

# OUR COMMUNICATION ON PROGRESS TO THE UNITED NATIONS GLOBAL COMPACT

**July 2020**



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# ABOUT INTERNATIONAL POST CORPORATION

International Post Corporation (IPC) is the partner company of the global postal industry. We are a cooperative association of 25-member postal operators in Asia Pacific, Africa, Europe and North America. This year exactly 30 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 around 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 Sustainability Measurement and Management System (SMMS). As part of this programme we encourage and support members to also become signatories of the Global Compact. In 2018, the total number of SMMS participants reporting their endorsement stood at 15 – a significant increase from the 6 reported in 2008. Further details of recent SMMS 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

IPC and the postal sector confirm their commitment to making an important contribution to the wider sustainability challenges on the global agenda. The IPC Sustainability Measurement and Management System programme remains one of the few global sector-wide initiatives to reduce carbon emissions. Its success pushes IPC and participating posts to think further about next steps to take after the remaining programme's targets have been achieved. In 2019, the programme was aligned with five UN Sustainable Development Goals (SDGs) most relevant for the postal sector. In 2020, the group also expects to set new targets in line with these SDGs. Through these steps and planning, IPC illustrates its long-term strategic thinking, through the integration of carbon efficiency and sustainability measures into the postal sector's policies.

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 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 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 2018 and 2019, IPC's carbon emissions increased slightly from 571 tonnes to 607 tonnes. Nearly 37% of these emissions were from road travel (business and commuting) and more than 57% from business air travel. The remaining 6% were caused by heating, public transport and paper usage etc.
- For the 12th consecutive year, IPC partnered with the Climate Neutral Group to compensate our carbon emissions. The last nine years of emissions have been fully offset with Gold Standard credits.
- 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. 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 CO<sub>2</sub> 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.

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.

In 2019 the EMMS programme was expanded to align with the UN SDGs. The Sustainability Measurement and Management System (SMMS) broadens the remit of the old EMMS, from carbon and energy, to seven sustainability focus areas: Health & Safety, Learning & Development, Resource Efficiency, Climate Change, Air Quality, the Circular Economy and Sustainable Procurement. In 2020, mid-term targets will be set to help drive progress across the broader range of sustainability issues.

The SMMS 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 publicly on its progress towards achieving these goals. All our Sustainability Reports are available on the IPC website.

## A brief description of our processes and systems

In line with the programme’s separate carbon management proficiency and emissions reduction targets, and further mid-term targets to be set in 2020, the annual SMMS process requires individual participants to:

- Complete a comprehensive questionnaire on their sustainability management proficiency (SMP). This assesses performance in the seven sustainability focus areas (see p.13), across four management pillars: Strategy & Policy, Embedding, Measurement & Evaluation and Disclosure & Reporting.
- Report quantitative data to enable the calculation of a suite of Sustainability Performance Indicators (SPI) across six of the seven sustainability focus areas (Sustainable Procurement is assessed qualitatively only).

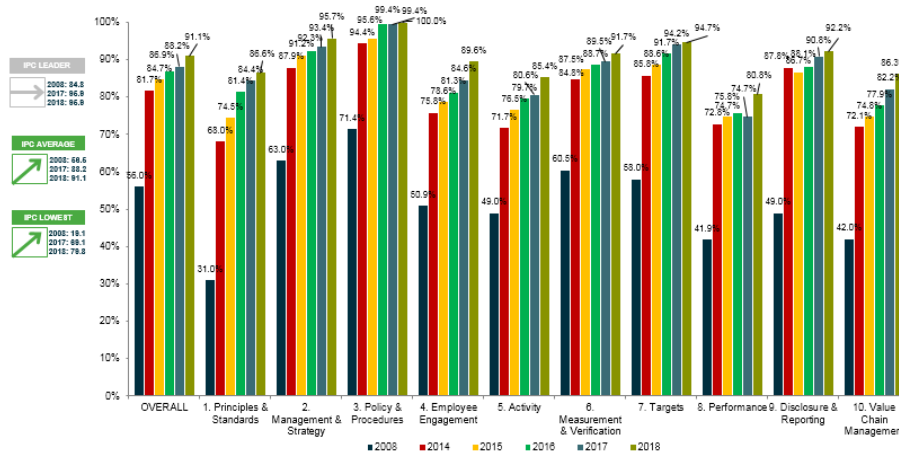
Multiple measures are in place to ensure data consistency and accuracy. Participants are encouraged to use our calculator tool for SPI reporting and are provided with detailed guidance documents for reference for both the SMP and SPI sections. These are aligned with the requirements of international 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

Scores by section



\*Excludes participants that began submitting after 2010

Figure 2

## POSTAL SECTOR SUSTAINABILITY

Scope 1 & 2 emissions reduction 2008 - 2018

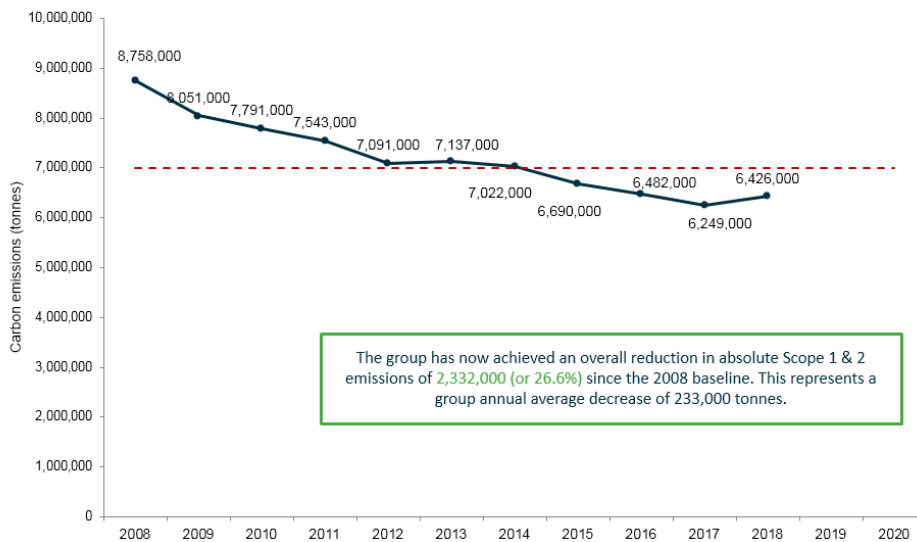


Figure 3

## LETTER MAIL DELIVERY EFFICIENCY

Progress towards 20% target

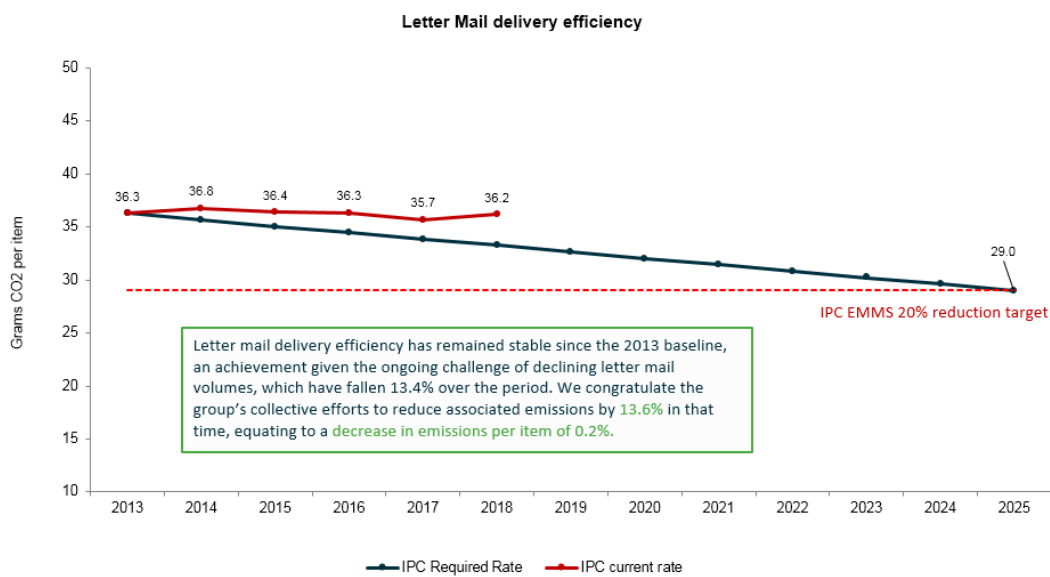
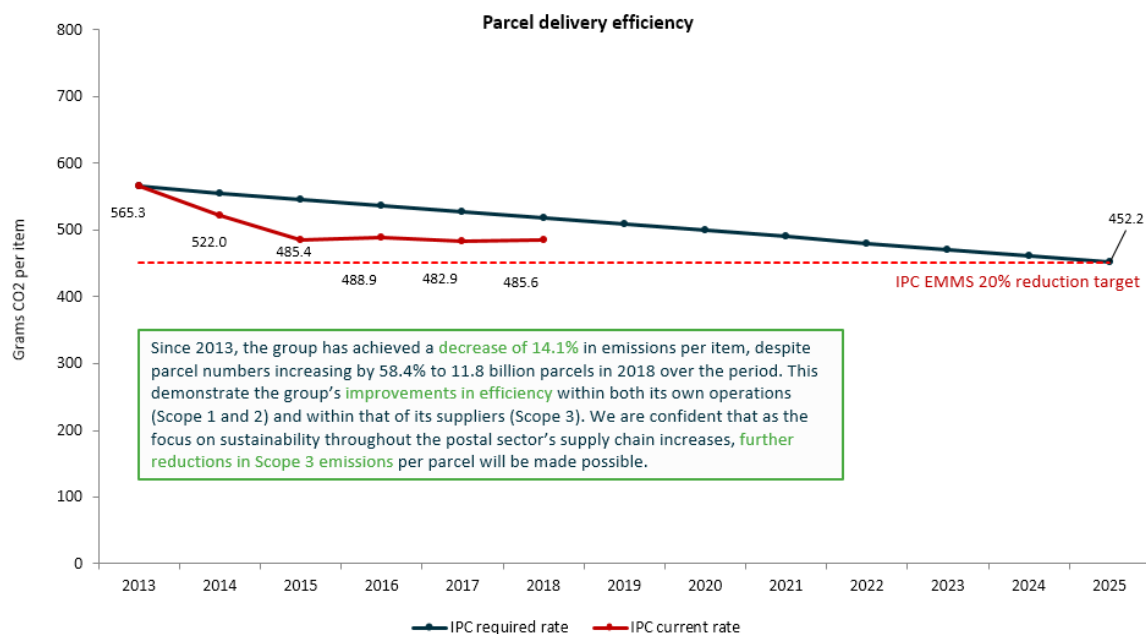


Figure 4

## PARCEL DELIVERY EFFICIENCY

Progress towards 20% target

International **Post**  
Corporation

### Recent actions

- Following the SMMS group's success in reaching the 20% absolute emissions reduction target in 2014, six years ahead of schedule, participating postal companies continued to achieve emissions reductions in the consecutive years. The group has now collectively reduced annual CO<sub>2</sub> emissions by 2.3 million tonnes, equivalent to a decrease of 27%, between 2008 and 2018.
- Having achieved our 2020 reduction target for total volumes of carbon emissions, in 2014 a new delivery efficiency target was introduced for the SMMS 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. IPC was the 12<sup>th</sup> organisation worldwide that got SBT approved targets.
- Despite the challenge faced by participants of further declining letter mail volumes, the letter mail delivery efficiency has slightly improved since the 2013 baseline, with the group reporting 36.2 grams of CO<sub>2</sub> per item in 2018 compared to 36.3 grams per item in 2013. Meanwhile, parcel delivery efficiency has improved from 565.3 grams per item in 2013 to 485.6 grams per item in 2018. This represents a 14% decrease in emissions per parcel in just five years.
- Collaboration continues to be one of the corner stones of the SMMS programme, which has become a platform for best practice sharing between countries and which has engaged posts from across the globe. IPC hosted its two-day annual sustainability workshop in May 2019, attended by 11 posts from across Europe and North America.

- As part of this process of continuous improvement, IPC is now encouraging SMMS 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 in Montpellier, 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. 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; the emphasis is increasingly on efficient driving of electric vehicles. In April 2018 the fifth edition was held at the circuit of Estoril, Lisbon, Portugal; 11 teams from 9 posts competed in this edition. This international competition aims to raise awareness of the impact of eco-driving on CO<sub>2</sub> emissions. Participating teams were challenged to demonstrate their eco-driving, customer service and safe driving skills.
- The SMMS group's achievements to date are indicative of the postal sector's commitment to sustainability. IPC is now building on these successes and evolving the programme in order to drive further sustainability action, by aligning its sustainability strategy with the United Nations Sustainable Development Goals (UN SDGs). In doing so, we must ensure that sustainability considerations become integrated into business policy, processes, and long-term strategy, thereby ensuring that the sector's sustainability actions influence all aspects of the supply chain. As we have learnt from the very beginning of the SMMS programme, the key to continuing the success of our programme will be the support and collaboration of our dedicated group of participants. In 2018, our participants identified the five UN SDGs most material to the postal sector:
  - SDG 8: Decent work and Economic growth
  - SDG 9: Industry, Innovation and Infrastructure
  - SDG 11: Sustainable Cities and Communities
  - SDG 12: Responsible Consumption and Production
  - SDG 13: Climate Action.

These five prioritised Goals were mapped to the postal sector value chain and specific targets under the Goals were then identified, through extensive literature research and stakeholder engagement. After multiple consulting rounds with our participating posts, these targets (or sub-Goals) were translated in to seven actionable focus areas: Health and Safety, Learning and Development, Resource Efficiency, Climate Change, Air Quality, Circular Economy and Sustainable Procurement. This approach ensures that the strategies deployed under the expanded programme are tailored so that the postal sector can achieve maximum positive impact.



## PRINCIPLE 9

### Encourage environmentally friendly technology

#### Our commitment or policy

As part of our SMMS 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 SMMS system to drive improvements in our members' environmental performance. A summary of this system can be found under Principle 8 above.

#### Recent actions

- The SMMS 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 2018, alternative-fuel vehicles made up 23.7% of total reported vehicles, representing an impressive increase from the 10.0% recorded in 2008. The number of electric vehicles increased between 2017 and 2018 by over 9,000, accounting for 55.5% of all alternative-fuel vehicles (this was 50.8% in 2017).
- In 2018, seven SMMS participants solely used renewable electricity, while 18 participants (~90%) 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 31.0% in 2018 (stable from 2017: 31.0%).
- 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