants, specifically prohibits discrimination against someone because of their union or employer association or activity.

Australia Post's Code of Ethics reinforces this requirement by obliging all employees to not only comply with the policy, but to treat all employees, customers, contractors and suppliers with courtesy and respect at all times, and to contribute to a workplace that values and encourages different constructive opinions, perspectives and cultures.

In November 2011, all employees received a copy of the Code of Ethics booklet and discussions were held across worksites emphasise the revised ethical standards. New employees receive a copy of the Code of Ethics and information regarding the HDB policy.

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour

Australia Post complies with all minimum labour rights standards and provides a workplace free of any form of forced or compulsory labour. All employees are engaged either pursuant to a collective agreement or by employment contracts, which comply with relevant Australian legislation.

The majority of Australia Post employees (95.3 per cent) are employed under the APFWA. The terms and conditions of employment under the agreement either meet or exceed the requisite National Employment Standards contained in the Fair Work Agreement 2009 (Cth).

Australia Post employees that are engaged by contract have done so following individual negotiation.

Australia Post provides employees with a beneficial reward and recognition program.

Principle 5: Businesses should uphold the effective abolition of child labour

Australia Post's Supplier Code of Conduct expects all suppliers to demonstrate a commitment to human rights and fair employment practices in accordance with existing international standards, such as the United Nations Universal Declaration of Human Rights, the International Labour Organisation Declaration on Fundamental Rights at Work, and the United Nations Convention on the Rights of the Child.

Questions included in the Supplier Code of Conduct that specifically relate to child labour are:

- Does your company have documented policies regarding child labour?
- Does your company screen either supplier or products and services on the basis of labour practices or human rights?
- Do you use off-shore labour to perform either manufacturing or services?
 - If so, what takes place off shore, and in which countries?
 - What are the labour practices within these countries?

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Australia Post is an equal employment opportunity employer that values the diversity of its people as a key business benefit. Further, Australia Post is committed to preventing harassment, discrimination or bullying in its workplace and does not tolerate such behaviour.

Our Harassment, Discrimination and Bullying Policy, which is applicable to all Australia Post employees, clearly outlines that the corporation does not tolerate any form of discrimination on the grounds of marital status, religion, social origin, political belief or activity, parental or family status, breast-feeding, sexuality, sexual orientation, lawful sexual activity, pregnancy, irrelevant medical record, status as a carer, irrelevant criminal record, trade or profession, caring responsibility, physical features, gender, gender identity or union or employer association or activity. Any conduct constituting harassment, discrimination or bullying may lead to disciplinary action.

Australia Post's Code of Ethics reinforces Australia Post's commitment to the elimination of discrimination, making it a clear requirement that all employees treat each other with courtesy and respect at all times, and that they contribute to a workplace that values and celebrates differences of belief, opinion, perspective and culture.

Employees who are concerned that discrimination is occurring are encouraged to raise the issue with the employee, their manager, or with Human Resources. Australia Post has an established Whistleblower process through which employees can report concerns of discrimination to an independent, external service provider, 24 hours a day.

Our Workforce Diversity business strategy aims to maintain an inclusive and diverse workplace where individual differences – including ideas, opinions and backgrounds – are celebrated, valued and managed in a way that maximises our business

performance. Australia Post tracks four indicators of diversity – women, people with disability, culturally and linguistically diverse, and Indigenous Australians – and has in place programs and initiatives for each of these streams.

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges

Australia Post is not a manufacturer or a miner and it does not operate in areas of environmental sensitivity so it is unlikely to undertake activities that have a level of uncertainty. It does, however, still have an environmental impact by the sheer breadth of its activities across most areas of Australia and has established programs to minimise those impacts.

We apply the precautionary principle by undertaking an assessment of the potential impact of our major business plans on the environment. This ensures that the impacts of our business decision are clearly understood and that mitigation strategies can be established should there be any potential negative impacts.

The key to this is the establishment of a robust environmental management system, which is aligned with the ISO14001 environmental standard that actively monitors and manages our environmental impacts.

It supports this process by also requiring our suppliers. Through the Supplier Code of Conduct, Australia Post also expects its suppliers to meet environmental obligations. Specifically the code requires that suppliers:

- comply with all relevant local and national laws and regulations relating to the environment,
- conduct their business operations in a way that protects the environment,
- have an environmental management plan which takes responsibility for goods and services throughout their lifecycle and minimises the impact of activities on the environment.

Principle 8: Undertake initiatives to promote greater environmental responsibility

The greatest impact Australia Post has on the environment is the greenhouse gas emissions generated through our operational activities.

To manage this environmental issue, Australia Post developed a Carbon Reduction Strategy in 2010 which includes a commitment to reduce greenhouse gas emissions by 25 per cent by 2020 (using our 200 levels as a baseline). Carbon reduction is a key performance indicator for all employees.

Since introducing the carbon reduction strategy, Australia Post has reduced carbon emissions by around 29,000 tonnes of CO₂-e (or 12 per cent) through a number of new and ongoing fuel- and energy-saving initiatives. Australia Post will complete its initial three-year strategy at the end of the 2012-13 financial year.

The other key environmental issue for Australia Post is waste. This year we continued our efforts to reduce product packaging. We established a new five year plan to further reduce packaging and waste volumes as part of the Australian Packaging Covenant, a program targeted at organisations that use large volumes of packaging materials, from production through to retailing. A key component of Australia Post's reduction program is the integration of sustainable packaging guidelines across our design and procurement processes.

Australia Post participates in an international benchmarking program run by the International Postal Corporation through which our environmental performance is measured against the most advanced postal administrations of the world.

Principle 9: Encourage the development and diffusion of environmentally-friendly technologies

As we progress along our energy efficiency journey, we recognise that we will reach a point where further energy and fuel efficiency gains will only be possible through the development of new technologies.

As such, and as part of our ongoing commitment to achieve a 25 per cent reduction in our greenhouse gas emissions, we have undertaken a major review of new technology opportunities across our facilities and our vehicle fleet. The review focused on technologies that have been proven, but may not yet be commercially available or financially viable. The goal for Australia Post was to identify technologies that could be implemented today or in the near future, and to plan for the potential introduction of other technologies in years to come.

We are currently implementing a number of environmentally friendly technologies across our business such as:

- replacing motorbikes with electronically assisted push bikes
 - replacing petrol fuelled sedans with hybrids
 - upgrading our truck fleet to Euro 5 standard
 - introducing water cooled IT server racks in our data centre
 - installing variable speed drives in our facilities
 - replacing older styled lighting with LEDs, Induction lamps, lighting controls, sky lights, etc
- We are also undertaking trials for a number of new technologies that, if successful, will be implemented over the next few years.

Anti-Corruption

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

Australia Post expects its employees to adhere to all international agreements and Australian legislation and has a Code of Ethics that clearly outlines the standards of behaviour expected of our people. Bribery and corruption are clearly identified as a breach of company policy.

The Code of Ethics states that:

“Unacceptable behaviour includes but is not limited to:

Bribing an individual, including a foreign public official or company representative, within or outside Australia.

Engaging in any conduct that might contribute to embezzlement, corruption or extortion.”

Australia Post further supports this commitment through its Supplier Code of Conduct which states that suppliers are expected to:

“Comply with all local and national laws and regulations on bribery, corruption and prohibited business practices”

Australia Post’s Fraud Policy and Whistleblower Policy also help to promote an anti-corruption workplace.