

bpost

UN Global Compact Communication on Progress

Year 2016

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

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.

The themes developed under our Corporate Social Responsibility (CSR) program have been identified in consultation with our stakeholders. Three main focus areas are addressed: people, planet and proximity. Other aspects that are an integral part of CSR (such as operating and financial results, corporate governance and customer satisfaction) are handled in a cross disciplinary way. All the actions we take in this regard have been summarized in the GRI table at the end of the [annual report](#).

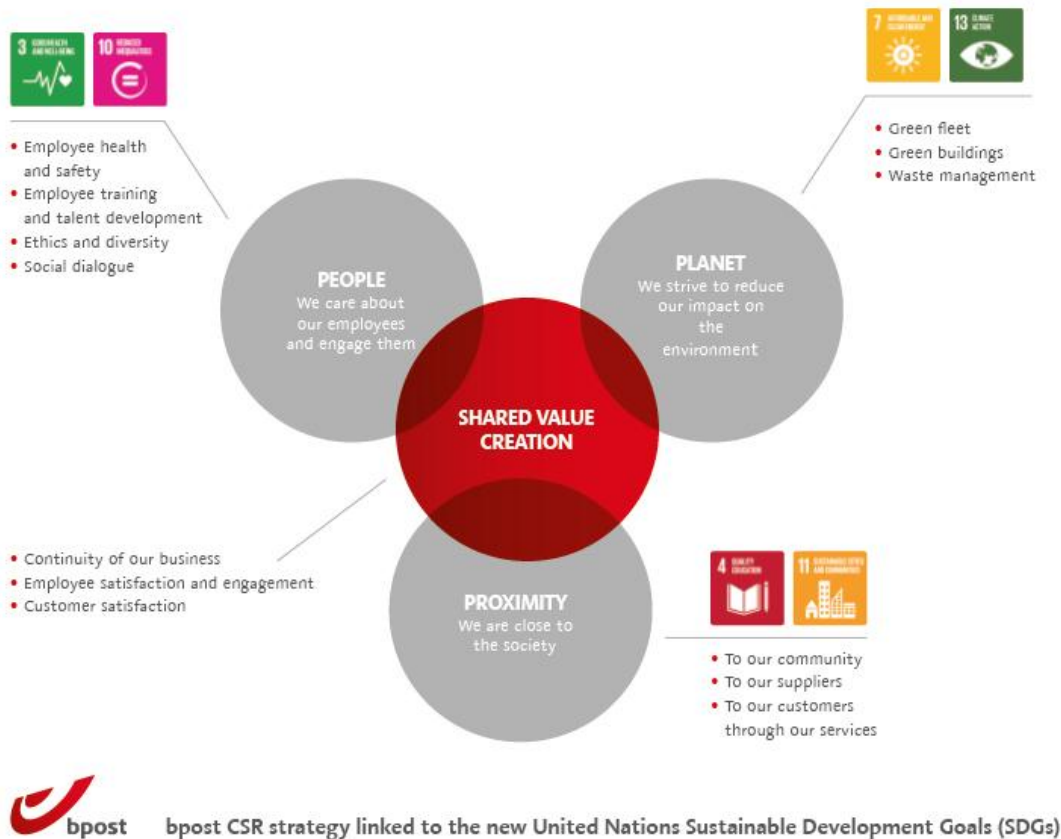
The CEO Koen Van Gerven re-endorsed the 10 principles by signing the Belgian SDG Charter signed by in November 2016.



 A yellow signatory form for the Sustainable Development Goals Charter. It features the "hi" logo and the text "SIGN THE SDG CHARTER". Below this are five fields for information: ORGANISATION (bpost), NAME (Van Gerven), SURNAME (Koën), FUNCTION (CEO), and SIGNATURE (a handwritten signature).

“bpost acknowledges its own role and shared responsibility, as a semi public company, in the implementation of the United Nations Sustainable Development Goals. Indeed bpost pledges to make sustainable development - along the SDG framework - an integral and essential part of its own core business, operations, budgets and projects via its Corporate Sustainability Program.”

bpost CSR Strategy: A triple bottom line commitment towards shared value creation:



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 CSR program, bpost has been working to insure the sustainability of its supply chain, over the past 6 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.

As example, bpost includes strong special social and environmental specifications with strict criteria in its tenders for suppliers of postal uniforms. bpost asks 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 is 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 are 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 EcoVadis 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.

The engagement and commitment of our employees are our biggest assets. Well-being at work is an important issue for bpost. For more details see “Our committed employees”. We are also aware of the fact that our company reflects up to a certain degree the society and the world we live in.

To support this important dimension, bpost’s diversity and inclusion policy sets the framework for non-discrimination, equal opportunities and respect for individuals in three action domains:

1. human resources management
2. culture
3. management competency

"Working together" is one of the bpost core values. It is our ambition that our employees work in an environment that promotes ethics, anti-bribery, diversity and equal opportunities. Our diversity program, our Code of Conduct and our eDiv platform (cfr. infra) help us put these values and behaviors into practice on a daily basis.

Our diversity and inclusion program aims to create awareness about this subject within bpost. Our goal is to support the bpost employees in building a culture where diversity and inclusion become a daily practice. The program focuses on engagement, awareness and involvement. Within this diversity and ethics framework, we have several domains on which we focus in order to stimulate awareness and good practice.

First of all, there is the Code of Conduct. Our Code of Conduct applies to all bpost employees, regardless of their status or position within the organization. This document sets out what the company expects from every employee with regard to professional ethics and working together in harmony. It also stresses the active role our management must play in promoting compliance with the Code and values of bpost.

For instance, in the event of corruption, attempted corruption or active or passive participation in corruption, the company and the employee are liable to heavy fines or prison terms. The strongest disciplinary action can be taken in response.

bpost formally prohibits bribes and major gifts to be distributed, offered or accepted. These include sums of money, credits, donations, rewards and any other forms of compensation offered with the direct or indirect aim of obtaining or unduly rewarding preferential treatment in a transaction or a commercial decision. bpost may take action at any time against potential suppliers that make themselves guilty or are guilty of fraud, price fixing, invoicing services that they did not provide, corruption or attempted corruption of employees. bpost may start legal proceedings against suppliers and its own employees.

And, we go even beyond, as we have introduced since 2015, the themes diversity and inclusion in our company's leadership model. This reference will allow us to detail the key behaviors expected of our leaders in this field.

The religion and work guidelines help leaders integrate religion on the work floor both with respect for any religion and good practices at work in order to maintain performance.

Thanks to our online learning platform "eDiv", developed and managed by the Equal Opportunities Center, we can:

- Gain insight into the anti-discrimination legal framework.
- Identify, prevent and resolve potentially discriminatory situations.
- Launch processes to manage the diversity of our teams better.

The diversity and integration workshops are organized for teams willing to invest in awareness for diversity and inclusion or that want to deal with specific topics within the diversity and inclusion framework.

Social Dialogue

bpost's employees are at the core of our business. We need to draw on the satisfaction and engagement of each and every one to be able of enthusing our customers and earning their loyalty. For this reason, we strive to promote the wellbeing and good working conditions for all our employees but also a culture of dialogue for the management whether it is with his team or with the trade unions.

Unions

The legislation applicable to bpost as autonomous state enterprise and its articles of association explicitly provide for a structure and processes at different levels in order to lead efficient negotiation, consultation and information. bpost has his own Joint Committee and several other fora at national level (e.g. sub-committees and strategic committees) or regional level (e.g. consultation committees) to foster good dialogue and relations between Unions. This way of collaborating enables also a prompt

reaction to incidents avoiding any escalation and mitigating social conflicts.

Wage conditions, collective labor agreements, reorganization projects, safety and wellbeing at work are some of the topics that can be examined and discussed each month.

The involvement of our management in our social dialogue is also expressed by the appointment of two directors at senior executive level and dedicated teams whose function is maintaining these good relationships with Unions.

The good collaboration we aim to maintain with trade unions pays off. Indeed, based on the 2014 statistics of the FEB (Federation of Belgian Entreprises), bpost had an average of 1.49 days of strike per 1,000 employees. This relatively low compared to the average of 196.66 days of strike per 1,000 employees for Belgian companies with more than 1.000 employees (Source; ANNICK HELLEBUYCK, CENTRE DE COMPÉTENCE EMPLOI & SÉCURITÉ SOCIALE- 16 SEPTEMBRE 2015 - http://www.vbo-feb.be/en/business-issues/social-dialogue/conflicts-sociaux/les-jours-de-greve-ont-connu-un-pic-en-2014_2015-09-16/).

However, the challenges to come are still important and we strongly believe in the importance of having good relations with our unions. For this reason, we strive to strengthen our social dialogue within bpost. This is enabled through the organization of conferences with the Unions about essential theme's for bpost (e.g. corporate culture of leadership, corporate strategy, important markets such as parcels, etc.), as well as providing opportunities to follow the same trainings and career path as other employees.

Employee's benefits

Next to the wage, bpost offers a variable pay based on corporate results, extra-legal benefits such as allowances depending on work performances, retirement plan, meal vouchers, leaves etc.

We also provide different kinds of trainings that aim at helping employees and managers to improve the way they work or communicate (such as feedback culture, trade unions,...).

Employer attractiveness

bpost was ranked ninth in Randstad's 2016 employer branding study of the best-known private companies in Belgium.

The social performance indicators were disclosed on our annual report and website using the GRI standards (G4): http://corporate.bpost.be/sustainability/people/kpi?sc_lang=en

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 more 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

Our ambitions are not limited to our own business but apply also to the entire value chain. The responsible and sustainable procurement practice are stimulated throughout the organization and serves as one of the most important aspects in bpost's transition towards sustainable business. bpost's sustainable procurement process is based on two pillars:

- The sustainable nature of the purchased products, materials and services (sustainable procurement policy).
- The maturity of suppliers with regard to CSR practices within their organization (supplier assessment).

Sustainable procurement policy

bpost's sustainable procurement policy is based on the European Commission's DG Environment for Green Public Procurement (GPP) requirements and social requirements in which multiple product groups can be differentiated.

Each product is judged based on its technical aspects, social and environmental performance. Each contract that exceeds a predefined value and has an impact on sustainability, is subjected to a number of sustainability criteria in the evaluation of the offer. This process is monitored by bpost's Head of Procurement and CSR Manager.

In order to enforce the sustainable procurement process, an environmental and social clause are included in the execution conditions. The clause obliges the supplier by contract to proactively and innovatively improve the environmental and societal impact of the delivered goods, services or work performed. In case the supplier repeatedly does not comply with the specific requirements of bpost, the contract can, in extreme cases, be terminated.

For more details see also our Supplier code of conduct and our Supplier general conditions.

As local procurement is important for our stakeholders, we monitor our supply spending on local suppliers.

Next to our procurement policy, bpost is committed to becoming the best in class with regard to responsible paper consumption. Our partners PEFC and FSC helped us to achieve that goal. Various

measures have already been taken in recent years: 99% of the paper we buy is PEFC and/or FSC certified or recycled; 100% of our postage stamps are printed on FSC paper.

Supplier assessment

We partner with Ecovadis to conduct suppliers CSR risk assessments 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...) are taken into account. Suppliers are rated on a scale of 1 to 100. A discussion between bpost and the supplier is organized in case the score is too low in order to improve their CSR performance.

“bpost asks its 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 regulations. Environmental criteria are also included in the individual objectives of the CEO and cascaded through the organisation to some managers. Within bpost, the Environment department organises annual audits, updates declarations and works closely with the various authorities.

Waste Management

We continuously strive to reduce waste generation and enhance waste management. In all our mail sorting centers, mail centers and administrative buildings proper waste management is a key element. This includes thoroughly sorting of all our waste streams, proper collection and transport by a registered waste partner and finally, recycling (paper, drink cartons, plastic bottles, metal) or disposal with energy recovery.

In order to achieve our recycling goals, we focus on proper waste selection by awareness campaigns and internal audits.

A lot of our waste is generated by the transport of parcels. Together with our clients, we try to find solutions to minimize waste production. “Loose-loaded” - individually stacking parcels, as opposed to palletized- is an effective way to minimize the use of card board, pallets and plastic foil.

Together with our registered waste partners, we find solutions to improve our waste selection. This, to enhance the recycling in an economical, ecological and efficient way. In 2016, bpost has invested in a new system of paper and cardboard collection (chapel container). This type of circular economy initiative can generate up to 150,000 euro savings per year.

We target a reduction of general waste production of -20% by 2020 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 provide its primary mission without a large fleet of vehicles. bpost implemented an action plan

and successfully reduced its carbon emissions by 36% in 2007-2015. The action plan to reduce carbon emissions was detailed in the Carbon Disclosure Project.

Green Buildings

bpost manages and maintains 950 buildings (800,000 m²) for operational purposes, which consume electricity, water, and gas.

We have the ambition to minimize the impact of all operations within our buildings. To create green buildings, bpost has the following initiatives in place:

Environmental management systems

Besides the regulatory aspects, bpost has set up certified environmental management systems (ISO 14001) in its strategic sites. We track our energy consumption through an online energy management portal. This helps ensure that the annual volume of letters and parcels is processed in eco-responsible conditions.

Investing in green equipment and green buildings

In November 2013, bpost opened its second green building, a new mail center in Mons. It is the follower of the in 2013 opened green mail center in Plénesses in the Verviers region and represents a state-of-the-art low energy building. In existing buildings, bpost invests in energy friendly solutions, such as new lighting systems, thermal insulation, upgraded heat ventilation and air conditioning.

Renewable energy

bpost does its best to reduce its energy consumption. However, we will always need energy. For this reason, we also want to look at which type of energy we are using. We use 100% green electricity and produce more and more electricity ourselves. Hence, we have installed 15,000 m² of solar panels in the last years and we plan to install additional 16,000 m² representing a capacity of 2 mWp (Mega Watt peak) in 2017.

Sustainable mobility

The fleet of vehicles is at the heart of our environmental challenge. Road transport is the backbone of the mail collection and delivery network and bpost cannot fulfill its mission without an extensive fleet of vehicles. Our fleet is indeed one of the largest in Belgium, consisting of 7,457 vans, 1,940 mopeds, 394 trucks, 2,733 bicycles, 2,494 electric bicycles, 24 electric delivery three-wheelers and 2 eVans.

Our ambition is to make our fleet greener by taking the following actions:

Eco-Driving Challenge

Since 2011, we organize every two years the Eco-Driving Challenge to raise awareness among employees on their actual fuel consumption. In 2016, bpost hosted an international Eco-Driving Challenge in Spa-Francorchamps. This event gathered the best postmen drivers, based on their fuel consumption of the past six months. Teams composed of a professional driver and a manager participated into a contest to testcar handling, eco-driving, safety and customer service.

Eco-Driving training

Responsible driving is another important factor in the pursuit of a greener fleet. Keeping this in mind, we provide Eco-driving training to van drivers and check vehicle tire pressure on a regular basis.

Datalogger

To connect eco-driving with not only the driver but also the vehicle, bpost has started installing dataloggers on its delivery vans and on its trucks in 2014. These data loggers warn the drivers automatically in case their driving behavior is not eco-friendly.

Replacing mopeds with electric delivery three-wheeler

We develop transportation alternatives that help decrease the environmental impact of our transportation activities. bpost has the ambition to decrease the number of conventional last mile vehicles (vehicles used in cities/municipalities). Extensive internal testing has shown that electric scooters with three wheels are a valid distribution alternative to the traditional mopeds. Besides the considerable emission advantage, this electric alternative offers much better safety and ergonomics, can carry more products and emits less. Hence, gradually these vehicles will replace the traditional mopeds starting from January 2017.

The pedelec fleet, also on 3 wheels, is growing steadily as well, enabling bpost low emission and less traffic dependant city center delivery.

Green Car Policy

Next to our operational fleet, we must take care of the mobility of our employees. With a workforce of several thousand people, bpost can make a great impact with regard to the daily commuting of its staff. The Green Car Policy, which encourages people to choose transport solutions that emit less carbon dioxide, has been implemented.

bpost also has a teleworking policy enabling employees to avoid unnecessary home-work commuting and launched a bpost carpooling solution in 2015 in partnership with Taxistop.

Responsible paper consumption

bpost is committed to achieving best-in-class status for responsible paper consumption. 99% of the paper we buy is FSC/PEFC paper. bpost is the leading postal operator in Europe in this field.

Partnerships to protect biodiversity

In 2015 bpost gave a long lease on a plot of land in the municipality of Uccle free of charge. This plot will be used for a public park (Raspail Park) and for a biodiversity protection project. The lease, for a duration of 66 years, will allow the municipality to take worthwhile initiatives to manage and renovate this park. The park will be reopened to the public as soon as possible. In 2014 bpost entered into a similar agreement with Natuurpunt. bpost gave Natuurpunt a long lease on a plot of land in the Oude Landen nature area in Ekeren. Natuurpunt then developed a biodiversity and flora protection project there. In exchange, Natuurpunt planted a hectare of trees in Waverwoud forest in Lier.

More sustainable solutions for our customers

bpost looks further than its own operations. Thanks to our proximity to our customers, we keep a close eye on their emerging needs. An important parameter for our customers is the sustainable impact of their actions. Consequently, we want to give them the chance to make sustainable choices and assess their impacts. We therefore provide responsible products and services.

Carbon Meter service

Thanks to our Carbon Meter, our customers can measure the carbon footprint generated by their advertising mail flows, so that they can take well-informed decisions that minimize their environmental impacts (in terms of type of paper, use of cardboard, size and inks, for example).

Carbon offsetting service

Next to this, we give our customers the possibility to offset the carbon emissions generated during the delivery of their mail items. This service, in joint initiative with CO2logic, raises financing for climate projects to cut greenhouse emissions in emerging countries. It is crucial to also support energy efficiency, renewable energy, avoiding deforestation and reforestation projects in developing countries since we share the same atmosphere. Following the Paris agreement, developed countries will be reducing their CO2 emissions to meet the max +2°C of global warming but the challenge will be to address the rising population growth and energy need in developing countries. For each CO2 reduction achieved through the support of Gold Standard certified climate projects in developing countries we also generate a positive contribution to some crucial UN SDG's (climate action, life on land, sustainable communities, no poverty, good health...)

CityDepot service

bpost introduced a solution to solve some of the mobility problems in and around cities. CityDepot gives road haulers the option of unloading their cargo at a specially equipped depot in the suburbs rather than driving into the city centre. CityDepot then makes a same-day combined delivery to the final recipients.

The carbon balance of this service is very positive and contributes to the development of sustainable cities. [Click here for more details.](#)

Beyond the environmental impact of our services, we also aim to offer services that have a social impact and help identifying social issues.

bclose service

Our service "bclose" was commissioned by the local social aid and welfare department (CPAS/OCMW). bclose is a service in which postmen gather information on a group of senior citizens (identified by CPAS/OCMW) during their round to assess whether they are socially isolated. Based on the information provided, action can be taken to help these isolated people and integrate them into community life. For more information see the bpost website:

http://corporate.bpost.be/sustainability/proximity/proximity-to-our-customers?sc_lang=en

A green stage

For the fourth consecutive year bpost took first place in the International Post Corporation's 2016 environmental management ranking. In 2016 the environmental performances were the subject of an

external ISO 14064 verification by SGS of our direct and indirect carbon footprint. Furthermore, thanks to bpost's participation in the Carbon Disclosure Project and GRI reporting, these environmental data are available transparently for all interested stakeholders. Our aim is to reduce carbon emissions in line with the recommendations of scientists agreed at the 2015 Paris Climate Conference (COP21) to keep global warming below 2°C. Here again, we want to remain among the best by launching new structural and behaviour-based initiatives to improve the ecological credentials of our activities, our buildings and our fleet.

Key figures:

- ✓ -36% reduction of carbon emissions 2007-2016
- ✓ -16% waste reduction 2009-2016
- ✓ 99% of all paper used has ecological FSC or PEFC label
- ✓ "For the fourth consecutive year bpost took first place in the International Post Corporation's 2016 environmental management ranking.

More info on bpost PLANET KPI's: http://corporate.bpost.be/sustainability/planet/kpi?sc_lang=en

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 has had a [Code of Conduct](#) since 2007. This Code applies to all bpost employees, regardless of their status or position within the organization. This document sets out what the company expects from every employee with regard to professional ethics and working together in harmony. It also stresses the active role management must play in promoting compliance with the Code and values of bpost.

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, suppliers are assessed by a third party (www.Ecovadis.com). 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?