Regional efforts in a global setting

2013 IPC POSTAL SECTOR SUSTAINABILITY REPORT

International Post Corporation

About the International Post Corporation

The International Post Corporation is a cooperative association of 24 member postal operators in Asia Pacific, Europe and North America. Over the past two decades IPC has provided industry leadership by driving service quality and interoperability, supporting its members to ensure the high performance of international mail 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. With members delivering some 80% of global postal mail, IPC represents the majority of the world's mail volume.

For more information please visit our website at www.ipc.be

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EMMS *5 years*

Since the start of the programme in 2008, the original EMMS participants have already achieved a score of 76% in carbon management proficiency and reduced combined Scope 1 and 2 emissions by 19.4%. Many participants have increased the number of alternative fuel / fuel capable vehicles they use, often piloting new models. The EMMS programme has also become much more global in its reach. Five new participants have joined us, including two from Africa (South African Post Office and Nigerian Postal Service) and one from South America (Empresa Brasileira de Correios e Telégrafos); this brings the total to 25 across five continents.

Having made significant progress with carbon emissions in only a few years and with further reductions anticipated, the group is now keen to expand the programme into other areas, such as waste management and sustainable procurement. This spirit of continuous improvement keeps IPC and the participants firmly focused on the advances that can be made in the future.

An Post	Ireland
Australian Postal Corporation	Australia
bpost	Belgium
Canada Post Corporation	Canada
Correos y Telégrafos	Spain
CTT Correios de Portugal	Portugal
Deutsche Post DHL	Germany
Empresa Brasileira de Correios e Telégrafos	Brazil
Le Groupe La Poste	France
Hellenic Post-ELTA	Greece
Itella Ltd	Finland
Magyar Posta Zrt	Hungary
New Zealand Post Ltd	New Zealand
Nigerian Postal Service	Nigeria
Österreichische Post	Austria
POST Luxembourg	Luxembourg
Poste Italiane	Italy
Posten Norge	Norway
PostNord	Denmark and Sweden
PostNL	Netherlands
Royal Mail Group Plc	United Kingdom
South African Post Office	South Africa
Swiss Post	Switzerland
United States Postal Service	United States

500,000

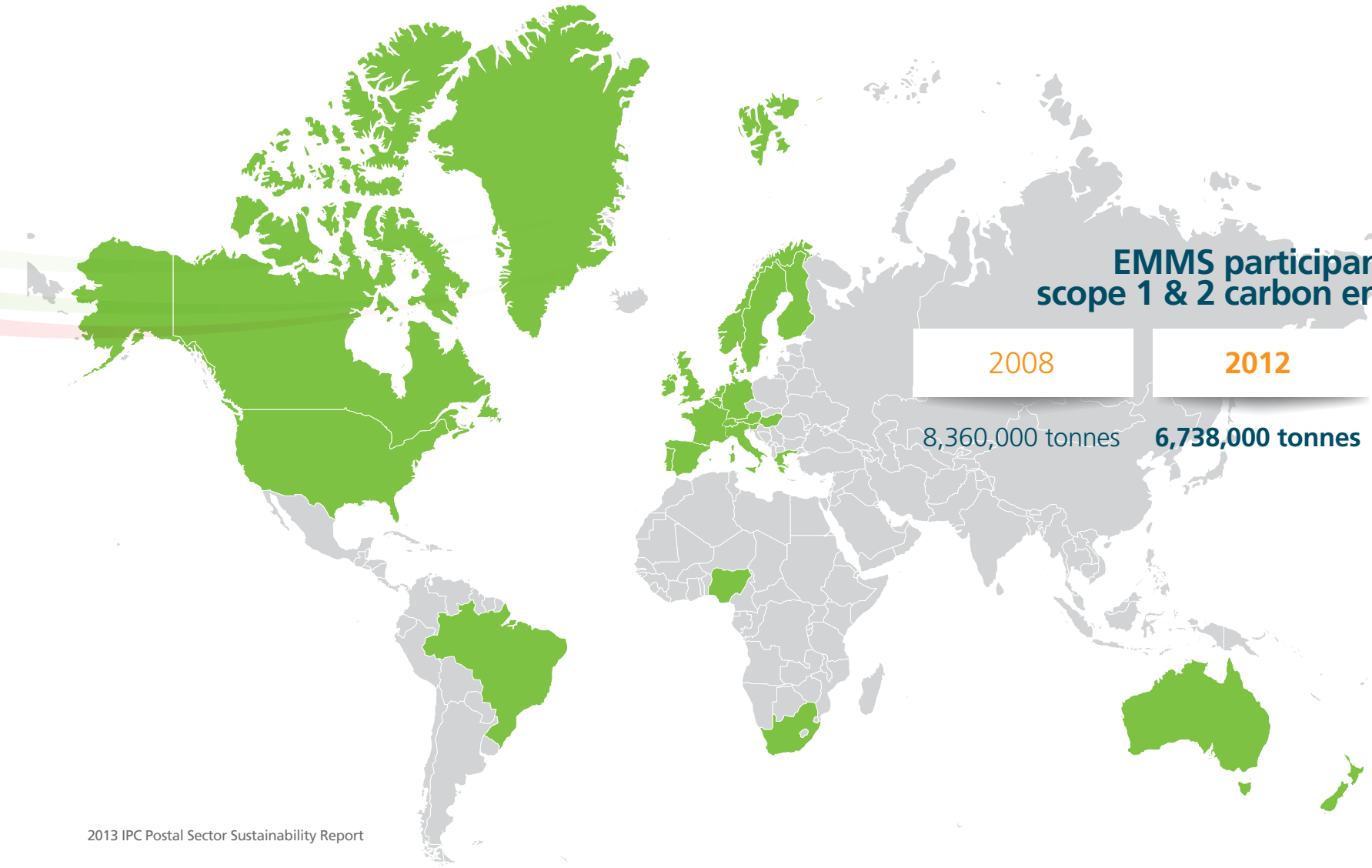
postal vehicles in EMMS participants' fleet

100,000

buildings owned by posts participating in EMMS

2,000,000

postal workers in EMMS participants' workforce



EMMS participants' scope 1 & 2 carbon emissions

2008	2012	Total reduction
8,360,000 tonnes	**6,738,000 tonnes**	**1,622,000 tonnes (-19.4%)**

Statement from the CEO

Climate change is a truly global issue and the EMMS is an example of how an industry can come together and work towards the common goal of reducing its impact on the environment.

It is with great pleasure that International Post Corporation presents you with the latest IPC Postal Sector Sustainability Report. We are proud to announce that in 2012 the postal operators participating in IPC's Environmental Monitoring and Measurement System (EMMS) have reached a carbon emission reduction of **435,000 tonnes** of CO_2 compared to 2011. These exceptional results have brought us within striking distance of our goal to reduce carbon emissions by 20% by 2020 compared to 2008; combined with the emission cuts since the start of the EMMS programme in 2008, these results add up to a total carbon emission reduction of 19.4%.

Now in its fifth year of environmental reporting, the EMMS programme continues to make strong progress. Rather than slowing down, the rate of carbon emission reductions remains high and is even higher than the reductions reported over the past three years. These results are a clear sign that the posts have consistently invested in environmental sustainability and that their environmental efforts are a great success.

The carbon management proficiency results as well as the postal case studies presented in this report illustrate how the posts have fully committed to environmental sustainability on all levels across all business segments.

Climate change is a truly global issue and the EMMS is an example of how an industry can come together and work towards the common goal of reducing its impact on the environment. Over the past years, IPC has had the honour of welcoming new members to the programme and reaching out to emerging economies, with the South African Post Office joining in 2011 and Correios Brazil and the Nigerian Postal Service in 2012. This year's report is the first edition which covers the efforts of the two newest members as well, thereby expanding the geographical scope of the report and enabling us to take on a regional approach. It is now possible to identify regional trends, adding a new level of analysis to our reporting.

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 has engaged posts from across the globe.

Last year's report was dedicated to the management of emissions across the value chain. This year's reporting continues on that line and provides data on the indirect impacts throughout the value chain and presents case studies of how many posts are using innovative approaches to address these broader impacts.

Needless to say, the progress made over the past year makes me immensely proud and I would like to extend my personal congratulations to all the members of the IPC EMMS programme as well as to all other involved stakeholders for their efforts. Their determined commitment to our collective targets and their impressive achievements are a clear example of how an industry-wide initiative can truly make a difference.

We should, however, not be complacent – even with our targets within reach. Over the following year we will review our goals in light of our recent progress. We will continue to work together with our stakeholders and provide them with the necessary support to continue with their mitigation efforts. We look forward to many more years of successful and constructive cooperation.

Herbert-Michael Zapf
IPC President & CEO

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Carbon Management

With an average carbon management proficiency score of 76%, the EMMS participants are well on the way to reach the 2020 target of 90% ahead of schedule.

With an additional reduction of 435,000 tonnes of scope 1 & 2 emissions compared to 2011, a 19.4% reduction has been achieved compared to the 2008 baseline, a mere 0.6% shy of reaching the 2020 target of 20%.

The Environmental Measurement and Monitoring System

Introduction

The Environmental Measurement and Monitoring System (EMMS) was developed in 2008, in direct response to requests from CEOs from the postal industry. The EMMS objective is to drive both carbon management proficiency and performance by providing a common reporting structure for posts to disclose their environmental management strategies and achievements. In doing so, the programme meets both customer requirements and stakeholder expectations.

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. This represents the benchmark year of the EMMS programme. Participants set themselves two targets to reach both individually and as a sector:

- To achieve a score of at least 90% in carbon management proficiency by 2020
- To reduce combined Scope 1 & 2 carbon emissions by 20% by 2020

This 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 this goal.

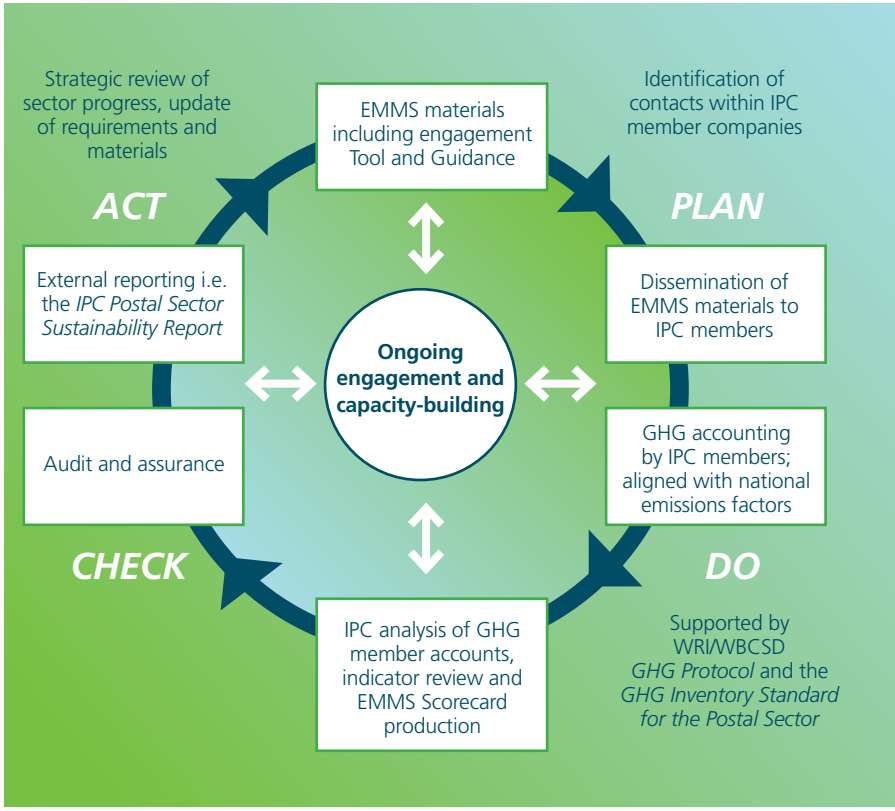
EMMS participants collectively employ around 2m staff across the globe at over 100,000 facilities, with well over half a million delivery and transport vehicles. Through fuel combustion, the energy used to heat and cool buildings, and several other energy sources, these companies release significant volumes of CO_2 into the atmosphere. At IPC, we are working to systematically address global climate change across the sector through our EMMS programme. We believe that through sharing knowledge and encouraging positive action, the entire postal industry will be able to lower its environmental impacts, thus addressing stakeholder concerns about its contribution to greenhouse gas emissions.

Data verification and assurance

In the first stage of the EMMS process, participants complete an annual comprehensive self-assessment questionnaire on their management proficiency. This primarily qualitative assessment considers ten areas, such as principles and standards, and value chain management. Results are analysed and used in our assessments for the Carbon Management Proficiency (CMP) section of the EMMS.

The next part of the process involves reporting on performance trends, sector averages and company scores, for both the qualitative CMP section of the EMMS and a suite of 16 Carbon Performance Indicators (CPI) across five categories: Overall Sector Indicators, Scope 1, Scope 2, Scope 3 and Activity Indicators.

Figure 1: Our approach to continuous improvement



2012 carbon management proficiency results

- Average CMP Score of 76%
- 6% improvement from 2011
- On target to achieve >90% goal for 2020

Multiple measures are in place to ensure consistency and accuracy of the data. 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 (environmental management), ISO 14064 (carbon accounting), the Greenhouse Gas Protocol, Dow Jones Sustainability Index, FTSE4Good, and current best practice as used by members of the Carbon Disclosure Project and the US Climate Registry.

In 2011, we implemented an additional plausibility checking process to further ensure quality of data collected across the group, for both sections of the EMMS. Our experience in these two years shows that this is a valuable part of reporting. The final results are subject to review by IPC and Maplecroft, an independent advisory consultancy specialising in global risks management. Each participant is provided with their results in the form of an individual scorecard and assessment and given ample opportunity to engage on their experiences and progress. This review process also stimulates constructive feedback, monitoring and continuous improvement of the programme for the future. Figure 1 on p. 9, illustrates this ongoing engagement.

To provide additional assurance, this report has been reviewed and approved by the management of IPC. We have followed reasonable steps and taken great care to ensure that the information and indicators published in this report are accurate to the best of our knowledge. We have also instructed our external accountant PricewaterhouseCoopers to review the key sector indicators. Limited assurance for Scope 3 emissions has also been provided since 2011. The metrics verified by PwC are indicated by a rhombus symbol (♦) accompanying the relevant reporting category. The results can be found in the assurance report on p. 52. PwC also conduct audits on several posts each year, including new participants to the programme. For a list of IPC members included this year, please refer to p. 51.

Scope and coverage

This report presents the overall results of our EMMS programme for the calendar year 1 January to 31 December 2012. In limited and unavoidable cases, some degree of estimation has been necessary. For example, in order to ensure consistency in scope, some participants may have been obliged to make estimations of their performance in certain areas. In such cases, estimations are made very carefully by the reporting postal operator to ensure that they are as accurate and realistic as possible.

Consistent with previous years, the figures presented in this report continue to reflect the mail and parcel operations of our participants. Information relating to express and logistics services, while included in the overall EMMS programme, has not been included in this report in order that we can focus our analysis on the core comparable mail and parcel operations. To facilitate accurate year-on-year comparisons, all carbon performance data is categorised according to whether it relates to the original set of 20 EMMS participants (excluding Österreichische Post, Poste Italiane, the South African Post Office, Correios Brazil and Nigeria Post, which have joined since 2009) or the full group of 25. The original set of participants can then be compared to the 'extended group', which also includes these five new entrants. For a detailed overview of participation in both the carbon management proficiency and carbon performance aspects of the EMMS, please refer to the exclusions and estimations in the Annex p. 51.

Obviously, for posts in their first year of reporting, there is a challenge to get full coverage from the onset.

In the CMP section, we distinguish between posts that have completed the questionnaire more than once and participants that are reporting for the first time. This is because new participants' scores are typically relatively low in their first year of reporting. Through participation in the EMMS programme, we expect new participants to gradually improve their scores from this baseline.

In this report, IPC has also provided the range of coverage provided by the data for each indicator, calculated as follows: the percentage of the business, as quantified by operational revenue, that reports data on a certain indicator, is divided by the total revenue of all EMMS participants. Coverage data is provided in relevant carbon performance data tables in brackets, in cases where this is not 100%. With the aim of ever-increasing disclosure, participants have increased the scope of their submissions by including subsidiaries or other parts of their business such as newspaper delivery and direct marketing services. For more information see Annex p. 51.

Regional approach

As IPC continues to broaden the scope of participation in the EMMS programme, we are now able to take a more regional approach to reporting. Correios Brazil and Nigeria Post have provided their first set of EMMS results this year, bringing the total number of EMMS participants to 25. A breakdown of core CMP and CPI results by region is provided in distinct sections on pages 19, 32 and 33, detailing figures for Africa, Asia Pacific, the Americas and Europe. In future years we will report on emerging regional trends to provide a more transparent picture of the sector's performance.

2012 carbon emissions results

- IPC group Scope 1 & 2 emissions: **6,738,000** tonnes
- **435,000** tonnes reduction from 2011
- **19.4%** reduction from 2008 achieved

Engagement

IPC engages with participants and external stakeholders throughout the year, in the spirit of driving continuous improvement. In 2012-2013, this included:

- A first year introductory workshop with 27 senior managers in Nigeria, in October 2012.
- A first year introductory workshop with 30 senior managers in Brazil in March 2013.
- Participation in the United Nations Global Compact and ongoing encouragement of endorsement by other posts.
- The first IPC Drivers' Challenge in Montpellier in 2012 and the second in partnership with An Post in Ireland in 2013. Posts hold their own domestic Challenges to select their best drivers to compete.
- A three-day sustainability workshop in June 2013.
- A Best Practice Seminar on 'Alternative vehicles and fuels in the postal fleet', in September 2013.

Sustainability events in 2013

In June this year, IPC held a three-day sustainability workshop, attended by 14 posts from Africa, Europe and North America. As part of the workshop, participants considered the expansion of the scope of the sustainability programme to include areas such as waste management, water management and societal issues related to the postal sector. IPC will continue these discussions by conducting preliminary research, outlined in the programme development section on the next page.

The Best Practice Seminar on Alternative Vehicles and Fuels in the Postal Fleet was held in September 2013 to accelerate the use of non-fossil fuelled vehicles by the sector. EMMS participants were invited to present and provide insight on current efforts, the business case, challenges and next steps for future development. By exchanging information on advancements in existing vehicles and pilot results, we can learn from each other and take the next steps towards a real breakthrough in the use of non-fossil fuelled vehicles in our fleets.

Programme development

IPC and the EMMS participants are keen to extend the EMMS programme where possible, in order to decrease the sector's environmental impact. EMMS participants support the idea of circular economy and would like to see more of this type of activity across the sector. However, challenges remain with respect to assessing qualitative initiatives in terms of a score and benchmarking against others. As there is a degree of synergy between the concepts of waste management and circular economy, the assessment of these areas may be combined. In addition, it is possible to assess waste management under both the CPI and CMP elements.

IPC is conducting research into these topics to better understand how they may be successfully integrated into the programme in the future. We will be drawing on case studies from some of the posts as part of this process, for example Le Groupe La Poste's Recy'go waste office paper collection service (see p. 41).

A more detailed assessment of alternative-fuel or alternative-fuel-capable vehicles is also being carried out, developing on the knowledge-sharing facilitated by the Best Practice Seminar. This will cover commercial feasibility, national policy regimes and incentives, cost-benefit analyses, performance issues, opportunities for partnership and feasibility and requirements for sub-contractors. Participants will be presented with these findings, as well as those on waste management / circular economy. We will report on the outcomes of this process next year.

Sector scorecard / assessment

IPC provides all participants with a detailed scorecard and customised assessment of their performance in both carbon management proficiency and carbon emissions performance. The scorecard contains trend indicators to give each participant a detailed overview of their progress and to allow benchmarking with previous years. A ranking of their CMP score is also provided to enable comparison with the other participants. As this scorecard contains confidential information for each company, we are not in a position to make these public, but strongly encourage disclosure by participants themselves.

In line with our intention to promote disclosure and increase transparency of the EMMS programme, we produce an additional publically available overall sector scorecard and assessment. This contains overall group summary information such as a list of participants, total group postal volumes, total vehicle numbers and the total reported group building area. CMP scores are provided for the period 2008-2012, including a graph and summary table detailing performance trends for the 2008 baseline year and the most recent three years. In terms of carbon performance, the sector scorecard summarises the total group emissions reductions progress in comparison to the group target and provides an explanation of EMMS reporting protocols. The assessment comes with recommendations for continued improvement and together with the scorecard enables a clear positioning of the sector. The two-page EMMS sector scorecard can also be found online at: www.ipc.be.

Figure 2: EMMS Sector Scorecard

Global recognition

Publications

As the EMMS programme continues to expand its global reach and demonstrates group-wide management proficiency increases and emissions reduction achievements, its success is increasingly being recognised. Apart from being published in over a dozen sustainability reports of our participants, the EMMS has also been acknowledged by global media and external publications, an indication that the programme is having an influential effect across the global postal sector.

We anticipate further recognition of the programme and attention focused on the achievements of our EMMS members as we continue to progress towards our targets for 2020.

Speeches

In October 2012 a presentation was given to a group of Communication Directors at the Quadriga University's 3rd Conference on Internal Communication in Berlin (Germany). In November 2012 the programme was presented at the Ethical Corporations' 6th Annual CR Reporting and Communications Summit in London (UK). In September 2013 at the 3rd Low Carbon Earth Summit in Xi'an (China), the EMMS-programme was presented in Asia for the first time.

Carbon Management Proficiency

Key results

In 2012, EMMS participants achieved an average CMP score of 76% (2011: 70%).The year-to-year increase of six percentage points in 2012, and the average increase of five percentage points over the four year period, is well above the required rate of 2.8% to achieve our goal of 90% in 2020. When the two new entrants are included, obviously, the average is slightly lower at 71%, but this still is an improvement compared with the 2011 average. Moreover, the current annual rate of improvement of all posts combined remains above the required rate, at almost five percentage points. We believe that progress at these rates will enable us to reach our 2020 goal well ahead of schedule.

This year's increase is driven by the continuous improvement of the majority of posts, with 90% reporting carbon management proficiency performance improvements. We see a further favourable trend in the range of scores achieved by the highest- and the lowest-scoring posts. Last year, the range in overall scores was 59 percentage points. This year, the range has decreased to 43.5 percentage points. Whilst the range is considerably larger, at 80 percentage points, when the two new participants are included, this is to be expected during the first year of their inclusion. With annual improvements occurring across the sector, we expect not only to achieve our 2020 target as a group, but also for many participants to meet this as individuals.

Moreover, we continue to see impressive performance in the leading posts. Last year, the first participant exceeded the 90% target, and was joined by a further two participants this year. Six participants, including these, have achieved a score of over 80% this year, compared to five participants last year. This demonstrates a promising trend in the number of posts leading in carbon management proficiency.

In 2012, IPC companies continued to perform best on issues relating to policy and procedures (2012: 87%; 2011: 82%), management and strategy (2012: 83%; 2011: 79%), target setting (2012: 81%; 2011: 74%) and measurement and verification (2012: 79%; 2011: 72%). An increasing number of posts now operate a developed, documented and communicated environmental management system (2012: 85%; 2011: 76%). In 2012, 70% of participants (2011: 62%) were either seeking or had implemented internationally recognised certification for these systems such as EMAS or ISO 14001. An Post is one example of this, having achieved ISO 50001 certification this year (see case study on p. 35 for further details).

The United Nations Global Compact, also known as Compact or UNGC, is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment and anti-corruption. IPC is an active UNGC participant. The total number of EMMS participants reporting their endorsement of the United Nations Global Compact now stands at 15 – a significant improvement from the 6 reported in 2008.

With the addition of the two new participants, the total number of posts reporting their endorsement of the United Nations Global Compact now stands at 15 (2011:14) – a significant improvement from the 6 reported in 2008. Commitment to the UNGC's ten principles, encompassing human rights, labour, environment and anti-corruption issues, provides a strong framework for participants to integrate into their business policies practices. IPC, as an active UNGC participant, will continue to encourage posts to endorse and become further involved in the Global Compact and its activities.

In addition, a further two companies are now submitting information to the Carbon Disclosure Project. The sector engagement currently stands at 45% (2011: 33%), and 41% when the two new participants are included. This represents a substantial improvement from the 2008 baseline of 19%. The number of posts that have received more than an 85% score for disclosure quality has doubled this year (2012: four; 2011: two). As EMMS participants incorporate the guidance and commitments of this initiative into their operational and strategic approaches, we anticipate further improvements in carbon management proficiency and emissions reductions.

The number of posts demonstrating their environmental commitments has remained stable this year, with over 90% publicly stating their greenhouse gas reduction targets. One of our new participants, Correios Brazil, also has a publically stated target. Six participants have made commitments to become carbon neutral in the future, of which four (2011: one) have committed to a specified date.

The majority of posts clearly define responsibility for climate change, carbon management and emissions, with 18 posts (2011: 18) designating responsibility at operational levels and board / executive body levels. Many of these also have individual energy and carbon metrics in senior manager performance appraisals and performance-related pay schemes. This ensures that carbon management and emissions reductions are a core part of their roles, and most importantly encourages them to lead by example.

Employee engagement more generally is a crucial part of many posts' efforts to improve carbon management proficiency and drive emissions reductions. Although the group average score (excluding the two new participants) of 70% in 2012 (2011: 66%) is not as high as that achieved in sections already mentioned, we continue to see year on year improvements. Some of these developments have been illustrated in the Best Practice cases section of this report. Posten Norge, for example, invested €0.6m into its Environment Fund, used to finance projects proposed by employees to reduce the company's environmental impact (see case study on p. 44). Importantly, initiatives are often directly linked to emissions reductions. Thirty-three employee proposals have been accepted by Posten Norge so far, with their implementation resulting in a reduction of 1,000 tonnes of carbon emissions at the time of reporting. We therefore expect to see further increases in scores as the EMMS programme progresses, with further carbon emissions reductions linked to these efforts. Alternatively, PostNord illustrates the possibilities of reducing emissions from

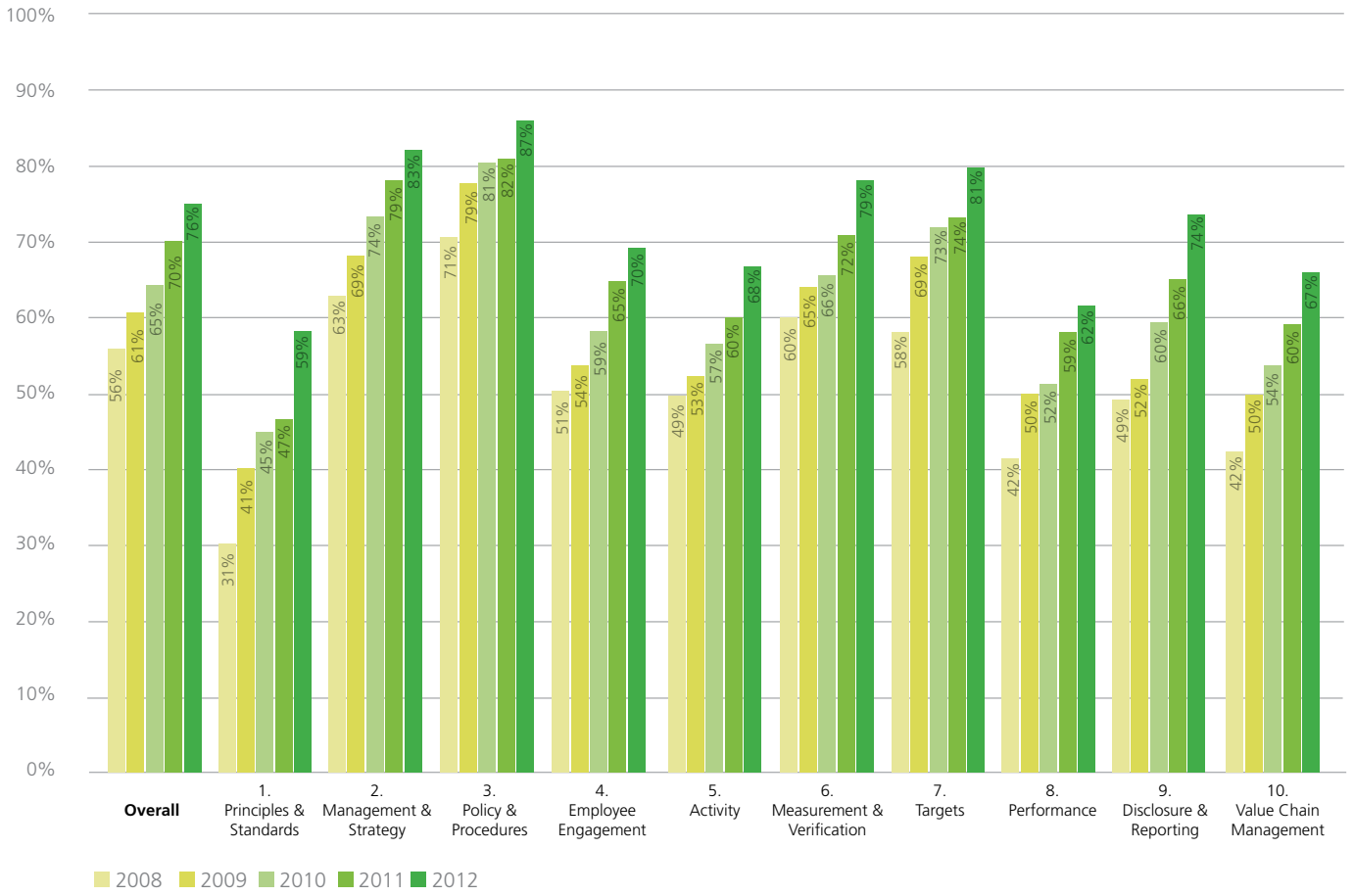
Table 1: Key Carbon Management Proficiency results 2008-2012 (excluding two new participants)

CMP score 2008 (baseline)	CMP score 2009	CMP Score 2010	CMP score 2011	CMP Score 2012	Goal for 2020	Required improvement	Target status
56%	61%	65%	70%	76%	>90%	~ 3% per year	On target

heavy road transport through ecological driving by holding an internal competition to select its participants for the IPC's Drivers' Challenge (see case study on p. 46).

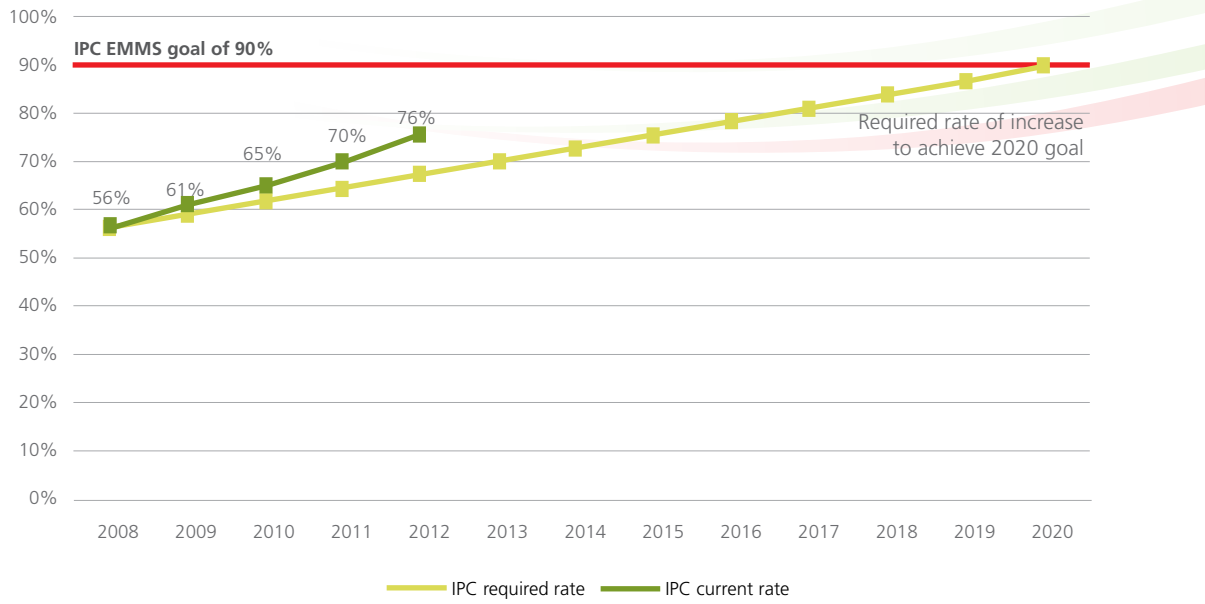
As in previous years, we continue to see a steady and promising improvement in the management of environmental impacts across the value chain. In 2008, EMMS participants typically rated their value chain management programmes as 'under development.' Now, in 2012, 40% (2011: 24%) of participants impose specific energy or carbon requirements for suppliers. These are being progressively rolled out by posts for all primary contracts and sub-contractors in many cases. bpost, for example, has integrated criteria into its call for tenders and supplier evaluations, and has been working on the introduction of contractual clauses requiring minimum compliance (see p. 36 for further details). This demonstrates the increasing commitment of posts to look beyond the direct impact of their own operations and promote change in other sectors where possible.

Figure 3: Range and average carbon management proficiency scores by section



In 2012, EMMS particpants reached a carbon management proficiency score of **76%**, well ahead of schedule to reach the 90% 2020 target

Figure 4: Carbon management proficiency scores



Regional analysis

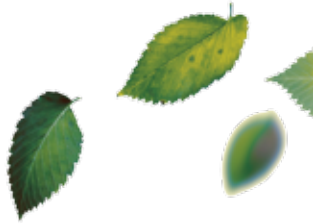
With the inclusion of Correios Brazil and Nigeria Post this year, we can begin to report on regional trends in carbon management proficiency. In 2012, Europe achieved an average score of 76%, followed by Asia-Pacific (74%), the Americas (56%) and Africa (42%). This distribution is to be expected given the inclusion of the two new participants. As indicated by Figure 3, p. 17, regions consistently perform best in Policy and Procedures, apart from the Americas which report a highest average score in Targets (73%).

Posts are responding to specific regional and national contexts that provide both challenges and opportunities for carbon and broader environmental management. National energy policies and mixes, for example, have been important influences on the strategies developed and action taken by Swiss Post and the South African Post Office. Following the Swiss Federal Council's decision in 2011 to phase out nuclear energy, whilst continuing to pursue greenhouse gas emissions reductions, Swiss Post developed its National Energy Strategy 2050. Among other actions, the company is intending to produce its own green electricity through photovoltaic systems (see p. 47). The South African Post Office retrofitting efforts come in the context of a very different national energy setting, in which national demand is outstripping supply and the majority of electricity is produced from coal. This has fuelled the posts' initiatives to reduce consumption (see p. 46). Some posts also face considerable climatic differences to other participants: operating in a cold and varied climate in Finland, Itella Ltd has invested in energy efficient buildings (see p. 42). Other posts are prompted by varying social contexts and their implications. The wealth of the USA, resulting in high levels of electrical good consumption and waste, has provided an opportunity for USPS to develop a recycling service for federal government services (see p. 48), whilst Correios Brazil's initiative to recycle uniforms stimulates employment and generates revenue among socially vulnerable groups (see p. 40). In examining these cases, we see that the particular decisions a post (and region more broadly) may take in improving its management proficiency and reducing emissions are better understood when the broader social and environmental context is taken into account.

Areas for improvement

Consistent with previous years, the three carbon management proficiency areas which registered the lowest scores were: principles and standards (2012: 59%; 2011: 47%); performance (2012: 62%; 2011: 59%); and value chain management (2012: 67%; 2011: 60%). However, we do see year-on-year improvements in all three sections. On average, they have improved by seven percentage points from 2011 and twenty four percentage points since 2008. Moreover, an increasing number of posts are achieving higher-than-average scores in these sections. In principles and standards, 45% of posts performed above the average score of 59%; a score which was exceeded by only 24% of participants in 2011. In addition, 40% of posts reported scores above the 2012 average of 62% for performance, with one less post achieving a score above this than in 2011. CTT Correios, for example, is reducing emissions through energy efficiency plans as part of a broader effort that achieved energy and internal air quality certification for its largest facilities (see p. 38). Other efforts include PostNL Parcel Services' construction of more energy efficient sorting centres (see p. 45). Furthermore, 52% performed above the average score of 67% in value chain management, compared to 33% of posts reporting a score above this average in 2011. The overall sector score is therefore improving as an increasing number of posts are reporting better results.

At IPC we will continue to encourage and support our participants to improve their scores in the principles and standards section. Although we have given extra attention to this section since the start of the programme in 2008, and we have seen a related increase of 29 percentage points in these four years (2008: 30%), we will maintain our efforts to ensure further progress is made. In particular, we promote engagement with relevant international organisations and initiatives, such as the UN Global Compact –



Caring for Climate, Carbon Disclosure Project and certification to internationally recognised standards such as EMAS or ISO 14001.

Many companies have already implemented 'quick-win' emissions reduction initiatives, such as switching to green electricity, increasing fuel efficiency and vehicle fuel optimisation. In the last five years, for example, 95% have purchased or self-generated some degree of renewable electricity for buildings. This year, one post reported a complete switch to renewable energy sources at the beginning of 2012. Of all applicable posts, 82% have also diverted at least some postal distribution from road to rail transportation. Moreover, 45% have diverted at least 25% and/or achieved the maximum possible. Many posts have introduced driver-training programmes to improve fuel-efficiency. This includes New Zealand Post, whose programme has already engaged more than 150 heavy commercial drivers in its fleet and is now exploring the expansion of this initiative (see p. 42). These are important steps for posts to take in reducing Scope 1 and 2 emissions.

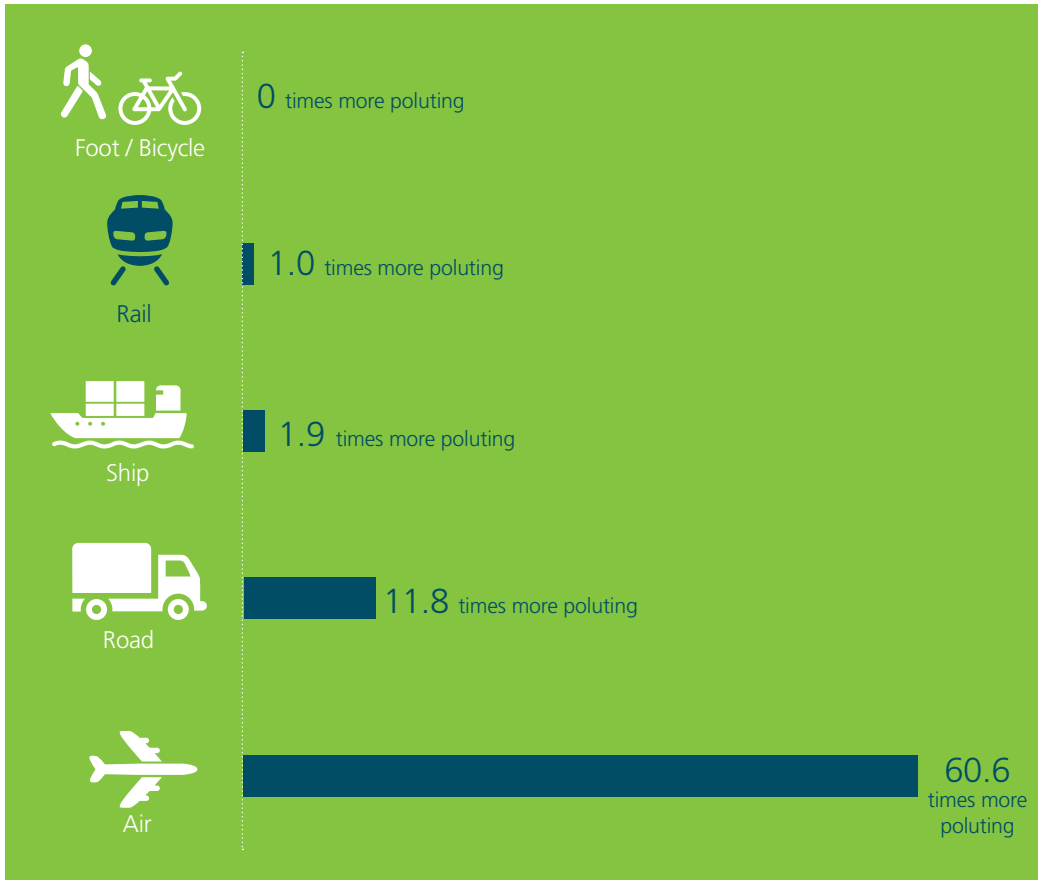
Leading participants will, however, need to make more significant and longer-term investments in infrastructure developments in order to make further reductions. As we see in the CPI section of this report, the largest contributors to combined Scope 1 & 2 emissions sources are from road transport and emissions produced from buildings both as heating and as electricity purchased. Participants are therefore encouraged to consider efforts that would significantly reduce the carbon impact of their fleets and buildings. In terms of the latter, the construction of LEED (Leadership in Energy and Environmental Design) or BREEAM (Building Research Establishment Environmental Assessment Method) buildings are options. Itella's new logistics centre, which includes a hybrid heating system and energy-saving wall panels, is a good example of how ecological construction can reduce heating costs and associated emissions (see p. 42).

Alternative-fuel and alternative-fuel-capable vehicles are a particular focus area for many participants wishing to reduce their Scope 1 emissions, as well as Scope 3 emissions attributed to sub-contractors, outsourcing, employee commuting and business travel. Through engagement with our participants at forums such as the Best Practice Seminar in September 2013, we know that the development of alternative-vehicle / alternative-fuel-capable delivery fleets is ongoing. Piloting activities and negotiations with vehicle manufacturers to develop tailored delivery vehicles are still being carried out by several participants. Deutsche Post DHL is currently switching to electric vehicles for its delivery services in Bonn and is also partnering with manufacturers to develop and refine alternative-drive technologies (see p. 39). Such efforts indicate that the uptake of alternative vehicles is likely to increase in future years. This is further supported by the increasing numbers of alternative-fuel vehicles, particularly electric vehicles, reported in the carbon performance section (see p. 31). We expect to see the continued impact of this on group emissions in future years.

There are challenges, however, to participants making these and other long-term investments and significant reductions in emissions. The availability of appropriate national infrastructures and climates can be a key factor affecting the actions a post takes to manage and reduce emissions. Although we have already seen, for example, that many participants have diverted some postal distribution from road to rail transportation, their ability to do so is partly reliant on the suitability of rail networks and timetables. There are further challenges associated with developing and using alternative fuels. Stations, including ports to charge electric vehicles, are required for alternative fleets to be operational on an economically viable scale. Posts wishing to explore and test potential alternative energy sources – including solar, geothermal and wind power – in both buildings and vehicles, have regional and seasonal climate differences to take into account. IPC will continue to support EMMS participants in their efforts to research and implement longer-term initiatives to improve carbon performance.

Participants' ability to reduce emissions from air transport is also limited. As many as 75 % of EMMS participants have reduced at least some of the postal volumes delivered by air in the last ten years. Furthermore, 55% have decreased air use by over 25% and/or have achieved the maximum possible reduction. It is also important for the full capacity of aeroplanes to be used. In the carbon performance section of EMMS we ask participants to report on the number of dedicated, versus shared flights for air freight. The group reported 14,000 dedicated flights, versus 2,177,000 shared flights in 2012. We encourage participants to collaborate to ensure flight cargo space is optimised, but beyond this the situation remains challenging. The figure on the right illustrates the relative carbon emissions impact of different modes of transport, with air clearly the largest contributor. Air freight results in five times more carbon emissions than road freight. As air freight accounts for 30% of the group's Scope 3 emissions and 18% of combined Scope 1, 2 and 3 emissions, it will be a challenge for EMMS participants to make significant reductions in this area.

Figure 5: Impact of different modes of transport in carbon emissions (rail transport used as baseline)



Source: Greenhouse Gas Protocol

Carbon emissions

We are able to report a very promising trend in carbon emissions reductions. In 2012, Scope 1 and 2 carbon emissions from EMMS participants' mail and parcel activities amounted to **6,738,000**

Introduction

In the carbon performance section of the EMMS, we assess the quantitative elements including carbon emissions and energy use across the six categories of mail, parcels, express (national and international) logistics, retail outlets and financial services. The results presented in this report focus on core activities, excluding peripheral express and logistics services, with assessments carried out using 16 carbon performance indicators. We track emissions reductions according to international greenhouse gas accounting standards, in particular the World Resources Institute Greenhouse Gas Protocol. In line with this protocol, we refer to direct and indirect emissions using the following Scope 1, Scope 2 and Scope 3 terminology:

- **Scope 1:** all direct GHG emissions, including those from buildings and transport owned by the company (see Figure 9, p. 27)

- **Scope 2:** indirect GHG emissions, from consumption of purchased electricity, heat or steam (See Figure 10, p. 27)

- **Scope 3:** other indirect emissions, including transport-related activities by vehicles not owned or controlled by the reporting entity, business travel and employee commuting, outsourced activities, etc. (see Figure 12, p. 28)

Since the boundaries of Scope 3 emissions are potentially very broad, IPC produces a guidance document covering specific reporting procedures which is communicated to all participants. Building on the framework set out in the GHG Protocol Corporate Standard this provides a consistent set of parameters for industry-wide reporting of Scope 3 emissions. Our current focus is primarily on transport-related impacts; in response to participant feedback and analysis of past years' data, we continue to use a narrowed data collection scope that encompasses the following four core categories. They make up over 95% of total Scope 3 emissions:

- Outsourced or sub-contracted road transport
- Outsourced or sub-contracted air transport
- Employee commuting
- Business travel

The further eleven GHG Protocol categories, such as capital goods and use of sold goods, were excluded as they are considered currently immaterial to the postal sector.

We believe that the collection of Scope 3 inventories will be very useful for our EMMS participants to better understand the upstream and downstream greenhouse implications of their corporate activities. The above sources are examined in our performance monitoring system as part of our commitment to continuous improvement and in order to build a more comprehensive and accurate account of greenhouse gas emissions across the EMMS group.

Although we do see sub-contractors as having primary responsibility for their carbon emissions, we

accept that EMMS 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, for the first year we are also reporting on the combined emissions of all three scopes.

Please note that although employee commuting impacts are significant, several posts are currently unable to collect data on this source for privacy / legal reasons. In some cases, national averages have been used instead. In these cases, mitigation activities focused on employee commuting will not result in measurable decreases in emissions from this source.

Scope 1, 2 and 3 overall emissions

Once again, we are able to report a very promising trend in carbon emissions reductions. In 2012, Scope 1 and 2 carbon emissions from EMMS participant 'mail and parcel' activities amounted to 6,738,000 (2011: 7,173,000). This year's decrease of 435,000 tonnes is considerably more than the 261,000 tonnes reported last year, and that of 329,000 tonnes reported between 2009 and 2010. It has been facilitated primarily by an 8% reduction in Scope 2 emissions from purchased electricity in buildings (see p. 27 for more information on emission sources). The 597,000 tonnes reported decrease between 2008 and 2009 is still higher than all following years. This tapering of annual reductions might be driven in part because the 'low-hanging fruit' in carbon reductions have already been achieved, as discussed already in the CMP section of this report. However, this year's performance demonstrates that considerable reductions can still be made by the global postal sector as a whole. With the current decrease standing at more than three times the required annual reduction rate from baseline, and with only 50,000 tonnes left to go, we are likely to have reached our 2020 target when we report again next year.

In order to maintain the comparability of the figures, those presented above exclude the increased scope and emissions coverage associated with the five new participants since 2009; Österreichische Post, Poste Italiene, the South African Post Office, Correios Brazil and Nigeria Post. If we increase the coverage to include the emissions from these posts, the result is a sector output of 7,241,000 tonnes for combined Scope 1 and 2. This represents an overall decrease of 404,000 tonnes from last year's figures (2011: 7,645,000), even with the inclusion of Correios Brazil and Nigeria Post this year.

In 2012, combined Scope 1, 2 and 3 emissions amounted to 17,284,000 tonnes. This represents a 1% decrease from 2011 (17,465,000 tonnes). When we include only outsourced road and air transport in Scope 3 (excluding business travel and employee commuting), we report an annual reduction of 6% in overall figures, from 14,572,000 tonnes in 2011 to 13,712,000 tonnes in 2012. This demonstrates that the sector's performance in Scope 1 is largely the result of internal efforts and not due to significant amounts of outsourcing or sub-contraction. By also addressing these Scope 3 emissions, the group has been able to drive further overall reductions.

Table 2: Annual Scope 1 and 2 carbon emissions (excluding new participants)

Performance 2008 (baseline)	Performance 2010	Performance 2011	Performance 2012	Goal for 2020	Required annual improvement	Target status
8,360,000 tonnes	7,434,000 tonnes (-11.1%)	7,173,000 tonnes (-14.2%)	6,738,000 tonnes (-19.4%)	6,688,000 tonnes (- 20%)	139,000 tonnes (~-2%)	On target

Figure 6: Mail and parcel Scope 1 & 2 carbon emissions (excluding new participants)

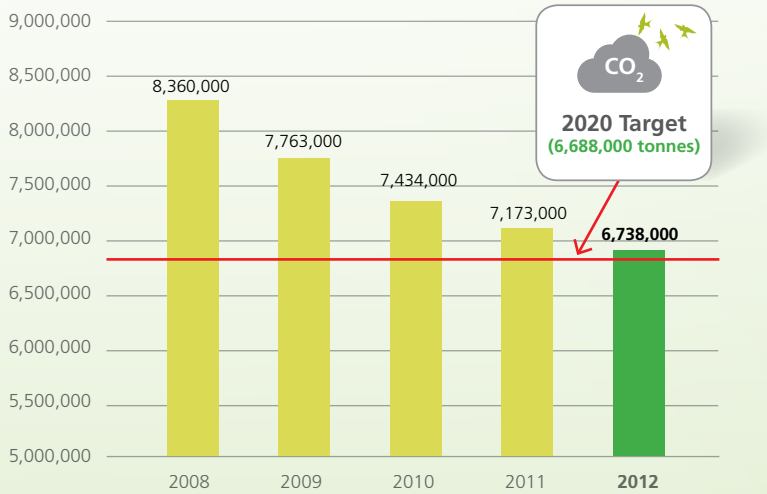
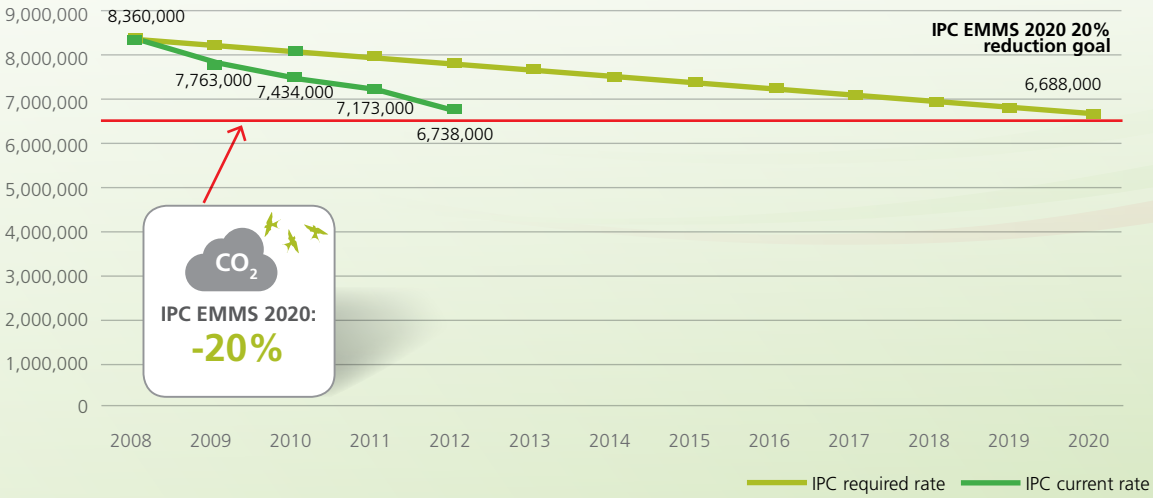
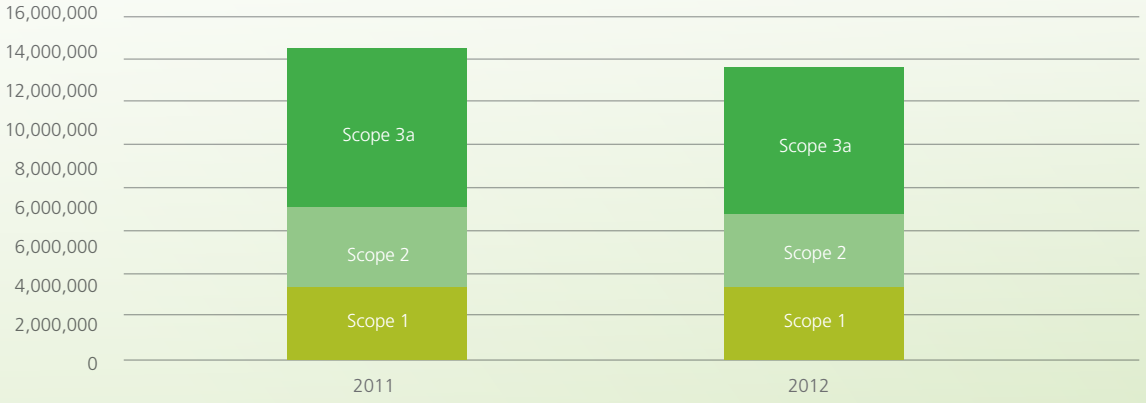


Figure 7: Mail and parcel Scope 1 & 2 carbon emissions reductions (excluding new participants)



only **50,000 tonnes**
of CO_2 reduction needed
to reach 2020 target of 20%

Figure 8: Combined Scope 1, 2 & 3a[1] emissions, 2011 – 2012 (excluding new participants)



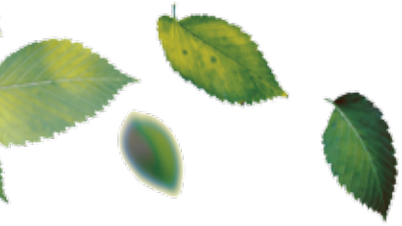
[1] Scope 3a refers to emissions from combined outsourced road and air transport only

Table 3: Carbon performance data in tonnes of CO_2♦[1] (coverage is 100% unless indicated in brackets)

Indicator	Original participants				Extended Group		
	2008 baseline	2010	2011	2012	2010	2011	2012
Scope 1: Transport (vehicles, aviation, rail)	2,948,000	2,676,000	2,700,000	2,668,000	2,828,000	2,858,000	2,870,000
Scope 1: Heating (gas, heating, fuel, oil, steam)	1,164,000	860,000	826,000	754,000	920,000	891,000	818,000
Scope 1: Others (e.g. stationary combustion)	-	-	27,000	11,000	-	27,000	36,000
Scope 2: Electricity (including electric vehicles)	4,248,000	3,898,000	3,470,000	3,184,000	4,052,000	3,713,000	3,324,000
Scope 2: Heating	-	-	150,000	121,000	-	157,000	193,000
Sub-total: Scope 1 and 2	**8,360,000**	**7,434,000**	**7,173,000**	**6,738,000**	**7,800,000**	**7,645,000**	**7,241,000**
Scope 3a: Outsourced road and air transport	-	-	7,399,000	6,974,000	-	7,584,000	7,648,000
Sub-total: Scope 1, 2 and 3a	**-**	**-**	**14,572,000**	**13,712,000**	**-**	**15,229,000**	**14,889,000**
Scope 3b: Employee commuting and business travel	-	-	2,893,000	3,572,000	-	2,905,000	3,666,000
GRAND TOTAL	**-**	**-**	**17,465,000**	**17,284,000**	**-**	**18,134,000**	**18,555,000**
Total CO_2 in tonnes per €1,000 turnover[2]	0.067	0.063	0.058	0.056	0.056	0.052	0.048
Total CO_2 in grams per item	29 (84%)[4]	24	25	24	25	26	24
Percent of renewable electricity used in buildings	13% (93%)	7%	11%	12% (98%)	10%	14%	14% (99%)
Percent of renewable energy used in buildings	8% (79%)	4%	6%	8% (98%)	6%	8%	10% (95%)
Percent of alternative vehicles in fleet[3]	10%	10%	15% (95%)	17% (95%)	10%	15% (96%)	16% (96%)

Notes: [1]The rhombus symbol (♦) denotes data on which PwC has provided limited assurance. [2]Figures per €1,000 turnover were calculated using average annual currency conversion statistics sourced from the Organisation for Economic Co-operations and Development (OECD).[3]Reported figures in 2011 differ slightly from those reported last year due to restated data provided by one participant. [4]Percentages given in brackets refer to the range of coverage. For more information see Annex p. 51

"Total fuel consumption savings since 2008 are 324m litres. This represents a significant financial saving of €265m."



The business case for carbon management and emissions reductions

The significant reductions achieved by EMMS participants present a compelling business case for carbon management. If we examine the original group's Scope 1 transport emissions since 2008, on average we have reduced emissions by 2.4% per year and 9.5% overall (2012: 2,668,000 tonnes; 2008: 2,948,000 tonnes). This translates into an accumulated saving of 891,000 tonnes over the four years, compared to figures if consumption had remained constant. Using a conservative conversion factor for diesel to calculate the litres saved over this time period, the accumulated figure amounts to 324m litres. This represents a significant financial saving of €265m.[1]

Individual posts have also reported financial gains from carbon and broader environmental management efforts, as well as new services for customers. Through its National Energy Management Plan, Australia Post has achieved annual electricity savings of €2.1m and carbon emissions reductions of 17,000 tonnes (see case study p. 35). Correos y Telégrafos has also communicated savings of €2.5m since 2010 as a result of its Energy Efficiency Plan (see case study p. 37). Le Groupe La Poste now offers a waste office paper collection service, generating over €1.1m in its first year (see case study p. 41). These figures suggest that EMMS participants' efforts enable them to meet stakeholder expectations to operate sustainably, at the same time as increasing their market competitiveness.

1 World bank conversion factor of 1.05 US / litre (http://data.worldbank.org/indicator/EP.PMP.DESL.CD); currency conversions taken from OECD (http://stats.oecd.org/Index.aspx?QueryId=169).

500,000 postal vehicles

Total savings in scope 1 emissions from transport amount to **891,000 tonnes** of CO_2 between 2008 and 2012

Table 4: Accumulated savings in Scope 1 emissions from transport, 2008 – 2012 (excluding new participants)

Year	Scope 1 emissions from transport (tonnes)	Emissions savings from 2008 baselines (tonnes)
2008	2,948,000	-
2009	2,857,000	91,000
2010	2,676,000	272,000
2011	2,700,000	248,000
2012	2,668,000	280,000
Total Scope 1 emissions from transport savings, 2008 - 2012		**891,000 tonnes**

Emissions sources

Scope 1

In 2012, total Scope 1 impacts amounted to 3,434,000 tonnes (2011: 3,553,000 tonnes). This represents a notable 16.5% decrease from 2008 levels (4,112,000 tonnes), and accounts for 27% of the total Scope 1 & 2 emissions reduction this year. Whereas last year we had reported a very slight annual increase, this year Scope 1 emissions have reduced closer to 2010 levels (3,536,000 tonnes). As in previous years, owned or leased road transportation accounts for over three-quarters of total group Scope 1 emissions, with a slight decrease of 1.2% from 2011 figures (2012: 2,663,000; 2011: 2,694,000). Overall emissions from transportation in 2012 have also decreased by 1.2% from 2,700,000 tonnes in 2011 to 2,668,000 tonnes. Emissions produced from buildings (as heating) continue to reduce year on year. At 754,000 tonnes in 2012, this represents a reduction of 8.7% from 2011 (826,000 tonnes).

Scope 2

We can also report significant reductions in the impact of Scope 2 emissions. EMMS participants reported 3,304,000 tonnes (2011: 3,620,000 tonnes) for 2012, representing a 9% annual decrease. This accounts for a substantial 73% of the total Scope 1 & 2 emissions reduction this year, and has resulted in the overall contribution of Scope 2 emissions to combined Scope 1 and 2 figures (2012: 49%; 2011: 50.5%) dropping to slightly less than that of Scope 1. The main driver of this year's reduction is an 8% reduction in carbon emissions associated with purchased electricity consumption in buildings, including sorting centres, post offices and administrative operations. At 3,184,000 tonnes (2011: 3,470,000), this accounts for 97% of Scope 2 emissions, and 47% of combined Scope 1 & 2 emissions. Since 2008, EMMS participants have achieved an overall reduction of 25% in emissions from purchased electricity, indicative of the effectiveness of both carbon mitigation measures and the increased use of green electricity. Between 2011 and 2012, for example, total electricity purchased (non-renewable and renewable) reduced by 1.7% from 7,443 GWh to 7,313 GWh and renewable electricity purchased increased by 11% from 805 GWh to 894 GWh. Measures being taken include Poste Italiane and Swiss Post's continued investment in new photovoltaic systems (see case studies p. 44 and 47).

Figure 9: Scope 1 emission sources, 2012

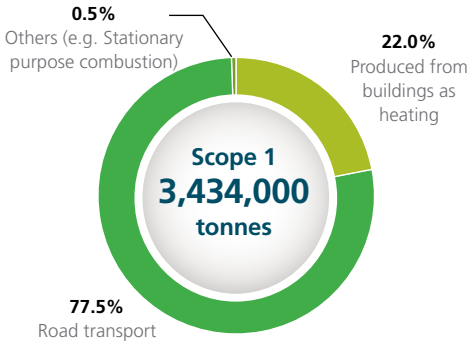


Figure 10: Scope 2 emission sources, 2012

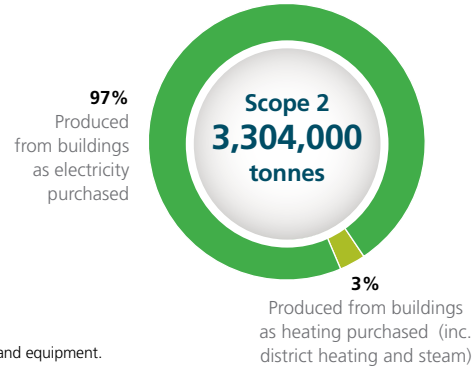
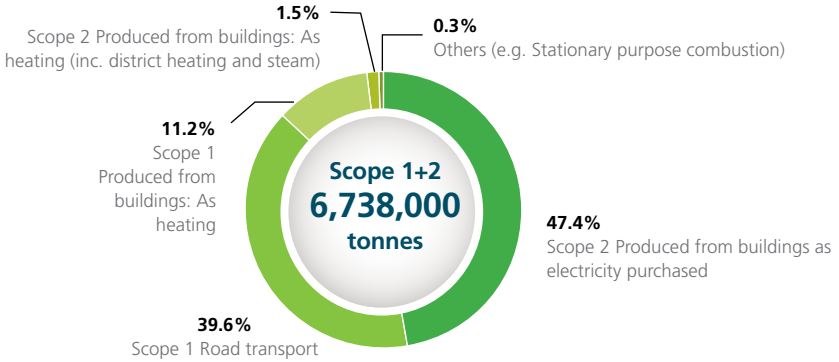
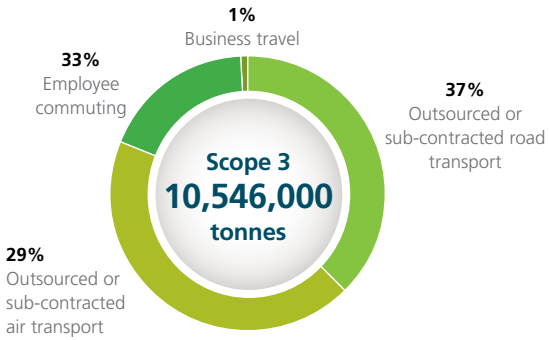


Figure 11: Combined Scope 1 & 2 emissions sources, 2012



Note : Stationary purpose combustion includes boilers, heaters and other machinery and equipment.

Figure 12: Scope 3 carbon emissions, 2012 (significant impacts)



Scope 3

Although EMMS participants reported increasing Scope 3 emissions for another year, we do see signs of relative stabilisation. In 2012, total Scope 3 emissions amounted to 10,546,000 tonnes, compared to 2011 figures of 10,292,000 tonnes. The annual 2.5% increase of 254,000 tonnes is more than seven times less than the 1,874,000 tonnes increase reported last year. The increases in previous years have been driven by increasing disclosure of sources from several of our EMMS participants who have expanded their Scope 3 reporting boundaries. Coverage has improved again this year and is almost complete, with the group now achieving an average of 97.25% across the four areas. Reporting of employee commuting has most significantly improved from 78% in 2011 to 94% in 2012. It therefore seems that participants have largely settled in their reporting of this scope.

Emissions from outsourced or sub-contracted road transport have the largest Scope 3 impact with 3,859,000 tonnes, representing 37% (2011: 42%) of the total group impact. This figure has decreased, however, by 11% from the 4,330,000 tonnes reported in 2011. Emissions associated with sub-contracted air transport have risen slightly this year (3%), from 3,069,000 in 2011 to 3,115,000 in 2012. Its contribution to Scope 3 remains stable at 29% and is likely to remain so in the future due to the significant challenges posts face in reducing the impact of this mode of transport. Business travel has the least significant impact on reported Scope 3 emissions, contributing only 1% of the group total. Figures have also risen slightly this year, from 81,000 in 2011 to 111,000 in 2012.

Table 5: Scope 3 Carbon emissions in tonnes of CO_2 ♦[1]

Indicator	Original group		Extended group	
	2011	2012	2011	2012
Outsourced or sub-contracted road transport	4,330,000 (98%)	3,859,000 (99%)	4,515,000 (99%)	4,224,000 (99%)
Outsourced or sub-contracted air transport	3,069,000 (97%)	3,115,000 (97%)	3,069,000 (82%)	3,423,000 (83%)
Employee commuting	2,812,000 (78%)	3,461,000 (94%)	2,812,000 (66%)	3,461,000 (76%)
Business travel	81,000	111,000 (99%)	92,000 (98%)	130,000 (98%)
Total	**10,292,000**	**10,546,000**	**10,488,000**	**11,314,000**

Notes: [1]The rhombus symbol (♦) denotes data on which PwC has provided limited assurance. [2]Percentages in brackets refer to range of coverage; if no percentage was given there is full coverage. For more information see Annex p. 51.

Activity indicators

Emissions per item

In 2012, the total Scope 1 and 2 CO_2 emitted in grams per item was 24 grams (2011: 25 grams). Challenges remain in separating mail and parcels in our accounting exercises as several of the postal providers were unable to distinguish emissions from mail versus parcel deliveries due to the significant shared infrastructures and sorting facilities. Declining mail volumes throughout the sector, with figures of 297bn in 2010, 283bn in 2011 and 276bn in 2012 make sustained emissions reductions per item a significant challenge. Our EMMS participants operate under national regulations which often include a Universal Service Obligations (USO) to make daily deliveries to every household by law. Such regulations may reduce the flexibility of participants to improve the efficiency of their operations.

Renewable energy

EMMS participants are required to provide energy use data for levels of renewable electricity purchased (green electricity). There is still a large variation in the percentage of renewable electricity used in buildings among operators, with 11 (55%) of the initial 20 EMMS participants purchasing some form of green electricity in 2012 (2011: 10) and one participant generating its own renewable electricity. If we expand our coverage to include other alternative energy sources, such as geothermal, biomass, solar or wind power, in 2012, 65% (2011: 67%) of EMMS participants reported on the use of some form of renewable electricity. Although this has decreased slightly from last year, it still represents a substantial increase from the 41% in 2010. We expect to see further improvements in the use of renewable energy as posts continue to implement additional measures. Austria Post, for example, is constructing a rooftop photovoltaic facility in Vienna which will generate enough electricity to power its entire electric vehicle fleet (see p. 43).

Total renewable energy sources accounted for 8% (2011: 6%) of all energy used by the EMMS original group in buildings, including heating and green electricity. The total percentage of green electricity as a proportion of total electricity consumption within the group was 12% (2011: 11%). This trend of year-on-year improvements has contributed to the emissions reductions reported. These calculations relate to acknowledged additional carbon emission reduction activities only and do not include standard green energy currently included in the grids of host countries due to hydropower or other lower-carbon sources.

Total renewable energy sources accounted for

8%

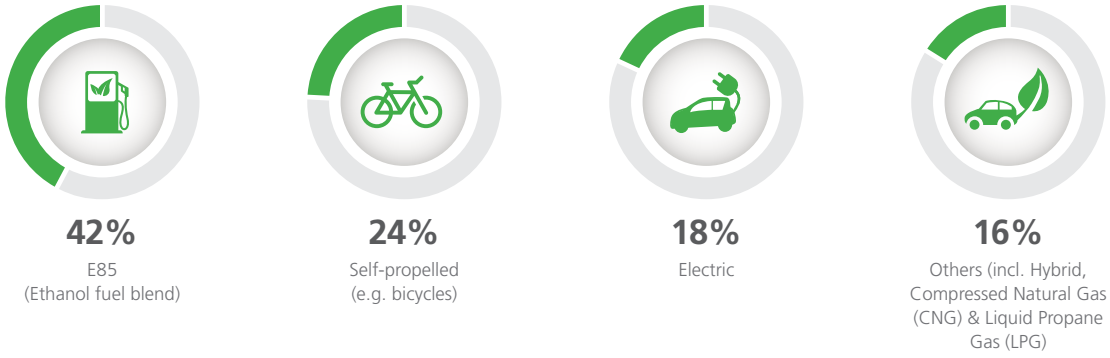
of all energy used by EMMS participants in buildings

Table 6: 2011 – 2012 comparison of alternative-fuel vehicles types (extended group)

Type	2011[1]	2012	2011- 2012 change
E85 (Ethanol fuel blend)	39,754	40,733	2.5%
Self-propelled	24,708	23,381	-5.4%
Electric	7,017	17,089	143.5%
Others – including hybrid, CNG and LPG	7,891	15,523	96.7%
Total alternative-fuel / alternative-fuel-capable vehicles	79,370	96,727	21.9%

Note: [1]Reported figures differ slightly from those reported last year due to restated data provided by one participant.

Figure 13: Comparison of alternative-fuel vehicle types, 2012



Alternative vehicles and fuels

For the second year we required our EMMS participants to provide disclosure and categorisation of their alternative-fuel vehicles. Participants were asked to provide numbers of alternative vehicles across ten categories. The figures below include new participants.

In 2012, alternative-fuel vehicles made up 16% of total reported vehicles (2011: 15%), representing an increase from the 10% recorded in 2009. EMMS participants have reported a 17.9% increase in the total number of alternative-fuel vehicles. Figures have increased from 79,370 to 96,727. We see a steady increase in the number of E85 (ethanol fuel blend) models whilst the number of electric vehicles reported has increased by more than 10,000, and now accounts for almost 18% of all alternative-fuel vehicles / alternative-fuel-capable vehicles (2011: 7.6%). The number of self-propelled vehicles has decreased by 5% this year. However, this is due to one post recycling end-of-life bicycles included in last year's figures, and does not represent a decrease in actual usage. EMMS participants report a 96.7% increase in the number of 'other' types reported, including Compressed Natural Gas (CNG) and Liquid Propane Gas (LPG). None of the participants are currently reporting the use of any M85-(methane) or hydrogen-powered vehicles.

Table 7: 2009 – 2012 comparison of % of alternative-fuel vehicles in EMMS original group

	2009	2010	2011[1]	2012
Total vehicles	534,000	517,000	515,000	516,000
Total alternative fuel vehicles	56,000	56,000	79,000	90,000
Percent of alternative vehicles in fleet	10%	10%	15%	17%

Note: [1]Reported figures differ slightly from those reported last year due to restated data provided by one participant.

In 2012, the EMMS particpants' alternative vehicle fleet consisted of

90,000

Alternative-fuel/alternative-fuel-capable vehicles

Regional analysis of Scope 1 & 2 & 3

Examining all EMMS participants, including the five posts that have joined since 2009, we see that posts in Europe and the Americas account for 97% of Scope 1 carbon emissions. European posts contribute 50% and the Americas a further 47%, with Asia Pacific (2%) and Africa (1%) contributing the small remainder. In comparison, the Americas make by far the largest contribution to Scope 2 emissions. Reporting 2,640,000 tonnes, this accounts for three-quarters of total Scope 2 emissions. Europe contributes 18% (633,000 tonnes), Asia Pacific 5% (176,000 tonnes) and Africa 2% (68,000 tonnes) to overall emissions.

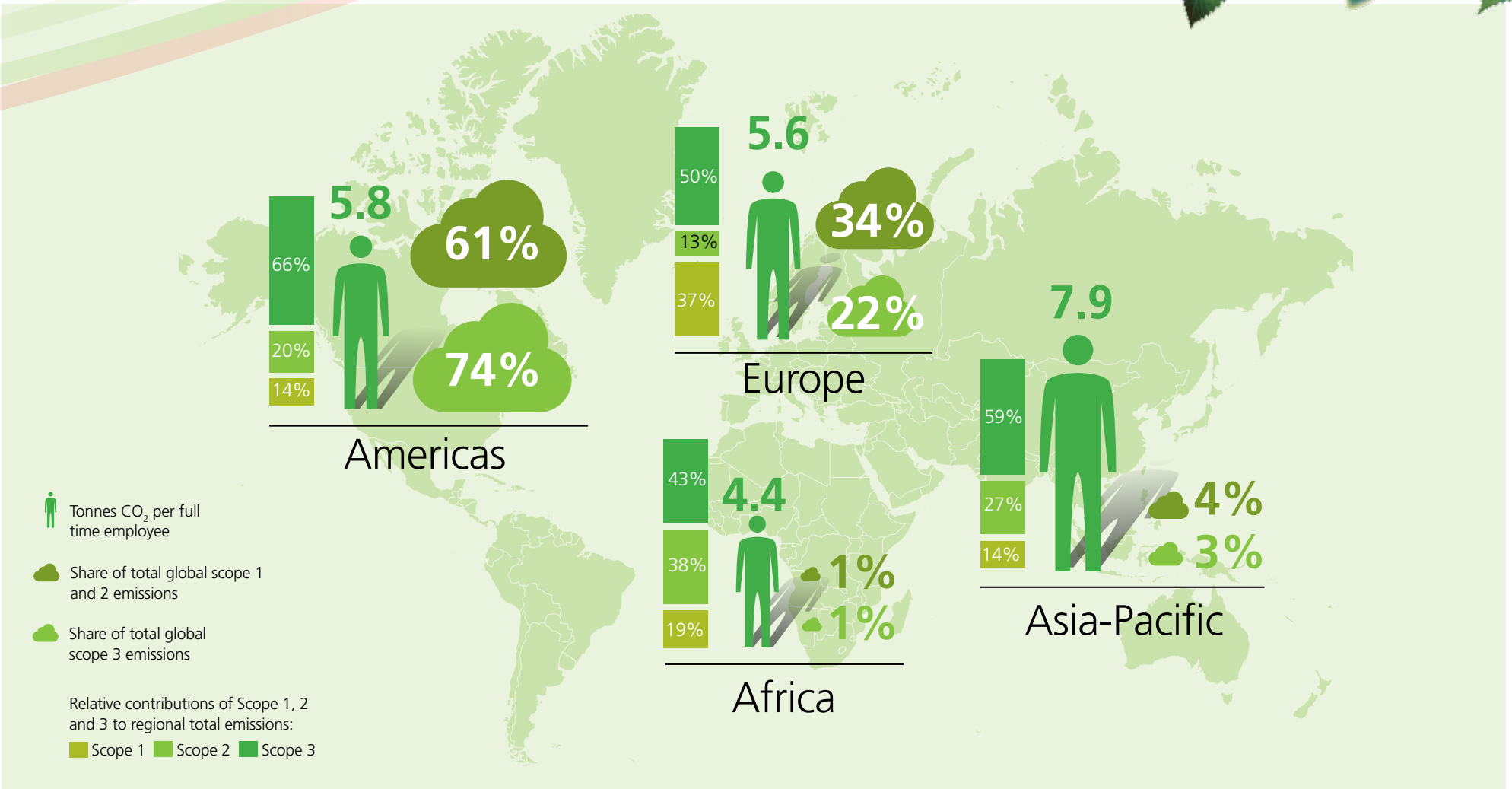
When Scope 1 and 2 emissions are combined, approximately two-thirds (61%) of total emissions are reported by posts in the Americas, and one-third (34%) are reported by European posts. A further 4% of reported emissions are generated by the Asia-Pacific region, and our two African participants account for just 1%.

When these figures are considered in the context of the size of the companies operating in the different regions, their relative contributions are more understandable. Using headcount as an indicator of size, the Americas account for approximately 35% of employees reported under all activities, including express and logistics (note: total employee figures are included for all categories, including express and logistics, as some posts are unable to provide disaggregated data), and Europe accounts for 63%. The addition of Correios Brazil this year further explains the relatively large impact of the Americas. By using combined Scope 1 and 2 emissions for all categories to calculate tonnes CO_2 per full-time employee, we can see that Africa generates the least emissions per employee, and Asia Pacific the most. The Americas and Europe have relatively similar efficiencies. Population density is low in many areas of New Zealand and Australia, relative to the other posts, resulting in longer distances needing to be travelled for postal delivery.

Posts in the Americas account for almost three-quarters (74%) of total Scope 3 emissions. Europe's reported emissions represent 22% of the total, with Asia Pacific (3%) and Africa (1%) contributing the relatively small remainder.

The relative contribution of Scopes 1, 2 and 3 to total emissions varies slightly between regions. In general, Scope 3 contributes the most, followed by Scope 2 and then Scope 1. In Europe, however, the impact of Scope 1 is almost three times more than that of Scope 2. This is driven by the significant use of green electricity reducing the contribution of Scope 2 emissions: of the 11 posts reported earlier as purchasing green electricity, all of them are located in Europe. The contribution of Scope 1 is the same in the Americas and Asia Pacific, but the impact of Scope 2 is 6% more in Asia Pacific, where it is almost double that of Scope 1. Scope 2 has the most significant impact in Africa; where it is double that of Scope 1. Africa is the only region where the contribution of Scope 3 emissions falls below 50%, and the Americas is the only region in which they exceed 60% of total emissions. This is due to relatively high levels of emissions resulting from outsourcing and employee commuting compared to the other regions.

Figure 14: Combined Scope 1, 2 and 3 emissions impact by region



3

Posts' Best Practice Cases

This year's best practice cases demonstrate how postal operators in Africa, Asia Pacific, Europe and the Americas are responding to regional challenges and have achieved considerable CO_2 emission reductions through various initiatives along their value chains.

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An Post – ISO50001 accreditation

Starting in 2012, An Post has been working towards ISO50001 accreditation. The purpose of the project was to ensure effective energy usage management and to achieve real savings in both energy usage (kWh) and spend by the company.

An Post started the project in response to Ireland's National Energy Efficiency Action Plan (NEEAP). In order to comply with NEEAP, An Post is required to reach an energy savings target of 33% energy savings by 2020. Faced with rising energy tariffs, adverse weather conditions and the need to increase staff awareness, the company sought a return on investment through energy efficiencies, enhanced staff engagement and a competitive advantage by being the first postal operator to achieve this energy management standard.

The company started by conducting an energy review in 2012. Areas of significant energy use were identified and An Post set out to take the necessary steps to improve energy performance. The company decided to aim for ISO50001 accreditation, as it provided the adequate framework to monitor and measure energy use and to drive continuous improvement, particularly where building energy use is high.

The project is based on a model of continuous improvement using the Plan-Do-Check-Act framework and is on-going in 2013 with the goal of underpinning An Post's energy management programme.

During 2012, An Post developed and implemented an Energy Management System designed to achieve certification, which resulted in a comprehensive energy monitoring system; established objectives and targets; meetings with senior managers and internal communications with staff and Energy Reduction Targets as an integral part of the annual performance management process.

An Post achieved ISO50001 certification in mid-2013 following a robust audit process, having delivered a structured process to monitor and measure energy use company-wide. The project has enhanced An Post's competitive position in relation to sustainability and has enabled the company to positively communicate with and motivate employees to participate in managing energy usage.

Australia Postal Corporation – Australia Post National Energy Management Plan (NEMP)

The case study presented by Australia Post proves that energy saving initiatives can achieve both positive environmental and commercial outcomes at the same time. In 2010 Australia Post commenced the execution of its National Energy Management Plan (NEMP), which aimed to reduce electricity consumption across its network of facilities. The organisation invested AU$11m (€7.7m, US$10.1m) to implement new energy saving projects across nearly 100 of its sites and has seen considerable success, both in the reduction of carbon emissions and in electricity savings.

Stationary energy emissions from the 1,100 facilities across the network represent more than 65% of Australia Post's total emissions. For the organisation to reach its greenhouse gas emissions reduction target of 25% by 2020 (based on the carbon baseline level recorded in 2000), addressing energy consumption by its facilities is crucial.

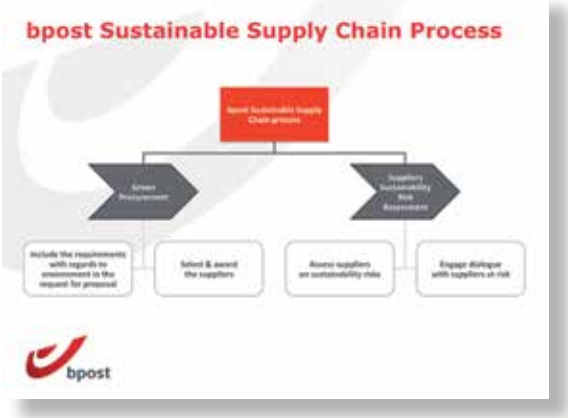
The Plan's implementation took place over three years and was aligned to existing business activities. The business case was developed with a projected return on investment timeframe of less than four years.

It covered more than 200 opportunities originally identified during audits conducted prior to the NEMP's launch. Projects were evaluated for individual sites, with approval based on the most effective use of the allocated capital investment.

The project will end in 2013, with completion of all of the initiatives originally identified. However, the focus on energy efficiency is ongoing, with new initiatives continually being identified, assessed and implemented at Australia Post sites.

Australia Post has achieved significant benefits from the project, including annual energy savings of 18,000 mWh and annual electricity savings of AU$3m (€2.1m, US$2.8m). In addition, Australia Post has achieved greenhouse gas emission savings of 17,000 tonnes.

bpost – Sustainable supply chain process



In an effort to address its entire supply chain, bpost implemented a process to broaden its sustainable procurement policy to address environmental and social performances among its suppliers. This process included the integration of environmental criteria in bpost's calls for tenders and the evaluation of environmental and social performance of bpost suppliers.

bpost's efforts fit in the broadened scope of the IPC EMMS programme, which since 2011 has set out to include Scope 3 emissions in its reporting in order to cover the entire supply chain of postal operators.

Over the past years, bpost has been working on ensuring the sustainability of its entire supply chain in the framework of its Green Post programme, bpost's environmental sustainability programme in partnership with the World Wildlife Fund (WWF). Over the past two years, the procurement department and the Green Post programme teams have worked together to integrate environmental technical criteria in tenders made by bpost, as well as to introduce a contractual clause requiring suppliers to comply with a minimum level of CSR governance.

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

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

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

Correos y Telégrafos – Energy Efficiency Plan

In Spain, Correos' Energy Efficiency Plan aims at reducing the impact and energy costs of buildings with higher consumption of electricity and gas. The programme's goal is to increase energy savings, stimulate staff awareness and incorporate energy consumption issues within the daily management of the company. The project has been running for several years and has shown positive results. Since 2010, Correos has saved more than €2.5m (USD3.3m) due to energy efficiency measures, resulting in lowering electricity consumption by 22.3m kWh and reducing carbon emissions by 3,593 tonnes.

When Correos joined IPC EMMS at the start of the programme in 2008, it started conducting a more intensive monitoring of its energy consumption. The company quickly identified a large number of areas where energy savings could be made. Correos was further encouraged to implement energy efficiencies by the launch of the Spanish central government's 330 Plan, aimed at increasing the energy efficiency of public buildings and framed in Spain's commitment to the Kyoto Protocol.

The plan is based on monitoring the monthly energy consumption of the buildings covered by the programme. Monitoring started with 100 of Correos' most energy consuming buildings and has since expanded to include a total of 200 buildings, covering 46% of Correos' operational area and 60% of its energy consumption. Moreover, the monitoring scope has changed over the past years: while the initial focus was on electricity consumption, the project was extended to cover natural gas in a second phase and it is planned to include heating and vehicle fuel as well in the future.

A second crucial element of the Energy Efficiency Plan is the internal recognition system, which evaluates the environmental measures developed by workers in the centres involved. Best practices from the most committed centres are shared with all employees through the corporate intranet, spreading knowledge and awareness throughout the entire company.

Correos has not set an end date for the programme as it believes many more energy savings can still be achieved and energy efficiency continues to increase.

CTT Correios de Portugal – Energy certification

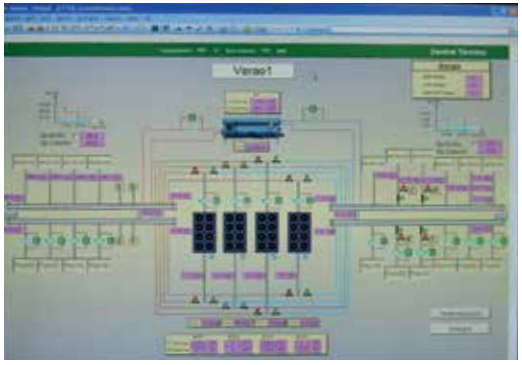
Since 2010, CTT Correios in Portugal has invested in energy and internal air quality certification for its largest facilities. The goal of the energy certification programme was to optimise costs, reduce the company's environmental footprint and to improve the employees' well-being.

More than one thousand buildings operated by the company accounted for almost half of CTT's total energy consumption in 2012, marking the financial, social and environmental impact of its operational infrastructure. The project started in 2010 with the selection of facilities, based on their size and on real-estate market considerations. Field audits were conducted throughout 2011 and 2012 by independent entities. CTT has already started the implementation phase of its energy efficiency plans, which should be fully deployed during the next two years.

The air quality and the energy features of each facility were thoroughly assessed, energy behaviour simulations were prepared and potential energy savings identified. In total 88 buildings with a corresponding total roof area of 200,000m² were certified by external suppliers over the past two years. This certification complied with very strict environmental and health and safety standards.

As an outcome of the certification process, energy efficiency plans highlighting areas of improvement and cost-saving analysis were made for each facility with forecast global savings in the range of €500,000 per year.

The project is considered to be a success and the physical, chemical and biological parameters of the facilities' internal air supply have improved significantly, providing a safer and more comfortable work environment. The savings identified are substantial with a payback of between three and four years in most cases. As the project is still being rolled out, CTT estimates that it has the potential to further reduce its carbon emissions by as much as 1,100 tonnes per year.



Deutsche Post DHL

Deutsche Post DHL – Electric vehicles

Deutsche Post DHL is switching to electric vehicles for its delivery services in Bonn and the surrounding region, making the city the first location in Germany to have a carbon-free vehicle concept. The local dimension of this project is crucial as Deutsche Post DHL has set out to tackle aspects that can be solved locally, not just by cutting greenhouse gas emissions, but by reducing local pollution in urban centres and rural areas.

Faced with the ambitious target to increase the CO_2 efficiency by 30% by 2020 compared to 2007 levels, Deutsche Post DHL has been active in initiating projects to combat climate change, including local solutions. The company's investments in electric vehicles in Bonn fit within this wider strategy.

The post was supported by the German government, which has been supporting electric transport since the introduction of its Renewably Mobile programme in 2009. The government's support embeds Deutsche Post DHL's project within the broader, national goal of developing clean, ecological mobility. In fact, the fruitful cooperation between local, federal and private entities can already be considered as a success.

The project started in mid-2013 and comprises of three phases. During the first phase, Deutsche Post DHL aims to deploy 79 vehicles in Bonn, saving 282 tonnes of carbon emissions per year. Even at this early stage, Bonn will host one of the world's largest fleets of electrically powered commercial vehicles for mail and parcel delivery. The company has planned to deploy a total of 141 vehicles by the end of 2015, resulting in an estimated carbon emissions reduction of 512 tonnes per year.

Deutsche Post DHL is not only deploying electric vehicles, but has also partnered with other stakeholders – including all the major automobile manufacturers in Germany – in several pilot projects to develop and refine alternative vehicle technologies. These projects involve for instance the use of hybrid engines and vehicles powered by electricity, natural gas and biogas, as well as the testing of dual fuel systems and aerodynamic modifications.

Empresa Brasileira de Correios e Telégrafos – EcoPostal

Correios Brazil has developed a socially and environmentally responsible way to process unusable mail bags, pouches and uniforms. Due to security considerations, the standard procedure was to burn the worn-out materials, generating significant carbon emissions. In 2003, the company launched its EcoPostal initiative to collect worn-out uniforms instead and to recycle them as raw material for the manufacture of craft items, generating jobs and revenue for underprivileged communities.

The impact of EcoPostal is three-fold: it reduces the environmental impact of burning worn-out materials and promotes proper waste disposal; it stimulates employment and revenue generation, and it supports institutions that shelter and support socially vulnerable groups.

The initiative was launched in 2003, when the regional offices of Correios Brazil in Mato Grosso do Sul and Paraná identified an alternative use for the discarded materials and saw the opportunity to support extremely poor communities by creating a stable income for them.

EcoPostal started out as a regional initiative, but received the full support of Correios Brazil's central administration; it has currently been implemented in seven of the 28 regional postal offices. The post aims to expand the programme nationwide.

Up until now, the programme has been voluntary: regional offices choose to participate in EcoPostal, while the central postal administration promotes the programme in regional offices throughout the country. This year, the post developed a national action plan to advertise EcoPostal alongside the launch of the Environmental Management System of Correios Brazil. The goal is to implement EcoPostal in half of all the regional offices by the end of 2014. The post will also set out to include the other 14 regional offices in 2015 and 2016 when rolling out its Environmental Management System. As part of this expansion plan, Correios Brazil has set up partnerships with government agencies in order to strengthen the beneficiary institutions and the legal framework surrounding the initiative.

From 2010 until 2012, 181,176 items were collected and donated to institutions supporting nearly 5,000 people a year.

LE GROUPE LA POSTE

Le Groupe La Poste – Recy'go

Le Groupe La Poste in France offers a waste office paper collection service for companies to optimise their resources and to promote the recycling of paper. Recy'go, as the service is called, was launched in 2012 to provide small and medium-sized enterprises (SMEs) with a waste paper management solution adapted to meet their needs.

Paper recycling has the possibility to greatly reduce the use of natural resources as it uses 70% less energy and up to 55% less water than the manufacture of paper from virgin wood pulp. Furthermore, it reduces the amount of carbon emitted by incinerating waste paper. However, in France, only 40% of office waste paper is recycled; the other 60% (510,000 tonnes annually), ends up in landfill or is incinerated. While larger companies generally have access to waste paper collection services, no solution was available to SMEs prior to the launch of Recy'go.

La Poste identified several advantages to offering a waste paper collection service integrated with its core mail delivery business. First, the service allows companies to reduce their environmental impact by providing them with an easy way to recycle their waste paper. Second, it supports local employment by partnering with local recycled paper manufacturers. Internally, La Poste is able to optimise its distribution infrastructure by delivering mail and collecting waste paper at the same time, while also strengthening the post's reputation as a reliable and ecologically responsible operator. Furthermore, La Poste sees this initiative for growing new business with SMEs.

Recy'go was rolled out over several phases and was fully deployed by mid-2012. The service has already shown remarkable results with over 1,900 companies signing up to use the service, over 9,000 tonnes of waste paper collected, and over €1.1m generated during the first year.

Recy'go

Itella Ltd – Green logistics centre

With Finland's cold and varied climate, the national postal operator Itella faces a considerable challenge in managing energy usage within facilities. Buildings in Finland represent 40% of the country's total energy consumption. Without major improvements to building energy efficiency, Itella would not have been able to reach its environmental targets. To address this Itella invested in the construction of a new, ecological logistics centre which was completed in the middle of 2013. The 77,000m² facility stores and processes hardware products, clothing and hazardous goods and operates at the core of Finland's logistical goods flow.

As demand for central storage and processing facilities increased and the need for a new logistics centre became clear, Itella decided to design the new building to take advantage of all the latest energy efficiency improvement measures.

The new centre was built to reduce both the energy usage and the wider environmental impact through the adoption of environmentally sound technology. These measures included a hybrid heating system, combining geothermal heat with natural gas heating; energy-saving wall panels which are more airtight; LED lighting outdoors and shelf lighting operated by motion detectors. The building also uses light-coloured roofing material to reflect sunshine during the summer period which reduces the need for air-conditioning and further decreases energy use.

First results are promising as the temperature control and insulation are performing better than envisaged, resulting in savings in heating costs and decreased carbon emissions.

Finland's varied climate and geography, with the northernmost building facilities in Europe, allows for the development and testing of Arctic-proof construction solutions. New, stricter construction standards will require greater energy efficiency in both new buildings and renovation projects to be implemented. While considerable theoretical environmental awareness in the construction industry exists, implementation is just starting. Itella's project is a major step forward in the progress towards ecological building construction.

New Zealand Post Ltd – Fuel-efficient driver training programme

New Zealand Post's fuel-efficient driver training programme provides heavy commercial vehicle drivers with in-cab training to improve their driving habits and has already engaged more than 150 drivers within New Zealand Post's fleet.

New Zealand Post sees fuel efficiency as an important issue, due to the scale of its logistics network and the contribution of transportation to New Zealand's total carbon emissions. Operating in a country dependant on imported oil and fuel products and faced with a unique geography which creates a challenging physical network environment, New Zealand Post has developed a suite of tools to increase its fuel efficiency.

Over the past five years, New Zealand Post's sustainability programme resulted in driving significant improvements in the physical vehicle fleet, in terms of fuel efficiency, age and configuration. With these improvements implemented, the company identified the need to train drivers to achieve further fuel savings, and developed a tailored solution.

From previous initiatives it was understood that improving this efficiency would result in improved

cost control and a significant reduction in carbon emissions. These two factors are the primary drivers for the programme.

The project is ongoing, with the first phase of training nearing completion. Following completion of that phase, a monitoring phase will begin to ensure that the results remain and identify where re-training may be required. It is expected that this will have a lifespan of around three years.

The project has been successful on a number of levels. It has delivered the outcome of achieving sustained fuel consumption reductions within the fleet with an overall reduction of 2-3%. Furthermore, it has created a positive connection with the company's drivers.

Opportunities are now being explored to expand the training to be available to the next layer of drivers within the fleet: over 900 driving vans, cars and other delivery vehicles.

Post
ÖSTERREICHISCHE POST AG

Österreichische Post – CO_2 Neutral Delivery

Austrian Post is aware of its responsibility to the environment. For this reason, it continually strives to identify optimisation potential in order to minimise its ecological footprint.

To achieve this, Austrian Post has implemented the initiative CO_2 Neutral Delivery. As a consequence, all mail items in Austria, regardless of whether they are letters, direct mail items, magazines and newspapers or parcels, have been delivered in a carbon neutral manner since 2011.

Österreichische Post's top priority is to avoid emissions in the company's core processes and increase efficiency by modernising its vehicle fleet, introducing optimised route planning and driver training, monitoring energy consumption of its buildings and optimising infrastructure.

The programme's second focal point is the use of renewable energy. Since 2012, all of the electricity consumed by Österreichische Post has been produced from renewable energy sources. The company is currently constructing the country's largest rooftop solar panel facility at the Vienna Letter Centre in order to produce its own renewable energy. With a total surface area of about 15,000 m² it will produce up to 900 kWp, enough to power its entire fleet of electric-powered vehicles, which is planned to grow to more than 1,300 vehicles by 2015.

Österreichische Post also voluntarily compensates for all the carbon emissions it has not been able to avoid, by supporting over 20 certified international climate protection projects and smaller domestic projects.

All of the post's activities in the framework of CO_2 Neutral Delivery are monitored and assessed by independent experts to ensure full credibility.

Österreichische Post managed to reduce CO_2 emissions from around 100,000 tonnes in 2007 to around 70,000 tonnes in 2012 and to compensate for the rest of it in order to achieve CO_2 neutral delivery within Austria. Österreichische Post issued about 600 customer certificates in 2012 and by doing so supports customers in improving their own climate scorecard. Moreover, the programme won several sustainability awards, including the Postal Technology International Award 2012, and scored excellent marks in the Carbon Disclosure Project (CDP), the world's largest database for corporate environmental and climate change information.

Posteitaliane

Poste Italiane – Postal ZEVs and photovoltaic plants

Poste Italiane continues to invest in new photovoltaic systems to harness solar energy at its operations centres throughout the country. The post has set out to take full advantage of solar power, which has the potential to be an abundant source of renewable energy in the country.

In 2009, the company started a project to install and commission solar power plants across its network. Installed on large flat-roofed buildings across Poste Italiane's infrastructure, the new systems make optimal use of space while reducing the post's energy consumption and generating a financial return on investment within seven to ten years. The investments in solar power have also improved the company's environmental standing.

In the most recent phase of the project the post activated a new solar power plant at its operating production centre in L'Aquila in 2012, bringing the number of photovoltaic systems it is operating to three. These three systems – in L'Aquila, Triggiano (Bari) and Rome – have produced 449 MWh of electricity, leading to a 181-tonne carbon emission reduction for Poste Italiane. In 2013, the company installed three new systems in sorting centres in Fiumicino and Catania, which started operating during the first half of the year, and another one

in Bari which has yet to become operational. The full project will be completed by the end of 2013, with the commissioning of the system at the Bari sorting centre.

Poste Italiane has also set out to expand its fleet of Postal Zero Emission Vehicles or ZEVs, which are low-impact, electric quadricycles, as an alternative to the motorcycles currently in use. In 2012, the company completed a test of additional 20 ZEVs in the city of Perugia to assess the technological feasibility of alternative urban mobility solutions. The pilot project produced such positive results that the post decided to deploy over 1,000 ZEVs in urban areas throughout Italy.

Posten Norge

Posten Norge – Environment Fund

The Norway Post Group has developed a way to engage all its employees in its sustainability strategy and to share good, ecological ideas and experiences across the group through its Environment Fund.

The main purpose of the fund is to encourage the development and implementation of environmental initiatives presented by the employees and to engage them in the group's environmental strategy.

Norway Post invested NOK5m (€0.6m, US$0.8m) in the Fund and any employee can apply for funding for purchase of materials, equipment or labour. They can apply for support within areas in which the Norway Post Group has an impact on the environment, such as transport emissions, waste and energy. The project has no timeframe: employees can submit proposals whenever they want and every quarter all applications are gathered and evaluated.

The proposals are evaluated according to the following criteria:

- Environmental impact: measures will be assessed on the strength of their environmental impact, not necessarily just reductions in carbon emissions.

- Profitability: measures will be assessed on their financial profitability (reduced costs or financial growth) and must be viable.
- Re-use: measures will be assessed on their role-model effect and whether they can be implemented elsewhere in the Norway Post Group.

Support from the fund must not replace activities or projects that have already been planned or budgeted.

The Environmental Fund has received 77 applications so far, of which 33 were approved. Examples of ideas that have received support to date are solar panels, electric bicycles for employee commuting, efficient lighting and ventilation, biofuel vehicles and LED technology in cold storage buildings.

The implementation of these initiatives led to a reduction of approximately 1,000 tonnes of carbon emissions. The total return on investment is positive thanks to improved efficiencies resulting from the initiatives. With applications from all countries, regions and levels of the organisation, employee engagement has clearly increased, which was one of the key goals of the fund.

PostNL – New logistic infrastructure

Networks and technical infrastructure have a limited lifespan. In 2007 the PostNL division, Parcel Services identified the need to renew and revise its parcels network. Rather than merely updating its machinery and infrastructure within the existing structure, the post decided to entirely rethink the network. In 2008, it launched a project called New Logistic Infrastructure Parcels (NLI) to develop its new network from the ground up. Responding to increasingly strict energy and fuel consumption norms, the NLI project also included a green element.

The NLI project took on a greenfield approach and looked at developing and implementing an entirely new network with new sorting centres built across the country. The construction of the first of 18 new centres, based in Waddinxveen, began at the end of 2010.

During the conception phase, Parcel Services looked at how it could increase the environmental sustainability of its network. PostNL identified several areas where significant energy and fuel efficiency gains could be made, including increased energy efficiency within buildings. The new sorting centre in Waddinxveen features large glass domes and large transparent sections in the outer walls to allow sufficient natural lighting to enter as to make artificial lighting nearly redundant during the day. This measure has reduced the energy consumption of the centre and has led to a more pleasant environment for the staff.

The company also looked at installing modern sorting machines which consume about 75% less energy than the previous machines with a higher productivity. PostNL furthermore applied new environmental standards both to its own delivery fleet and to its sub-contractors. As a result, the emission of CO_2 and hazardous materials has been reduced.

The NLI project has also reformed the network structure by bringing the sorting and distribution centres closer to customers, thereby reducing the distance travelled for parcel collection.

PostNL Parcel Services has calculated that in total, this should result in a carbon emission reduction of 35% by 2015 compared to 2010.

postnord

PostNord – Heavy road transport

Reducing the environmental impact of transportation is one of the major challenges for the postal sector. To address the issue of environmentally sustainable transportation, PostNord has implemented several policies to reduce the consumption of fossil fuels by heavy road transport, including projects to monitor fuel consumption, logistics improvements and alternative fuels.

Transportation accounts for the largest part of the company's environmental impact (83% of the group's total carbon emissions) and its main focus is on reducing the consumption of fossil fuels.

The company is stimulating fuel efficient driving among its staff by monitoring fuel consumption at the driver level. PostNord initiated projects in both the mail carrier and logistics operations, such as a contest in which several mail carriers and truck drivers from Sweden and Denmark competed in the areas of pre-driving checks, eco-driving, precision driving and a theory test. The winner in the mail carrier vehicle category then participated on behalf of PostNord in the IPC Drivers' Challenge, in both 2012 in Montpellier, France, and 2013 in Dublin, Ireland.

PostNord has also set out to improve its logistics

network through route optimisation and increased the number of mail items transported to optimise the capacity of its vehicles. Driving the smartest possible routes and constantly striving for high fill rates in the vehicles are ways to increase cost efficiency while achieving a lower environmental impact per letter or parcel.

Tests with alternative-fuel heavy vehicles are also being conducted. For instance, PostNord is currently testing both hybrid electric and bio-DME (fuel produced from biomass) trucks. The company has also recently purchased two Volvo FM MethaneDiesel lorries which are more energy efficient than conventional gas-powered vehicles and utilise liquefied gas in the diesel process, enabling longer and heavier goods transportation.

As a result of the efforts made, PostNord's total carbon emissions fell by 11% compared to the 2009 baseline, with 5% in 2012 alone.

Post Office
We deliver, whatever it takes.

South African Post Office – Light retrofits

The South African Post Office (SAPO) has partnered with energy efficiency project developers to retrofit old light technologies with more energy-efficient technologies to reduce energy use across its network.

SAPO operates in 2,000 buildings nationwide, which utilise energy for sorting equipment, lighting, retail services and office equipment. Although the post is not very energy intensive, it is heavily dependent on electrical energy. South Africa is currently facing an energy crisis with demand for energy surpassing the supply. Moreover, about 90% of electricity in South Africa is generated from carbon-rich coal.

The company embarked on an energy efficiency project with Eskom, one of the country's main electricity producers. Eskom introduced an integrated demand management programme (IDM) which encourages energy users to pursue energy-efficient technologies to replace older ones. The programme has different phases and focusses on different issues such as light retrofitting, heating, ventilation and air conditioning systems and hot water systems. Through the programme, organisations can choose alternative technologies to reduce their energy use.

SAPO decided to implement the IDM system and started by looking at retrofitting old light technologies with energy-efficient light technologies. The project is to be rolled out and monitored regionally until the end of March 2014. Project developers responsible for retrofitting the lights will be in regular communication with the sustainability team to monitor progress.

Light retrofitting will also involve the auditing of the buildings, to find the trends and the highest consumers of energy to further roll out the IDM project. The initiative is SAPO's first step towards managing its energy usage more wisely. Other planned steps to increase energy efficiency include the installation of smart electricity meters for accurate reading and of light sensors to reduce the energy used in unoccupied rooms.

Swiss Post – Photovoltaic systems

Swiss Post has a long-standing commitment to increasing energy efficiency throughout its building stock and vehicle fleet and to use renewable energy sources, such as green electricity or biogas for electric scooters and delivery vans. The company is now in the process of installing 16 solar panel systems on the roofs of its largest facilities in order to produce electricity from solar energy.

Over the past years, Swiss Post has implemented considerable changes to its energy policy. Since 2008 all Swiss Post's electricity requirements have been met by renewable energy sources, which have been exclusively domestic since 2012.

The company's latest environmental efforts are supported by the national Swiss Energy Strategy 2050. In 2011 the Swiss Federal Council decided to phase out nuclear energy in the medium term while also emphasising that it intended to adhere to the internationally agreed greenhouse gas reduction targets. The national Energy Strategy 2050 was developed in order to implement the Federal Council's objectives.

These new objectives have encouraged Swiss Post to increase its efforts, resulting in the installation of photovoltaic systems. These new systems will allow the company to produce green electricity for the grid.

The process is still ongoing with the first two solar power plants having gone into operation at the end of 2012 and a further 14 to be added by 2014. Upon completion of the project, a total of 16 systems will supply the Swiss power grid with roughly 7,000 MWh per year.

All of the systems are large enough to be granted cost-covering remuneration for feed-in to the national electricity grid. The largest system installed by Swiss Post is situated on top of the Zurich Mülligen letter centre. With a surface of 8,000 m² and an output of 1,300 MWh per year, it is one of the largest in Switzerland. At peak times this system alone is able to supply around 400 households.

USPS – BlueEarth Federal Recycling Program

The United States Postal Service decided to leverage its national delivery and retail network to provide a convenient recycling service to federal government agencies, in order to prevent electronic devices and products from being improperly discarded, while at the same time generating additional revenue. This service, called the USPS BlueEarth™ Federal Recycling Program, has already shown positive results.

Proper disposal of discarded electronic devices is an issue of increasing environmental concern, as some of these electronic devices and products contain hazardous materials, such as heavy metals, that cause health and environmental damage when sent to landfills. Currently, only 10-15% of unwanted, unused electronic devices and products in the United States are being recycled. Considering the high amount of devices being discarded – in the United States alone, 130m mobile phones are retired annually – the environmental impact is significant.

As federal government employees upgrade their electronic devices and products, the outdated models may be improperly discarded, harming the environment. With some of these federal agencies located in remote locations and no available local recycling facilities available, USPS saw an opportunity to increase correct recycling of electronic devices and equipment from federal agencies and their staff's households.

In this framework, USPS launched the BlueEarth™ Federal Recycling Program, which has two main components:

- A recycling programme for federal government agencies for official equipment at the agency location, with customised metrics and monitoring reports

- A recycling programme for federal government agency employees for disposal of their personal property from office or home

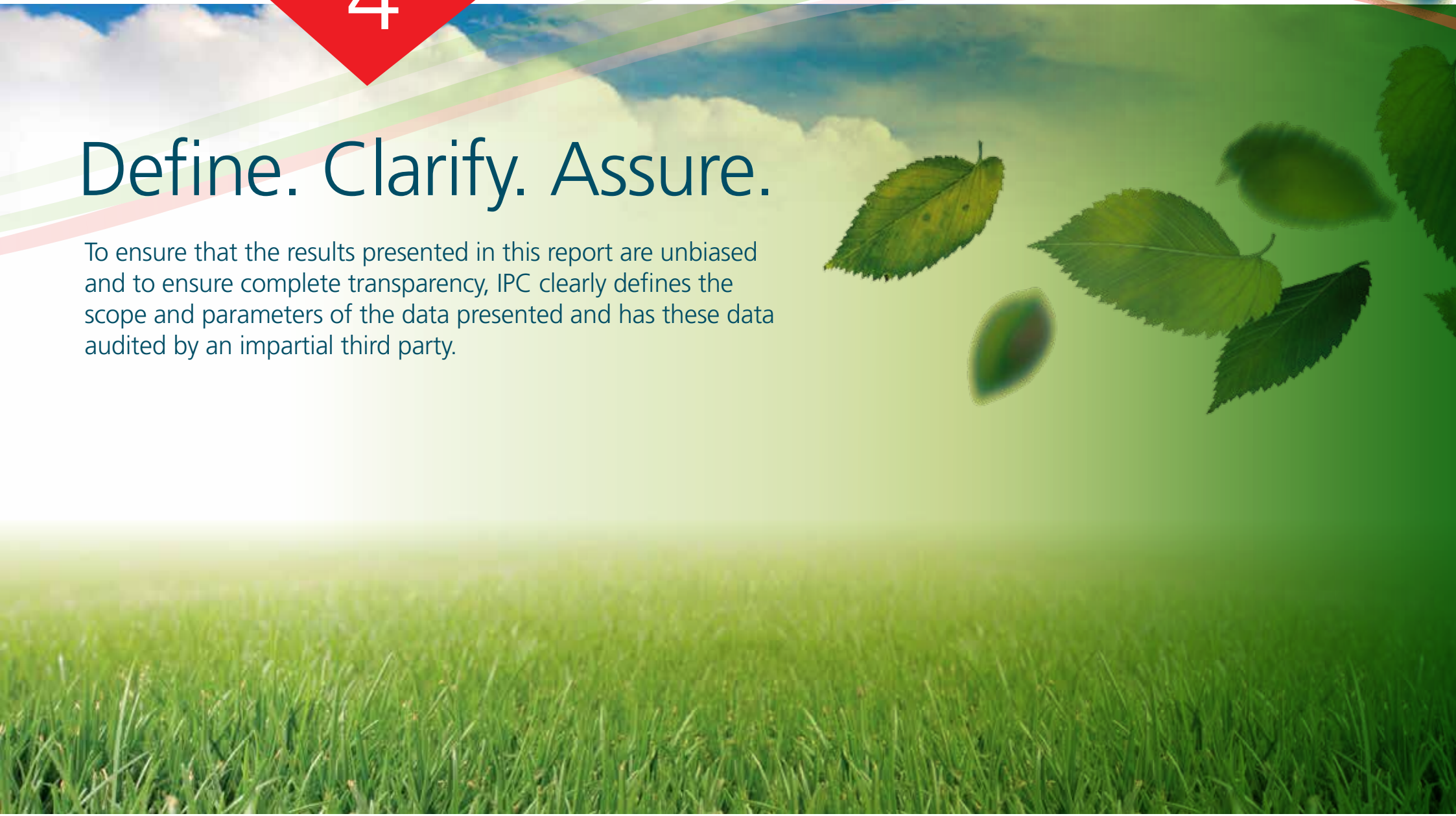
A USPS-designated certified recycling provider funds the postage costs required to transport the unwanted, unused electronic devices and products by US Mail from federal government agencies' locations to the USPS-designated certified recycling provider.

Based on results to date, USPS finds the programme to be successful. It provides an effective recycling model to USPS's partners and customers in federal government agencies. Currently five federal agencies are participating and another 20 agencies are in the queue, further increasing revenue and environmental benefits.

4

Define. Clarify. Assure.

To ensure that the results presented in this report are unbiased and to ensure complete transparency, IPC clearly defines the scope and parameters of the data presented and has these data audited by an impartial third party.



Indicator definitions

Total CO_2 in tonnes per €1,000 turnover: Includes the total CO_2 emissions from all Scope 1 and Scope 2 sources for all areas of business divided by the total company turnover in euros, multiplied by 1,000 to determine emissions per €1,000.

Total CO_2 in grams per item: Calculation of CO_2 emissions from all Scope 1 and Scope 2 sources. The emissions of CO_2 expressed in grams are then divided by the total number of items processed.

Percentage of renewable energy used in buildings: Includes the total amount of renewable energy used in buildings from all sources of purchased and self-generated renewable energy (e.g. solar, wind, hydro, geothermal).

Nuclear power, peat, and natural gas are not considered renewable energy sources. This figure is expressed as a percentage of total energy used in all buildings. The total energy should include the energy from all sources including, for example, electricity, oil and natural gas. A separate indicator is presented on the percentage of renewable electricity used in buildings. This indicator focuses only on the percentage of additional electricity purchased that is obtained from 'green' sources, i.e. it does not typically include green electricity already present in the national grid.

Percentage of alternative vehicles in fleet: Includes the total number of alternative fuel vehicles within the owned vehicle fleet. This number is expressed as a percentage of the total number of vehicles that are owned by the company. Alternative vehicles are vehicles that run on fuels other than standard petrol and diesel. This includes electric vehicles, hydrogen vehicles, vehicles that run exclusively on biofuels or that that run on LPG and CNG. It excludes vehicles that run on bio/mineral fuel mixes that are at or below the nationally agreed minimum content of bio/mineral fuel.

Exclusions and estimations

EMMS Participant	Carbon Management Proficiency (CMP)	Carbon Performance Indicators (CPI)	EMMS joining date	Boundary	Exclusions & estimations
An Post	✔	✔	2008	National	Excludes subsidiaries, and sub contracted retail and delivery service units
Australian Postal Corporation	✔	✔	2008	National	Excludes subsidiaries and joint ventures.
bpost	✔	✔	2008	National	
Canada Post Corporation	✘	✔	2008	National	Excludes subsidiaries. No data reported on renewable energy/electricity.
Correos y Telégrafos	✔	✔	2008	National	Energy consumption related to buildings is for 14% based on estimations
CTT Correios de Portugal	✔	✔	2008	Multi-National	Excludes sub-contracted air transport for express-international.
Deutsche Post DHL	✔	✔	2008	National	Exclusion of express and logistics business
Empresa Brasileira de Correios e Telégrafos	✔	✔	2012	National	
Le Groupe La Poste	✔	✔	2008	Multi-National	Excludes small subsidiaries.
Hellenic Post ELTA	✘	✘	2008	National	
Itella Ltd.	✔	✔	2008	Multi-National	Excludes Russian mail communication
Magyar Posta Zrt	✔	✔	2008	National	
New Zealand Post Ltd	✔	✔	2008	Multi-National	Excludes associate companies and express/logistics operations in Australia
Nigerian Postal Service	✔	✔	2012	National	Carbon emissions are based on estimations
Österreichische Post	✔	✔	2009	National	Excludes Scherübl and all subsidiaries outside Austria.
POST Luxembourg	✔	✔	2008	National	
Poste Italiane	✔	✔	2009	National	
Posten Norge	✔	✔	2008	National	
PostNL	✔	✔	2008	Multi-National	
PostNord	✔	✔	2008	Multi-National	Energy consumption related to buildings is for 8% based on estimations. Express and logistics included.
Royal Mail Group Plc	✔	✔	2008	National	Excludes subsidiaries and joint ventures.
South African Post Office	✔	✔	2010	National	Electricity consumption based on estimations
Swiss Post	✔	✔	2008	National	
United States Postal Service	✔	✔	2008	National	20% of electricity consumption is estimated; 26% of natural gas consumption is estimated; 100% of renewable electricity is estimated

To the members of the board of the International Post Corporation, Amsterdam

Independent assurance report on the 2013 IPC postal sector sustainability report

This report has been prepared in accordance with the terms of our engagement contract dated 4 November 2011, whereby we have been engaged to express a conclusion in connection with the Postal Sector Sustainability Report 2013 (the "Sustainability Report") for the year ended 31 December 2012 of International Post Corporation (the "Association").

Management's Responsibility

The Board of Directors of the Association is responsible for the preparation of the Sustainability Report in accordance with the criteria stated in the Environmental Measurement and Monitoring System (EMMS) Guidelines issued by the Association (summarised on page 9, 10 and 11) ("the Criteria").
This responsibility includes the selection and application of appropriate methods for the preparation of the Sustainability Report, for ensuring the reliability of the underlying information and for the use of assumptions and estimates for individual Sustainability disclosures which are reasonable in the circumstances. Furthermore, management's responsibility includes the design, implementation and maintenance of systems and processes relevant for the preparation of the Sustainability Report.

Auditor's Responsibility

Our responsibility is to express an independent conclusion about the indicators marked with a rhombus symbol (♦) set forth in the Sustainability Report (page 25 and 28) based on our work performed. We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements other than Audits or Reviews of Historical Information". This standard requires that we comply with ethical requirements and that we plan and perform the engagement to obtain limited assurance as to whether the indicators of the Sustainability Report marked with a rhombus symbol (♦) have been prepared, in all material respects, in accordance with the Criteria issued by the Association.
The objective of a limited-assurance engagement is to perform the procedures we consider necessary to provide us with sufficient appropriate evidence to support the expression of a conclusion in the negative form on the indicators marked with a rhombus symbol (♦) set forth in the Sustainability Report. The selection of such procedures depends on our professional judgment, including the assessment of the risks of management's assertion being materially misstated. The scope of our work comprised, amongst others the following procedures:

- Assessing and testing the design and functioning of the systems and processes used for data-gathering, collation, consolidation and validation, including the methods used for calculating and estimating the indicators marked with a rhombus symbol (♦) at Association level and at member level;
- Conducting interviews with responsible officers at Association and member level (6 EMMS members were visited: United States Postal Service, Nigerian Postal Service, Le Groupe La Poste, PostNL, Australian Postal Corporation and Empresa Brasileira de Correios e Telégrafos);
- Inspecting internal and external documents.

We have evaluated the indicators marked with a rhombus symbol (♦) against the Criteria issued by the Association.
The accuracy and completeness of the indicators are subject to inherent limitations given their nature and methods for determining, calculating or estimating such data. Our Assurance Report should therefore be read in connection with Criteria.

Conclusion

Based on our work, as described in this Assurance Report, nothing has come to our attention that causes us to believe that the indicators in the Sustainability Report marked with a rhombus symbol (♦), have not been prepared, in all material respects, in accordance with the Criteria issued by the Association.

Restriction on Use and Distribution of our Report

Our report is intended solely for the use of the Association's Board of Directors to whom it is addressed, and to the members of the Association, and then only for the purpose set out in the engagement contract, on the understanding that we accept no responsibility or liability for damages to any other third party.

Sint-Stevens-Woluwe, 15 November 2013
PwC Bedrijfsrevisoren bcvba
Represented by

Marc Daelman*
Partner

* Marc Daelman BVBA
Represented by Marc Daelman

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Carbon emissions IPC

IPC's own carbon footprint
In 2012, our own carbon emissions amounted to 665 tonnes of CO_2 (for comparison in 2011 it was 864 tonnes). Over half (52%) of those emissions were caused by business air travel, more than 40% were caused by road travel (business and commuting). The remaining 8% were caused by heating, paper usage etc. Per employee this equates to 10.8 tonnes per year (in 2011 this was 13.6 tonnes).

Carbon footprint compensated
Again, for the 5th consecutive year now, we partnered with the Climate Neutral Group to compensate our carbon emissions. Over these five years we have compensated 3866 tonnes of carbon in total. The last three years emissions have been fully offset with Gold Standard credits from the Cooking stoves project in Kenya. By replacing traditional cooking on an open fire with fuel efficient cook stoves, carbon emissions are reduced and carbon credits generated. Apart from that, this project was also selected for the contribution it makes to the development of the local population and region.

Acknowledgements

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