

bpost

# UN Global Compact Communication on Progress

Year 2013

## **The Ten Principles**

### **Human rights**

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

### **Labour**

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
- 5.. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

### **Environment**

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

### **Anti-corruption**

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

# UN Global Compact Communication on Progress

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## Introduction

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### 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 endorsed 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 we are committed to report annually on progress according to the Global Compact COP policy.

## Human Rights

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- ➔ 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.

bpost has been working on ensuring the sustainability of its entire supply chain. Over the past two years, the procurement department and the Green Post program teams joined efforts and worked together on introducing a contractual clause requiring suppliers to comply with a minimum level of CSR governance .

Potential suppliers are selected on the basis of these criteria, explicitly featured in any contract or tender. For instance, bpost added energy efficiency criteria when purchasing computers. In another particularly successful case, bpost included strong special social and environmental specifications with strict criteria in its tenders for suppliers of postal uniforms. The post asked for certificates of all technical, social and environmental requirements during the offer phase of the tenders. Complete transparency and control over the full production flow was embedded in the negotiation phase, in order to guarantee the requirements in all different production steps and production places, avoiding that certificates initially granted in Europe would be applied to non-compliant outsourced production chains.

As a result, social and environmental minimums have been ensured throughout the entire supply chain, while the suppliers are working continuously on technical and environmental improvements. Extensive controlling has avoided sub-contracting to producers that do not comply with environmental and social requirements.

Currently, almost 100 suppliers are assessed every year by bpost's partner Ecovadis in accordance with a CSR scorecard based on ISO26000 requirements.

Regarding more specifically labor and human rights, here are the questions on which the suppliers are being assessed under this process:

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?

## Labour Standards

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- ➔ 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 labour;
- ➔ Principle 5: Business should uphold the effective abolition;
- ➔ Principle 6: Business should uphold the elimination of discrimination in respect of employment and occupation.

In an economic context characterized by the reduction in traditional mail volumes and change within the company, the wellbeing and engagement of every employee is key. With that in mind, as part of the bpeople project we held a new survey among all employees to gauge the situation in 2012.

Generally, the results reveal that employees appreciate their work and have a proud bond with their employer. The survey also reveals that there are increased levels of stress across the organization. We have taken these results seriously, identifying a number of priorities for 2013 to ensure our employees continue to benefit from good working conditions in spite of the many ongoing change and modernization projects. In setting these priorities the aim is to provide stress support, set up a more participative dialogue, drive change, manage teams and improve their performance and social responsibility.

‘Working together’ is one of the key bpost values. Our diversity program helps us put this value into practice on daily basis and remain in phase with society. We are also convinced that managed diversity is a source of performance and innovation for bpost. We run campaigns to encourage people to be open to these differences and to treat everyone fairly and respectfully, regardless of gender, culture, social status, age and other differentiating factors. We also endeavor to attract the most talented people in all categories of the population.

In 2012 we continued our promotion of diversity and equal opportunities in the wider sense, stressing two aspects in particular: cultural diversity and a good gender balance. At bpost women make up around 34% of the workforce and 17.5% of senior management. Our results are rather encouraging in this field, certainly for our industry, but we have set ourselves the goal of driving up this percentage significantly.

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).

The 2012-2013 collective agreement, which was concluded at the end of 2011, contains a commitment to implement all restructurings without compulsory redundancies during the period covered by the agreement. It also provides for the payment in 2012 and 2013 of a one-off bonus to all employees, based on the profitability achieved by the company in this period.

At the end of 2012 the social partners and bpost reached an end-of-career management agreement under which pay-scale statute and contract staff aged 55 and over can reduce their hours. Support measures are in place to minimize the loss of salary. All these employees can work part time up to retirement while retaining almost 85% of their income.

The agreement also allows employees to benefit from bpost's profitability through the extension of the one-off performance-related bonus system in 2013 (payment in 2014). Four one-off performance-related bonuses are provided for linked to profit, customer loyalty, the legal profit-sharing scheme and good attendance. 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 2012 annual report using the GRI standards (level B).

## Environment

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- ➔ 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 more concerned about the environment. This 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.

### **Influencing our suppliers at the source**

In 2012 bpost finalized the implementation of a process broadening its sustainable purchasing policy with suppliers to take account of environmental (energy, water, waste, products) and social performance (health and safety, working conditions, child and forced labor) and to raise awareness at suppliers that present risks in certain domains. Almost a hundred suppliers are assessed with our partner Ecovadis in accordance with the relevant EU regulations.

### **Optimizing the management of our impacts**

bpost permanently works to reduce the impact of activities on the environment. The starting point is observing and applying the environmental regulations. The environmental criteria are included in the individual assessments of some management staff (including the CEO).

The Environmental Management department arranges annual inspections, updates declarations and works closely with the various authorities.

Besides the regulatory aspects, bpost works actively to implement environmental management systems. The ISO 14001 certificates of nine of our main sites (five sorting centers, Stamps Production, bpost International, sorting centers, Stamps Production, bpost International, Mail Center Aalst and bpost head office in Brussels) were renewed in 2012. This means that the annual volume of letters and parcels continues to be handled in responsible environmental circumstances.

The other sites are responding to a national policy, especially with regard to how waste management is organized. The goal is to reduce waste and the costs of waste management by generating income from waste paper. With that in mind, more than one third of paper discarded as unsorted waste since 2009 has been salvaged and sold for recycling. We were able to achieve our target to reduce waste by 10% between 2009 and 2012 thanks to an active awareness campaign at 50 Mail Centers and our administrative premises. A new goal has been set for 2020 (20% reduction compared to 2009).

## **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 implemented an action plan and successfully reduced carbon emissions by 32% in 2007-2012 and energy consumption by 15% in 2005-2012. In 2012 the Energy Management department began implementing an energy monitoring system to measure, monitor and optimize energy flows in the main 50 premises. bpost also renewed its green electricity supply contract and continued efforts to optimize the energy efficiency of its various premises. Replacing oil by gas heating system, relighting and isolation are amongst the initiatives undertaken.

In September 2012, bpost inaugurated its first green building. Built in the Plénesses in the Verviers region, this new mail center is a model of sustainable development in the low-energy building industry. The rational use of materials and energy, lighting and rainwater harvesting have been conceived to be economically and ecologically sustainable.

## **Sustainable mobility**

Our fleet, one of the largest in Belgium (comprising 6,198 vans, 2,364 mopeds, 124 trailers, 293 trucks and 3,189 bikes, 2,547 of which are electric), is also at the heart of our environmental challenge. At the end of 2012 the fleet was still responsible for almost 70% of our direct carbon footprint.

We continued to train van drivers to drive in an ecological way. In total this campaign has saved close to 100,000 liters of fuel on an annual basis. The final of the Eco Driving Challenge begun in 2011 to raise awareness among employees of their actual consumption was held at the Zolder circuit in May 2012. The winning team qualified for the IPC's first international trophy, which was held in Montpellier in November.

With a workforce of 30,000, bpost also faces a mobility challenge, especially when it comes to commutes. The green car policy, which encourages managers to choose transport solutions that emit less CO<sub>2</sub> was reviewed in 2012 to take account of the new regulatory measures.

## **Customer Solutions**

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. The Carbon Meter allows customers to measure the carbon footprint

generated by their mail (not only advertising) and parcels flows, so that they can take well-informed decisions that minimize this environmental impact (paper type, use of cardboard, size, ink and so on).

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, a joint initiative with CO2logic, finances projects to cut greenhouse emissions in emerging countries. As well as offsetting its own carbon emissions, bpost is also committed to supporting Goodplanet in its work to raise awareness of environmental issues in Belgian schools. The carbon emissions resulting from the handling of more than 10% of the annual postal volumes of addressed direct mail were offset during the pilot launched among business customers in 2011.

### **A green stage**

We set ourselves the target of being a top five postal operator in terms of environmental performance and bpost earned second place in the IPC ranking of 21 operators based on the 2011 results.

The IPC conducted an external audit of these environmental performances in 2012 in accordance with ISO 14064 for greenhouse gas accounting and verification. Due to bpost's participation in the Carbon Disclosure Project and GRI, this environmental data is freely available to all interested stakeholders.

We want to remain among the best students in the IPC class by launching new structural and behavioral initiatives to improve the environmental performance of our activities, premises and fleet.

## **Anti-Corruption**

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➔ 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?