

bpost

UN Global Compact Communication on Progress

Year 2014

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.

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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.

bpost mission: *"We will be the strongest and most trusted postal operator. We will leverage our core competencies and develop new capabilities in order to achieve **sustainable** and profitable **growth** in a changing world. We will make the difference for our customers and the society thanks to our passionate people."*

On 22/12/2011 bpost endorsed to the 10 principles of the UN Global Compact and to the UN Caring for Climate program.

Statement of Continued Support

bpost's CEO confirms that the company fully endorses the UN Global Compact 10 principles.

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 has made a clear statement of this commitment to its 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

- ➔ 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.

In the framework of the Green Post program, bpost has been working to insure the sustainability of its supply chain, over the past 3 years. This has been done by integrating sustainability criteria in tenders as well as introducing a contractual clause requiring suppliers to have a minimum maturity in terms of internal policies regarding sustainability. This process comprises an evaluation of environmental and social performance of bpost suppliers using the Ecovadis platform (via www.ecovadis.com). The suppliers that are considered at risk (insufficient score) are requested to take necessary action to increase their score if they want to continue working with bpost. The goal is to assess sustainability risks within bpost inbound value chain and to raise awareness that bpost recognizes the sustainability efforts of its suppliers.

In a 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.

Almost hundred suppliers are assessed every year in accordance with a CSR scorecard based on the 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

- ➔ 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.

Only customers who are enthusiastic about our services will remain loyal and recommend us to others. To make customers enthusiastic we first need to listen to them and market products and services that meet their needs. We also have to provide excellent quality. We achieved our customer satisfaction and loyalty improvement targets in 2013.

Our biggest challenge now is to remain part of the daily lives of our customers. To do so, we need to harness the **natural enthusiasm and commitment of each and every employee**. The bpeople project launched in 2012 helps us achieve that. bpeople focuses on the conditions we need to create to promote employee wellbeing and engagement throughout the company. bpost is now a listed company. We are committed to doing our utmost to reward all shareholders who have chosen to invest in us and take part in our development.

Diversity

‘Working together’ is one of the bpost values. The diversity program helps us put this value into practice on daily basis and remain in step with the society in which we recruit our employees and offer our services.

In 2013 we continued our strategy of promoting diversity and equal opportunities in three areas:

- Positioning diversity as an asset and inclusion as a skill
- Promoting diversity among staff at all hierarchical levels
- Ensuring equal treatment through recruitment and career management

Among various projects, the development of a program to raise awareness of diversity issues with internal deployment based on a “train the trainer” model and certification of ambassadors in the field has proved particularly promising in contributing to sustainable change. Women make up 34% of bpost staff and 17.9% of senior management. Bearing in mind this clear but slow progress, we have set ambitious targets and specific quarterly reporting was established in 2013 to communicate and support them. Likewise, candidates of both sexes must be shortlisted for vacancies at and above a certain level (internal and external).

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.

bpost was awarded the **Diversity Label** by the Brussels-Capital Region on December 13, 2013. Valid for two years, the label recognizes the actions of company to promote diversity and equal opportunities over the past twenty-four months. The award of the label is only the first step for bpost. Work will continue within the company.

Relations with staff

bpost’s statutory provisions explicitly provide for a structure of dialogue/negotiation in which restructuring plans of the various departments are examined and discussed with the social partners. Several projects to support the strategic plan, such as Vision 2020, were the subject of dialogue and negotiation in these bodies during 2013.

The company’s consultation structure provides local bodies (zonal consultation committees), regional bodies (regional consultation committee) and national bodies (Mail, Retail and Facility Management/ Cleaning joint sub-committees, central services consultation sub-committee). Before implementation, some restructuring projects were discussed within the joint commission, the central body for negotiation and dialogue with social partners. Throughout the year, many actions have been instigated to improve the wellbeing and safety of employees. The social partners have been informed and regular consulted on these.

In early 2013, the internal employment rules were adapted to modernize how the work is organized, including the introduction of more flexible regimes. The purpose of the changes is to enable bpost to adapt to its environment and meet the needs of its customers. Following good financial and operational results in 2012, a one-off bonus was paid to all employees in

2013, in compliance with the commitment made in Collective Labor Agreement (CLA) 2012-2013. Payment of a one-off bonus to all employees in 2014, based on the company’s performance in 2013, is provided for in the same agreement. Nonrecurring bonuses are linked to results in four areas:

profits, customer loyalty score, legal profit sharing, and the level of absenteeism.

At the end of 2013, the social partners and the company agreed to extend certain provisions of the CLA 2012-2013 until the new CLA has been signed.

Among other things, these concern end-of-career arrangements and job security. The CLA 2012-2013 covers the statutory and baremic contractual members of staff, who make up around 85% of the workforce. It does not apply to non-baremic contractual staff. Or to auxiliary mail carriers, who do however benefit from certain provisions of the CLA, such as the non-recurring bonus system, and are covered by a specific agreement, some provisions of which were improved during 2013.

The social performance indicators were disclosed in the 2013 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

bpost delivers ten million letters and 105,000 parcels every weekday. That clearly has an impact on the environment. To manage this throughout its value chain – from supplier to customer – in 2009 bpost initiated a program to become a greener postal operator. bpost implements a set of measures to guarantee the delivery of letters and parcels 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 its suppliers to take account of environmental (energy, water, waste, products) and social performance (health and safety, working conditions, child/forced labor), and raise awareness at suppliers that present risks in these areas. These efforts were continued in 2013. At the end of the year our partner Ecovadis assessed the CSR performance of 150 suppliers.

bpost has also continued to roll out a sustainable sourcing process ensuring the inclusion of environmental criteria in calls for tenders with regard to purchases of goods and services that have an impact on the environment, in accordance with the recommendations of the European Commission (Green Public Procurement).

“We ask our suppliers to adopt a proactive, and, where possible, innovative attitude with a view to improving environmental performance”

Optimizing the management of our impacts

bpost permanently works to reduce the impact of its activities on the environment. The starting point is observing and applying the environmental recommendations. Environmental criteria are also included in the individual assessments of the CEO and some managers.

Within bpost, the Environment department organizes annual audits, updates declarations and works closely with the various authorities. Besides the regulatory aspects, bpost works actively to set up environmental management systems. In 2013, nine of our principal sites had their ISO14001 certificates renewed (the five sorting centers, the European Mail Center Brucargo, the Stamps Production Belgium, the Aalst Mail Center and the bpost's registered office and headquarters in Brussels). This means that the annual volume of letters and parcels is processed in ecologically responsible conditions. This approach is also followed at other sites, especially with regard to the organization of waste management. The goal is to reduce waste and waste management costs by economically recycling paper waste. Since 2009 more than one third of all paper discarded as general waste has been recycled and bought back. The waste reduction target (-12% between 2009 and 2013) was achieved thanks to an active awareness campaign at all Mail Centers and our administrative buildings, and a new target has been set for 2020 (-20% compared to 2009).

Reducing our energy consumption

Greenhouse gas emissions are the foremost factor determining the impact of bpost's activities on the environment. Road transport is the backbone of the mail collection and delivery network and bpost cannot fulfill its mission without a large fleet of vehicles.

bpost implemented an action plan and successfully reduced its carbon emissions by 31% in 2007-2013 and its energy consumption by 17% in 2005-2013.

In 2013, the Energy department continued the implementation of an energy monitoring system to measure, monitor and optimize energy flows in all its buildings. bpost also renewed its green electricity supply contract and continued efforts to optimize the energy efficiency of its various premises.

In November 2013, bpost opened its second green building. After Plénesses in the Verviers region, a new postal center of this type was built in Mons. It is an exemplary model of sustainable development in the low energy building industry. The rational use of materials and energy, lighting and rainwater harvesting were carefully conceived to ensure they were economical and ecologically sustainable. At the end of 2013 bpost had solar panels covering 15,000 square meters.

Sustainable mobility

Our fleet of vehicles is also at the heart of our environmental challenge. It is one of the largest in Belgium, comprising 6,466 vans, 2,180 mopeds, 412 trucks, 3,140 bicycles, 2,524 electric bicycles and 10 electric delivery three-wheelers. At the end of 2013, this fleet accounted for almost 70% of our direct carbon footprint. The introduction of e-bikes to replace mopeds was a first stage in upgrading our vehicle fleet. The second stage will be to replace vans with electric delivery three-wheelers if the current pilots on this new vehicle type are successful.

We continued to give ecologically responsible driving training to van drivers. In total, this has already saved almost 100,000 liters of fuel annually. The Eco-Driving Challenge, initiated in 2011 to raise employee awareness of their consumption patterns, was continued in 2013. The winning team was rewarded with participation in the second international trophy held by the IPC in Dublin in September 2013.

With a workforce of 30,000, bpost is also faced with a mobility challenge, particularly with regard to the daily commute. The green car policy encouraging managers to choose transport solutions with lower carbon emissions was reviewed in 2012 to take account of the new regulatory measures.

Watch the bpost Eco Driving Movie on : <http://www.youtube.com/watch?v=FNMY27outv8>

Responsible paper consumption

bpost is committed to achieving best-in-class status for responsible paper consumption. 99% of our paper purchases are labeled (PEFC or FSC) and 100% of stamped post is printed on FSC paper. bpost is the leading postal operator in Europe in this area.

bpost monitors printing paper consumption at its offices. This is supported by an awareness campaign, a reduction in paper grammage and management of all printing costs. bpost has reduced its need for hard copies by over 10% since 2009 and has targeted a 15% reduction by 2020 (base figure: 2009) for the ISO 14001 certified sites.

Sustainable solutions for our customers

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 advertising 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 and inks, for example).

To complete this low-carbon offering, bpost gives its customers the possibility to offset the carbon emissions generated in the delivery of their mail items. This offering, a joint initiative with CO2logic, finances projects to cut greenhouse emissions in emerging markets. As well as offsetting its own carbon emissions. <http://www.bpost.be/greenpost/>

In 2013 more than 130 million letters were sent under the carbon offsetting project. bpost also offset all carbon emissions of letters and magazines sent to its customers and employees (115 million items per year).

A green stage

bpost took first place in the International Post Corporation's 2013 environmental management ranking of 24 operators, based on the 2012 results. In 2013 this environmental performance was audited by an external agency on behalf of the IPC, together with the ISO14064 verification by SGS of its direct and

indirect carbon footprint. bpost's participation in the Carbon Disclosure Project and GRI reporting means that these environmental data are available to all interested stakeholders.

Encouraged by this great success, bpost has set itself new environmental objectives. By 2020, our aim is to reduce carbon emissions to 45% of the 2007 baseline and reduction energy consumption to 25% of the 2005 baseline.

Here again, we want to remain among the best in the IPC classification by launching new structural and behavior based initiatives to improve the ecological credentials of our activities, our buildings and our fleet.

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?