



OUR COMMUNICATION ON PROGRESS TO THE UNITED NATIONS GLOBAL COMPACT



July 10, 2017

ABOUT INTERNATIONAL POST CORPORATION

International Post Corporation (IPC) is the partner company of the global postal industry. We are a cooperative association of 24 member postal operators in Asia Pacific, Europe and North America. Now for more than 25 years IPC has provided industry leadership by driving service quality and interoperability, supporting its members to ensure the high performance of international mail, packet and parcel services and developing the IT infrastructure required to achieve this. IPC engages in industry research, creates business-critical intelligence, provides a range of platforms for member post CEOs and senior management to exchange best practices and discuss strategy, and gives its members an authoritative, independent and collective voice. IPC also manages the system for incentive-based payments between postal operators. Members account for 2 million jobs and deliver some 80% of global postal mail.

IPC is based in Brussels, Belgium and has an international staff of 70, representing more than 20 different nationalities. IPC is governed by a board comprised of CEOs from eleven member posts and the IPC Chief Executive Officer.

IPC MEMBERS



STATEMENT OF SUPPORT

IPC became a signatory company of the UN Global Compact in 2009. We have fully embraced the ten universal principles in the areas of human rights, labour, environment and anti-corruption and regularly report on our performance.

IPC is committed to incorporating the ten principles in both our efforts with members and in our own operations. In particular, we facilitate the management and reduction of members' carbon emissions, and provide a platform for best practice sharing on broader sustainability objectives, through our Environmental Measurement and Monitoring System (EMMS). As part of this programme we encourage and support members to also become signatories of the Global Compact. In 2015, the total number of EMMS participants reporting their endorsement stood at 16 – a significant increase from the 6 reported in 2008. Further details of recent EMMS actions can be found in the rest of this document and also in our annual Sustainability Report, available on our website.

As a growing employer and expanding business, we are also firmly committed to practicing these principles with respect to our employees, environment, operations and local communities. This is demonstrated by our internal policies and reports on our operational impact, such as our annual carbon emissions and offsetting efforts.

CEO STATEMENT

Through the IPC Environmental Measurement and Monitoring System programme, one of the few global sector-wide initiatives that sets out to reduce carbon emissions, IPC continues to reaffirm its commitment to enhancing the sustainability of the postal sector. In doing so, we are making an important contribution to wider sustainability challenges on the global agenda. It is IPC's ambition to integrate carbon efficiency and sustainability measures into the postal sector's long-term development and strategy, and thereby fully align with the global objectives set out in the United Nations Global Compact.

Holger Winklbauer
CEO, IPC

PRINCIPLE 1

PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS

Our commitment and policy

We are committed to supporting and respecting the protection of internationally proclaimed human rights. As one of the founding members of the United Nations, the promotion of human rights is enshrined in Belgium's national and foreign policy. It is an active member of the Human Rights Council and the International Labour Organisation and a signatory to the Universal Declaration of Human Rights and the European Convention on Human Rights.

Our commitment applies to our own operations, our field of influence and our work with our members. No officer or employee shall, in discharging his assigned responsibilities and duties, engage in any activity which might involve them or IPC in a violation of any federal, state or local law, rule or regulation.

A brief description of our processes and systems

We turn our commitments into practice by ensuring employees are aware of their own human rights, as well as their role in helping protect the human rights of others. We are also available to advise and assist our members in managing their own responsibilities in this respect. We do so using the following processes and systems:

In our own operations

- Employee Handbook, which includes guidance on those aspects of human rights pertaining to employment and enshrined in Belgian law. Specific areas covered in the handbook include:
 - Company Values,
 - Legal and Ethical Practices,
 - Confidentiality of Information,
 - Employment Categories and Definitions Recruitment,
 - Salaries and Benefits,
 - Integrated Performance Management System,
 - Financial Authorities and Authorisation Process
 - Budget, Forecast, Reporting and Projects

PRINCIPLE 2

ENSURE NON-COMPLICITY IN HUMAN RIGHTS ABUSES

Our commitment or policy

IPC is committed to ensuring that the organisation, its employees, its suppliers and its customers are not complicit in human rights abuses. We will fully comply with Belgian, European and international legislation and conventions on human rights. Our commitment applies to our own operations, our field of influence and our work with our members. No officer or employee shall, in discharging his assigned responsibilities and duties, engage in any activity which might involve them or IPC in a violation of any federal, state or local law, rule or regulation.

A brief description of our processes and systems

As part of our commitment, we ensure employees are not complicit in human rights abuses, and we are available to help our members manage their responsibilities in this respect. We do so using the following processes and systems:

In our own operations

- Employee Handbook, which includes guidance on the IPC company values (one of which states: “we act with integrity and respect internally and externally”), and a section about legal and ethical practices

PRINCIPLE 3

UPHOLD FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Our commitment or policy

The right to enter into association is an integral part of the Belgian Constitution and cannot be subjected to any preventative measures. IPC is committed to ensuring that all of its employees are aware of their rights under Belgian law to:

- Freely join associations of their own choice (for the purposes of rule formation, administration and the election of representatives)
- Undertake collective bargaining.

Our commitment means that we will not only abide by all applicable laws in this respect, but will act in the spirit in which they were made. This commitment applies to our own operations, our field of influence and our work with our members.

A brief description of our processes and systems

We put our commitments into practice by ensuring that our employees are aware of their right to freely join associations of their own choice and to participate in collective bargaining.

In our own operations

- Employee Handbook, which includes guidance on the detailed Working Regulations of the company
- The Working Regulations
- Making employees aware, as required by Belgian law, of the process of periodic elections to a Company Council

PRINCIPLE 4

SUPPORT ELIMINATION OF FORCED AND COMPULSORY LABOUR

Our commitment or policy

IPC is against all forms of forced and compulsory labour. Our commitment applies to our own operations, our field of influence and our work with our members. We are also committed to full compliance with Belgian, European and international legislation and conventions on forced and compulsory labour.

A brief description of our processes and systems

We implement this commitment by making sure that IPC is a fair and reasonable employer, whilst also helping our members manage their responsibilities in this respect. We do so using the following processes and systems:

In our own operations

- All employees are issued with terms and conditions of contract when they join the organisation. These, taken together with the Working Regulations, set out the employees' hours of work, remuneration and holiday entitlement.
- Annual performance reviews in which employees are encouraged to put forward any concerns and development needs.
- IPC ensures that suppliers of purchased goods and third-parties providing subcontracted services comply with the rules in place regarding forced and compulsory labour and with IPC values.

PRINCIPLE 5

SUPPORT ABOLITION OF CHILD LABOUR

Our commitment or policy

IPC is committed to the effective abolition of child labour. Our commitment applies to our own operations, our suppliers and sub-contractors, our field of influence and our work with our members. We are committed to full compliance with Belgian, European and international legislation and conventions on child labour.

A brief description of our processes and systems

We honour our commitment by ensuring we support the effective abolition of child labour, and by helping our members do so. We do this using the following processes and systems:

In our own operations

- Purchase contracts for large volumes of specific goods (e.g. mailbags) contain a clause that prohibits the supplier from using child labour in the production of the goods.
- We check the date of birth of all new employees, who are of a sufficiently young age, to ensure that they are above minimum school leaver's age before employment.

PRINCIPLE 6

SUPPORT ELIMINATION OF DISCRIMINATION

Our commitment or policy

International Post Corporation is committed to ensuring equal opportunities for all of its employees. In particular, we are committed to:

- Promoting equality, diversity, as well as an inclusive and supportive working environment
- Affirming the rights of the individual to be treated fairly and with respect
- Identifying, recognising and encouraging individual contributions to our success
- Our commitment applies to our own operations, our field of influence and our work with our members

These are increasingly important commitments for our company, due to our expanding and increasingly diverse professional workforce. We are also committed to full compliance with Belgian, European and International legislation on discrimination, including equality of pay conventions.

A brief description of our processes and systems

We put our commitment into practice by ensuring International Post Corporation supports the elimination of discrimination, and by helping our members support this through their own policies and actions. Every hierarchical superior is required to use all the powers and authority specific to his/her position to see to it that the principle is effectively put into practice. We do so using the following processes and systems:

In our own operations

Equal opportunities:

- A clear and transparent recruitment system which encourages the widest possible search for candidates and their assessment against competencies described in the published person description for the job.
- A Performance Appraisal system in which employees are assessed against published competencies for the company and the job. The assessments are reviewed by senior management to guard against bias.
- The equality of pay for male and female employees is guaranteed in all aspects of remuneration, including, when applicable, function evaluation systems.
- IPC has a diverse and multinational team of 70 employees representing nearly 20 different nationalities and speaking over 10 native languages.

Sexual and racial harassment:

- In accordance with their training and the instructions provided, each employee must contribute positively to the prevention policy against violence, harassment and objectionable sexual behaviour in the workplace, and must refrain from such behaviour.
- An “open door” policy in which employees can report alleged sexual or racial harassment to senior management.
- The employment of a contracted employment advisor to which employees may report cases of alleged sexual or racial harassment on a confidential basis.

PRINCIPLE 7

PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES

Our commitment or policy

IPC is committed to taking a precautionary approach with respect to environmental challenges. We endeavour to continually improve our performance, prevent pollution wherever possible and comply with all applicable laws, regulations and industry standards. Our commitment applies to our own operations, our field of influence and our work with our members.

In particular we:

- Manage our processes so as to avoid or minimise waste
- Work to minimise our use of energy
- Minimise unnecessary travelling to reduce the impact of aircraft and road vehicle emissions
- Encourage the use of relatively low-carbon emissions engines
- Include environmental considerations in investment decisions, and
- Ensure all employees have an awareness of this policy so that it is implemented effectively.

A brief description of our processes and systems

We translate our commitment into action by undertaking initiatives to promote greater environmental responsibility and by assisting our members to manage their own responsibilities in this respect. We do so using the following processes and systems:

In our own operations

- Environment Policy (as part of our overarching Corporate Responsibility Policy)
- Employee Handbook, which includes the policy

(Details of our engagement with members are considered under Principle 8).

Recent actions

- Between 2015 and 2016, IPC's carbon emissions decreased from 704 tonnes to 608 tonnes. Over half (53%) of these emissions were caused by business air travel and just under 40% by road travel (business and commuting). The remaining 7% were caused by heating, paper usage etc.
- For the ninth consecutive year, IPC partnered with the Climate Neutral Group to compensate our carbon emissions. The last seven years of emissions have been fully offset with Gold Standard credits from Cookstove projects in Africa. In 2016, credits were used from the Cookstove Project in Uganda. This project has a positive impact on both climate and local communities. By replacing traditional cooking with fuel-efficient stoves, carbon emissions are reduced and carbon credits generated. In addition, this project allows households in Uganda to cut fuel bills by over a third, and therefore makes a significant contribution to poverty alleviation in the region. For further details on

the project see: <https://www.climateneutralgroup.com/en/climate-projects/efficient-cookstoves-in-uganda/>

- Printing paper is 100% Forest Stewardship Council (FSC) and EU Ecolabel certified. Reductions in our paper use are driven through continued implementation of a minimal printing policy and – unless there are good and pressing reasons – IPC encourages the printing of documents in black and white and on double-sided paper only.
- Continued provision of recycling facilities in our communal areas so that employees can recycle glass, cardboard and plastic.
- Continued use of environmentally friendly printing, IT and lighting technology on a replacement basis.
- Continued emphasis on the use of teleconferencing and remote presentation technologies (e.g. WebEx and webinar techniques) to help reduce business travel.
- Continued selection (in collaboration with our IT supplier) of additional desktop PCs (and other relevant equipment) on the basis of their performance / energy efficiency in order to accommodate growing employee numbers.

PRINCIPLE 8

INITIATIVES TO PROMOTE ENVIRONMENTAL RESPONSIBILITY

Our commitment or policy

In 2008, IPC developed the Environmental Measurement and Monitoring System (EMMS) in direct response to requests from CEOs working throughout the postal industry. EMMS participants collectively employ around 1.8 million staff across the globe at over 100,000 facilities, with well over half a million delivery and transport vehicles. Through fuel combustion, the energy used to heat and cool buildings, and several other energy sources, these companies release significant volumes of CO₂ into the atmosphere. The EMMS systematically addresses global climate change across the sector by improving carbon management proficiency and performance. This is achieved through the provision of a common reporting structure for posts to disclose their strategies, achievements and emissions, and by facilitating forums for sharing best practice.

Following a pilot in 2008, the full programme was rolled out in 2009 with the first data collected and progress measured for the 2008 calendar and financial reporting year. Participants set themselves two targets to reach by 2020 from this benchmark year:

- To achieve a score of at least 90% in carbon management proficiency
- To reduce combined Scope 1 & 2 carbon emissions by 20%.

The group successfully reached the 20% emissions reduction target in 2014, six years ahead of schedule. Nonetheless, further progress on absolute carbon emissions reductions beyond the 20% target will continue to be reported until 2020. Meanwhile, recognising participants' continuous improvement in carbon efficiency, a new target was introduced for the group in 2014:

- To achieve a 20% reduction in carbon emissions (Scope 1, 2 and 3 – outsourced transport) per letter mail and per parcel by 2025, from a 2013 baseline.

The EMMS programme represents one of the few, if not the only, global sector-wide initiatives that commits to reducing carbon emissions to a specified amount by a given date and reports publically on its progress towards achieving these goals. All of our Sustainability Reports are available on the IPC website.

Furthermore, in January 2016 IPC's new delivery efficiency target was approved as a sectoral benchmark by the Science Based Targets (SBT) Technical Review and Steering Committee, at the time placing IPC (and more precisely its EMMS programme) within a group of only 12 organisations globally to have an approved science-based target. Our 20% efficiency improvement target therefore ensures that our targeted emission reductions are in line with the reductions that are required to meet the IPCC's recommended goal of limiting global warming to 2°C.

A brief description of our processes and systems

In line with the programme's separate carbon management proficiency and emissions reduction targets, the annual EMMS process requires individual participants to:

- Complete a comprehensive questionnaire on their carbon management proficiency (CMP). This considers ten areas, such as principles and standards, and value chain management.
- Report quantitative data to enable the calculation of a suite of Carbon Performance Indicators (CPI) across five categories: Overall Sector Indicators, Scope 1, Scope 2, Scope 3 and Activity Indicators.

Multiple measures are in place to ensure data consistency and accuracy. Participants are encouraged to use our calculator tool for CPI reporting and are provided with detailed guidance documents for reference for both the CMP and CPI sections. These are aligned with the requirements of international best practice standards including ISO 14001, ISO 14064, the Greenhouse Gas Protocol, Dow Jones Sustainability Index, FTSE4Good, and current best practice as used by members of the CDP and the US Climate Registry.

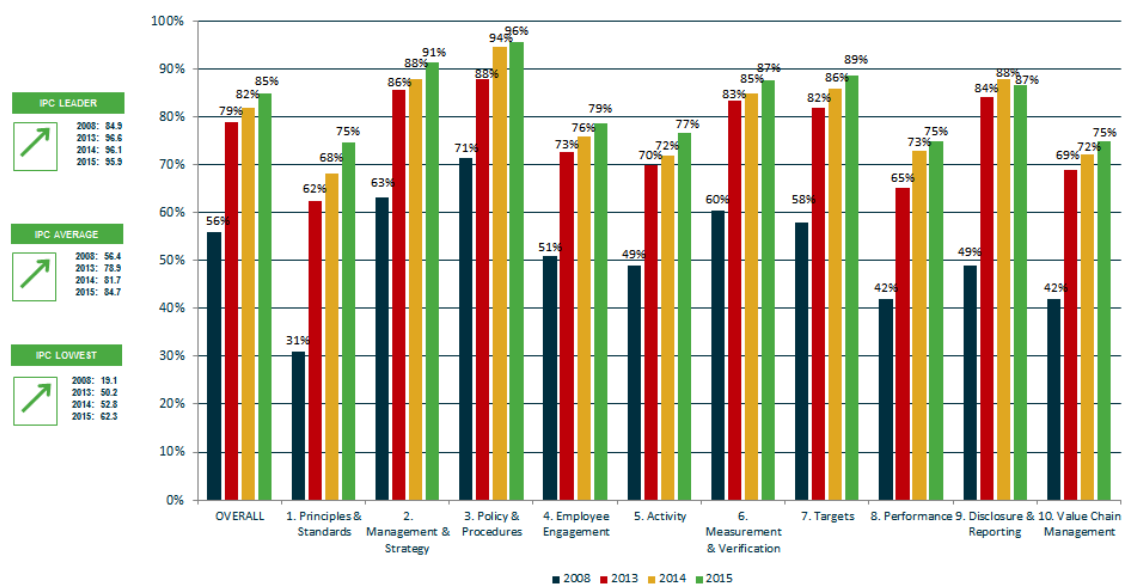
The final results are subject to review by IPC and Verisk Maplecroft, an independent global risk analytics and advisory firm. Our external accountant, PricewaterhouseCoopers, reviews the key sector indicators each year. Limited assurance for Scope 3 emissions has also been provided since 2011.

Figure 1

POSTAL SECTOR SUSTAINABILITY

EMMS Carbon Management Proficiency scores by section

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Results presented include participants within the EMMS group that joined the programme prior to 2010. When including participants that joined the programme two or more years after it began, the group average for 2015 is 82.7%.

Figure 2

POSTAL SECTOR SUSTAINABILITY

EMMS Scope 1 & 2 emissions reduction from 2008 baseline

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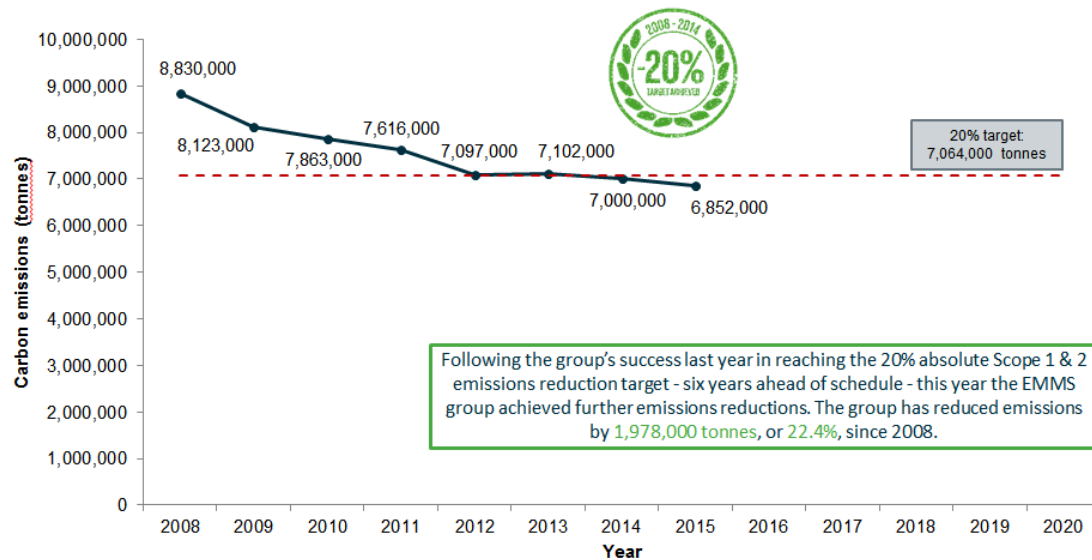
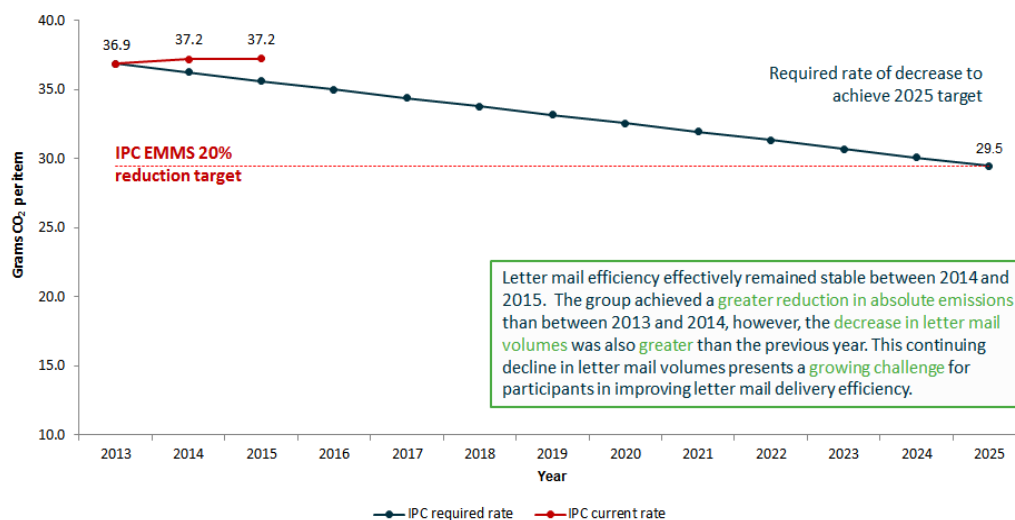


Figure 3

POSTAL SECTOR SUSTAINABILITY

Letter Mail Delivery Efficiency: Progress towards 20% target
(grams CO₂ per item Scope 1, 2, & 3 – outsourced transport)

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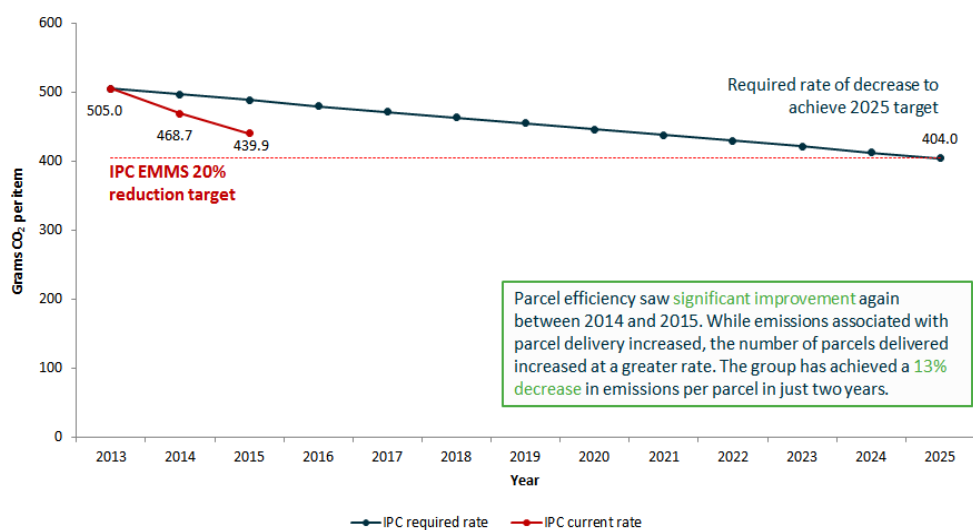


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POSTAL SECTOR SUSTAINABILITY

Parcel Delivery Efficiency: Progress towards 20% target
(grams CO₂ per item Scope 1, 2, & 3 – outsourced transport)

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Recent actions

- Following the EMMS group's success in reaching the 20% absolute emissions reduction target in 2014, six years ahead of schedule, participating postal companies achieved further emissions reductions in 2015. The group has collectively reduced CO₂ emissions by just under 2 million tonnes, equivalent to a decrease of 22.4%, between 2008 and 2015.
- Having achieved our 2020 reduction target for total volumes of carbon emissions, in 2014 a new delivery efficiency target was introduced for the EMMS group: to reduce total carbon dioxide emissions (Scope 1, 2 and 3 – outsourced transport) per letter mail and per parcel by 20% by 2025, from a 2013 baseline. IPC's new target places greater emphasis on efficiency, and has been approved as a sectoral benchmark by the Science Based Targets (SBT) Technical Review and Steering Committee.
- Letter mail delivery efficiency has effectively remained stable since the 2013 baseline, with the group reporting 37.2 grams of CO₂ per item in 2015 compared to 36.9 grams per item in 2013. The overall slight increase from the 2013 baseline reflects the growing challenge faced by participants in the continuing decline in letter mail volumes. Meanwhile, parcel delivery efficiency saw significant improvement again between 2014 and 2015, with the group reporting 439.9 grams of CO₂ per item in 2015 compared with 468.7 grams per item in 2014, a further decrease from 505.0 grams per item in 2013. This represents a 13% decrease in emissions per parcel in just two years.
- Collaboration and best-practice sharing continues to be one of the corner stones of the EMMS programme, which has become a platform bridging the gap between developed and developing countries and which has engaged posts from across the globe. IPC hosted a two-day sustainability workshop in June 2016 attended by 12 posts from Europe and North America. Workshops are also held with participants on an individual basis; IPC held a workshop with senior managers of South African Post Office at their headquarters in Centurion in May 2016, and also with the US Postal Service in Fort Lauderdale, Florida in October 2016.
- As part of this process of continuous improvement, IPC is now encouraging EMMS participants to address their Scope 3 emissions. Although we do see sub-contractors as having primary responsibility for their carbon emissions, we accept that participants have an influence on this section of the value chain and should not be achieving Scope 1 reductions at the expense of increasing the impact of Scope 3 through outsourcing and sub-contraction. To this end, since 2013 we have reported on Scopes 1, 2 and 3 emissions combined, and in 2014 introduced a new delivery efficiency target focussing on emissions reductions from all three scopes.
- Following the first IPC Drivers' Challenge in 2012, the second competition was hosted by An Post in Dublin, Ireland in 2013, and the third edition by Posti in Lapland, Finland in March 2015. In November 2016, eight posts competed in the fourth edition of the challenge, which was co-hosted by bpost at the Spa-Francorchamps Formula 1 track in Belgium. This international competition aims to raise awareness of the impact of eco-driving on CO₂ emissions. Participating teams were challenged to demonstrate their eco-driving, customer service and safe driving skills. Unique to the 2016 edition, bpost also simultaneously held its national drivers' challenge on the same track, and hosted a 'green mobility and innovation' exhibition representing the latest in green delivery and eco-friendly mobility.

PRINCIPLE 9

ENCOURAGE ENVIRONMENTALLY FRIENDLY TECHNOLOGY

Our commitment or policy

As part of our EMMS programme, we actively encourage our members to make increasing use of alternative-fuel capable vehicles in their delivery fleets. This includes electric vehicles, hydrogen vehicles, vehicles that run exclusively on biofuels or that run on LPG and CNG. It excludes vehicles that run on bio/mineral fuel mixes that are below the nationally agreed minimum content of bio/mineral fuel.

IPC participants are also required to provide their energy usage data for renewable electricity purchased ('green' electricity).

A brief description of our processes and systems

IPC has developed the EMMS system to drive improvements in our members' environmental performance. A summary of this system can be found under Principle 8 above.

Recent actions

- The EMMS system measures the percentage of alternative-fuel vehicles within each of our members' delivery fleets. We publish performance figures and case studies in our sustainability report to encourage increased uptake. In 2015, alternative-fuel vehicles made up 14.2% of total reported vehicles, representing an impressive increase from the 10% recorded in 2008. The number of E85 (ethanol fuel blend) models increased by just under 4,200 between 2014 and 2015, while the number of electric vehicles reported increased by just over 2,200, and account for almost 30% of all alternative-fuel vehicles / alternative-fuel-capable vehicles.
- In 2015, five EMMS participants solely used renewable electricity, while 19 participants (95%) reported purchasing or generating some form of green electricity in their CMP Questionnaire.
- The percentage of green electricity as a proportion of total electricity consumption within the group was 25% in 2015 (2014: 16%).
- As part of its company car policy, IPC incentivises its employees to opt for a greener car in order to limit IPC's carbon footprint. IPC also provides its employees with eco-driving advice in order to limit fuel consumption. Also the purchase of bicycles (especially the folding bike) by employees via the company has been very successful.

PRINCIPLE 10

WORK AGAINST CORRUPTION IN ALL OF ITS FORMS

Our commitment or policy

IPC is committed to working transparently and is against corruption in all its forms, including extortion and bribery. No employee or associate will take or receive bribes of any form, or involve themselves in situations that may give rise to any potential conflicts of interest. Our commitment means that we will not only abide by all applicable laws in this respect, but will act in the spirit in which they were made. Our commitment applies to our own operations, our field of influence and our work with our members.

A brief description of our processes and systems

We put our commitment into practice by taking a transparent approach towards doing business, by opposing corruption in all its forms and by helping our members manage their own responsibilities in this respect. We do so using the following processes and systems:

In our own operations

- Statements regarding ethical standards, conflicts of interest and the giving/receipt of gifts, within the Employee Handbook.
- During the course, and during the suspension of his/her employment, the employee will not, without prior written agreement of the company, accept or engage in any other professional activity, remunerated or not, for his/her own account or for third parties (as an employee or as self-employed).
- Whenever facts or circumstances which might indicate a potential conflict of interest are known to any director, officer or employee, such facts or circumstances shall be reported through normal channels to the Director, Finance and Human Resources.
- Officers and employees shall not solicit, accept or agree to accept, at any time of the year, for themselves or on behalf of IPC, any gift without notification to their functional Director.
- There is an absolute prohibition on IPC making a political contribution to any state, federal or local election campaign. No such contribution, whether by cash or otherwise, may be made by or in the name of IPC or be reimbursed by IPC.

Anti-bribery policy:

- Ensuring compliance with anti-bribery laws, rules and regulations, not just within Belgium, but also in any other country within which the IPC may carry out its business or in relation to which its business may be connected
- Enabling employees and persons associated with the IPC to understand risks associated with unlawful conduct and to enable and encourage them to be vigilant and to effectively recognise prevent, avoid and report any wrongdoing, whether by themselves or others.

- Providing suitable and secure reporting and communication channels and ensuring that any information that is reported is properly and effectively dealt with
- Creating and maintaining a rigorous and effective framework for dealing with any suspected instances of bribery or other unethical conduct