Broadening our scope

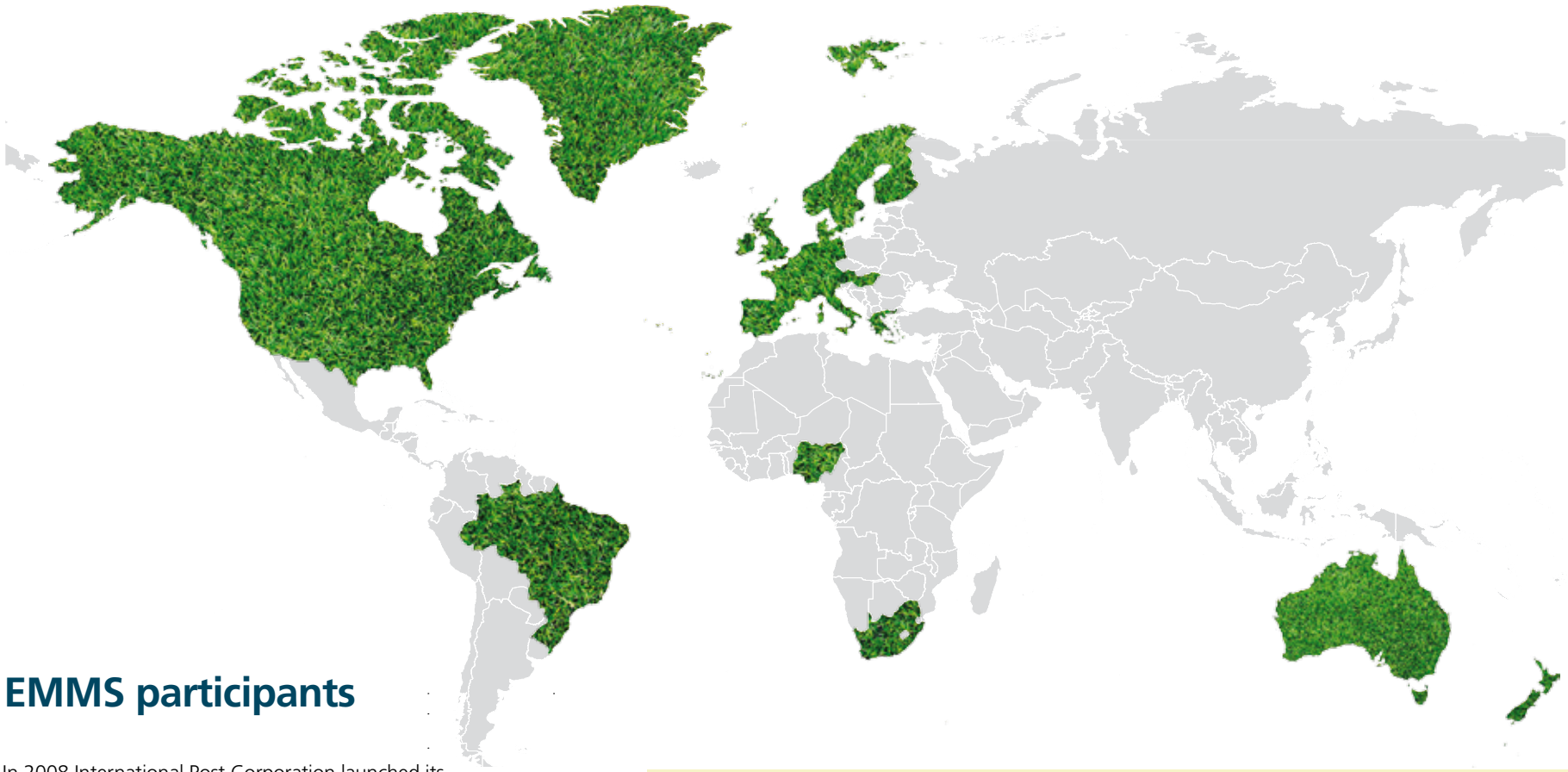
2012 IPC POSTAL SECTOR SUSTAINABILITY REPORT

International Post Corporation

THE NATURAL PARTNER FOR THE POSTAL INDUSTRY

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.**



EMMS participants

In 2008 International Post Corporation launched its Environmental Measurement and Monitoring System (EMMS), the first ever global approach for carbon emissions reduction for a services industry. Now, four years on, we are well on track to reach the ambitious goals of cutting the global postal sector's carbon emissions by 20%. Over the last year the programme has continued expanding both its measurement scope and its geographical reach.

An Post	Ireland
Australian Postal Corporation	Australia
bpost	Belgium
Canada Post Corporation	Canada
Empresa Brasileira de Correios e Telégrafos	Brazil
Correos y Telégrafos	Spain
CTT Correios de Portugal	Portugal
Deutsche Post DHL	Germany
Entreprise des Postes et Télécommunications Luxembourg	Luxembourg
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
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

Statement from the CEO

With the passing of another year of commendable mitigation efforts and carbon emission reductions, International Post Corporation is pleased to announce the results of the postal industry's environmental sustainability efforts in 2011. Under IPC's global postal sustainability programme, the IPC Environmental Measurement and Monitoring System (EMMS), participating postal operators have collectively reduced CO_2 emissions by over 3.5% since 2010, equivalent to a reduction of **261,000 tonnes**.

Our current rate of progress far exceeds the required rate to meet our collective target of a 20% absolute reduction in emissions by 2020. When combined with the emissions reduction achievements of the past years, the EMMS participants are now almost three-quarters of the way to achieving our group target. If we continue at this rate, we will reach our goal much earlier than expected. These impressive results reflect the continued efforts by the EMMS participants to innovate, both in terms of the efficiency of their products, services and technologies and in driving the behavioural changes needed to address the challenge of climate change.

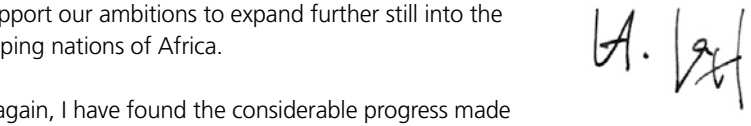
This year we have also seen a substantial increase in the number of participants measuring and reporting emissions emerging not just from the operations under their direct control, but from the wider value chain. As these indirect aspects can have a large impact, it is vitally important that they are not overlooked in our measurement and monitoring activities. In recognition of this fact, the 2012 *IPC Postal Sector Sustainability Report* has been dedicated to the management of emissions **across the value chain**. In the following pages we illustrate how EMMS participants are going further, to address the indirect impacts throughout the value chain, with case studies to provide concrete examples of some of the innovative mitigation approaches that are now being rolled out across the sector.

We believe that collaboration is essential to effectively address the environmental challenges we currently face. We have therefore been working hard to increase the geographical scope of our global sustainability programme. As the first sector-wide carbon reduction initiative for a services industry, we have always focused on engaging as many postal operators from around the world as possible.

Following last year's inclusion of the South African Post Office in the EMMS, we are delighted to welcome two new participants: Empresa Brasileira de Correios e Telégrafos (Correios Brazil) and Nigerian Postal Service (Nigeria Post). These two new entrants represent a significant expansion of the programme into two highly populated and rapidly developing countries. We feel that this is a further demonstration of how the postal sector is working to bridge the perceived divide between developed and developing economies in tackling a truly global problem. Correios Brazil is one of the largest postal sector organisations in the world and is located in an important emerging economy. Furthermore, we hope that the addition of Nigeria Post as the second African postal operator in the programme will support our ambitions to expand further still into the developing nations of Africa.

Once again, I have found the considerable progress made over the year extremely encouraging and would like to congratulate all of our participants on their excellent achievements in enhancing their sustainability performance. However challenges remain and we must not be complacent in our journey towards the achievements of our targets for 2020. We will be working vigilantly to ensure that our participants are provided with the necessary support in their mitigation efforts, to provide on-going monitoring and oversight and to encourage the sharing of best practice approaches among peers. We invite you to listen, as we have done, to the multiple voices of our industry stakeholders and look forward to further years of continuous improvement.

Herbert-Michael Zapf,
IPC President & CEO



"Our current rate of progress far exceeds the required rate to meet our collective target of a 20% absolute reduction in emissions by 2020.
If we continue at this rate, we will reach our goal much earlier than expected."

Correios Brazil is set to make far-reaching impact through the EMMS programme, as Latin America's largest postal service

Empresa Brasileira de Correios e Telégrafos (Correios Brazil) has been experiencing consistent growth and increasing revenues in recent years as the post continues on its path to be a world-class company in terms of organisational management, procedures and results.

Since its origins in 1663, Correios Brazil has been striving to create a modernised service that meets the quality expectations of its customers. Historically the company has always played an important role of social inclusion and integration in national development. It has also acted as an important government agent in the social field; its many roles include the distribution of textbooks, the payment of pensions, the transportation of emergency support, campaigns related to breastfeeding and the training of needy youngsters. Correios Brazil will continue to push for excellence in its products and services in order to contribute to the competitiveness of the country and improve the quality of life of society at large.

Key facts - Brazil

Capital:	**Brasília**
Population:	**193,947,000**
Total area:	**8,514,877 km²**
Official language:	**Portuguese**

The social and environmental activities undertaken by Correios Brazil are aligned to national and international guidelines for sustainability, including the United Nations Millennium Development Goals and the thirteen national guidelines of the instrument of the Presidency. The post has also positioned its strategy based on the 'Triple Bottom Line' of economic, social and environmental concerns. In the current global landscape of major technological change and new habits, Correios Brazil is very much aware that environmental issues, including climate change, are increasingly emerging as critical topics of strategic concern to the growth and development of both enterprises and nations. Correios Brazil has already been demonstrating its commitment to support these causes for many years. The implementation of the Environmental Administration System (SGAC), has increased its capability to measure its environmental impacts and has driven continuous improvement. Among numerous other initiatives, the company has its EcoPostal initiative to reuse uniforms and postal mailbags, promotes sorted recyclable waste collection and responsible waste management, has carried out pilot testing of electric vehicles, and is involved in the direction of environmental education and the promotion of eco-efficient products and services.

In June this year Mr. Wagner Pinheiro de Oliveira, CEO of Correis Brazil, announced the participation of Correios Brazil in the IPC Environmental Measurement and Monitoring System (EMMS), a participation that is a logical next step in the organisation's environmental sustainability strategy.

From left to right: Mr Wagner Pinheiro de Oliveira, President, Correios Brazil; Dr Herbert-Michael Zapf, President and CEO, International Post Corporation

The company believes that the EMMS programme is vitally important in driving down global carbon impacts from the postal industry through its provision of sector-wide management proficiency assessments, emissions measurement, sector benchmarking, results reporting and group targets. As the leading postal operator in Latin America's largest economy, Correios Brazil has acknowledged that its participation in the programme represents a crucial expansion of the postal industry's focus and co-ordinated carbon reduction action. The EMMS programme provides a global framework through which the post can support its sector peers in a collaborative way, share best practices, and drive continuous improvement as global problems require global solutions.

Nigeria Post (NIPOST) fully supports the EMMS and is ready to play its role in further expansion of the programme across the African continent

Nigeria Post provides vital services in both urban centres and rural communities, acting as an essential force in community development for Nigeria's population of over 165m. Since the country's independence in 1960, Nigeria Post has been striving to work towards the creation of a service that is ever more efficient and responsive to public needs, whilst maintaining reasonable costs.

Presently there are 1,176 post offices and over 2,442 postal agencies throughout the Federation providing postal, logistic, financial and other communication services to the populace. Based in the most populous African country and one of the largest economies on the continent, NIPOST is one of the leading posts in West Africa.

However, while we anticipate significant growth in the coming decades, we are also committed to ensuring that this growth is managed in a fully sustainable way. To this end, we hope to play a leading role in societal issues such as the campaign against stigmatisation of people living with HIV and the fight against its spread, promoting a greener and better working environment for our workers, carbon emissions reduction and other important topics. We believe that collaboration between postal operators, working together across both developing and developed economies, is essential for us to be able to tackle the common, global problem of climate change and which in the long run would ensure a more efficient management of our resource and promote environmental responsibility.

I am delighted that Nigeria Post has joined International Post Corporation's EMMS sector sustainability programme. I am in full support of the ambitions of IPC to bring African nations into this global system of carbon emissions management and reporting. As a consequence of our strong regional role and our participation in this sustainability programme as the second African participant, we will be able to set an example to other developing postal operators and work to further increase engagement with the programme across the African continent. Efficient use of natural resources and the conservation of energy should be a key concern for all African nations. Furthermore, joining the EMMS programme will allow Nigeria Post to contribute to an important global effort, share best practices and learn from its peers around the world.

In line with our participation in the EMMS, I affirm the commitment of Nigeria Post to sustainable business development and commit our solidarity to contributing to the collective attainment of the sector's carbon emissions reduction target for 2020.

Mr Ibrahim Mori Baba
Postmaster General and CEO
Nigerian Postal Service

From left to right: Mr Pieter Reitsma, Sustainability Manager, International Post Corporation; Mr Ibrahim Mori Baba, Postmaster General and CEO, Nigerian Postal Service

Key facts - Nigeria

Capital:	**Abuja**
Federation:	**36 States and Federal Capital**
Population:	**166,629,000**
Total area:	**923,768 km²**
Official language:	**English**

Carbon management

In 2011 the IPC Environmental Measurement and Monitoring System participants continued their **collective efforts to reduce carbon emissions**, resulting in yet another year of impressive results.

This year full Scope 3 reporting was included in the reporting, in order to monitor carbon emissions throughout the entire value chain.

With Carbon Management Proficiency scores continuously improving and **carbon emissions decreasing significantly**, participating posts have once again seen their management and mitigation efforts pay off.

The Environmental Measurement and Monitoring System

The Environmental Measurement and Monitoring System (EMMS) was developed in 2008, in direct response to requests from CEOs working throughout the postal industry. The system was built with the aim of implementing a common carbon measurement and reporting framework, in line with customer requirements and stakeholder expectations. A pilot of the system was carried out in 2008, in collaboration with our EMMS participants.

In 2009, the full programme was rolled out 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. The 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.

EMMS participants employ around 2.0 million staff across the globe at over 100,000 facilities, with well over half a million delivery and transport vehicles. Through fuel combustion, the energy used to heat and cool buildings and several other sources, these companies release significant volumes of CO_2 into the atmosphere. At IPC, we are working to systematically address these impacts and collaborating to combat global climate change across the sector through our EMMS programme. We believe that through the sharing of knowledge and the encouragement of 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.

Comprehensive data collection

The EMMS process begins with the participating postal companies completing an annual comprehensive self-assessment questionnaire on their management proficiency which entails a primarily qualitative assessment across ten management proficiency areas.

The results of the questionnaire 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 Carbon Management Proficiency (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.

In order to ensure consistency of the data, participants are encouraged to use our calculator tool and are provided with an exhaustive guidance document for reference. This year we have implemented an additional plausibility checking process to further ensure consistency and accuracy of data collected across the group. The final results are subject to review by IPC and Maplecroft, an independent advisory consultancy specialising in global risks management. This review process also stimulates constructive feedback, monitoring and continuous improvement of the programme for the future.

The calculator tool and associated guidance materials 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. Each participant is provided with their results in the form of an individual scorecard and assessment and given ample opportunity to engage and share feedback on their experiences and progress.

Carbon Management Proficiency

- Average CMP score of **70%**
- **5%** improvement from 2010
- **ON TARGET** to achieve **>90%** goal for 2020

Carbon Performance Indicators

- **3.5%** or **261,000 tonnes** reduction from 2010
- IPC group Scope 1 & 2 emissions **7,173,000 tonnes**
- **ON TARGET** to achieve **20%** reduction goal for 2020

Broadening our scope

IPC continues to broaden the scope of participation in the EMMS programme. This year we welcome two new EMMS participants, Empresa Brasileira de Correios e Telégrafos (Correios Brazil) and The Nigerian Postal Service (Nigeria Post) which will bring the total number of EMMS participants to 25. Correios Brazil and Nigeria Post will be formally integrated and report their first set of EMMS results in 2013.

The South African Post Office (SAPO) has submitted its quantitative carbon performance data this year, representing the company's first step towards the achievement of our collective goal. As part of the review procedures for this report, SAPO was also visited by our external accountant PwC. 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 p39.

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 EMMS participants (excluding Österreichische Post, Poste Italiane and the South African Post Office, which have joined since 2009). The original set of participants can then be compared to the 'extended group', which also includes these three new entrants. The figures provided in this report relate to the original set of participants unless otherwise indicated. 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 p39.

This report presents the overall results of our EMMS programme for the calendar year 1st January to 31 December 2011. 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.

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%.

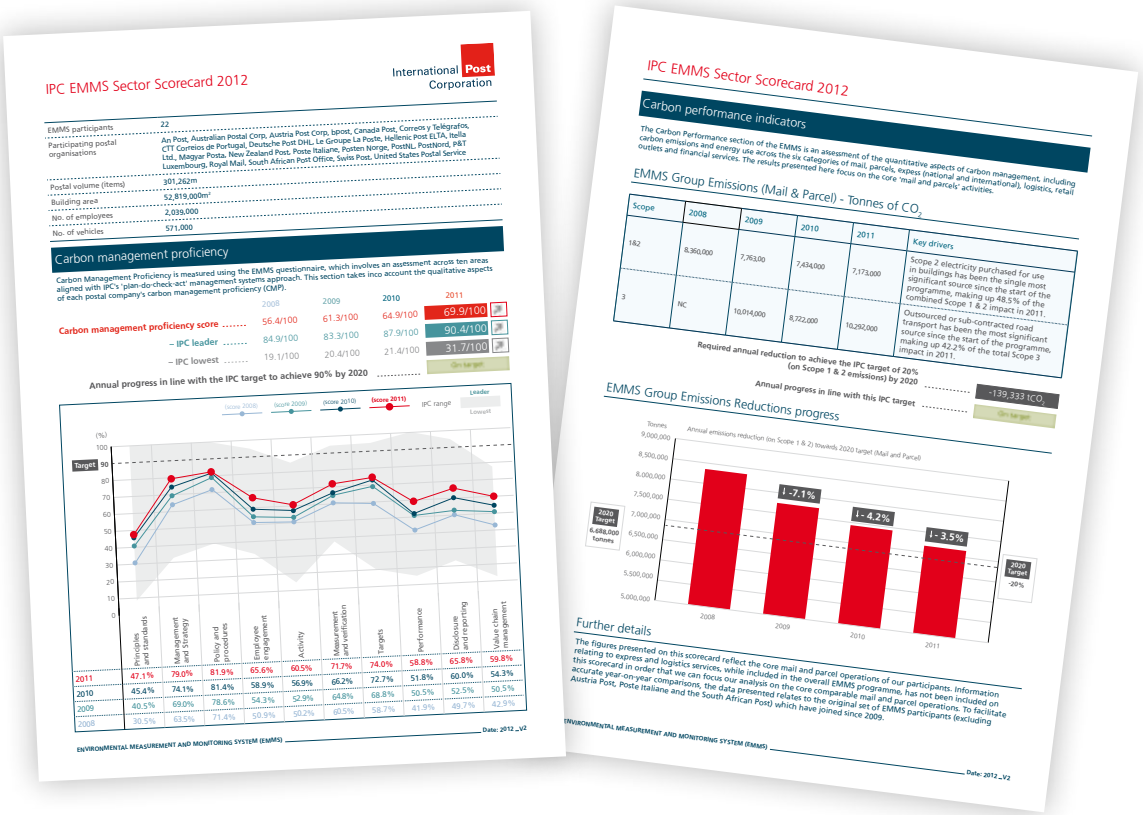
To provide additional assurance, this report has been reviewed and approved by the management of IPC. We have followed reasonable steps and taken great care to ensure that the information and indicators published in this report are accurate to the best of our knowledge. In addition, we have instructed our external accountant PwC to review the key sector indicators. 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 p40.

Sector scorecard

IPC provides all participants with a detailed scorecard and assessment of their performance in both carbon management proficiency and carbon emissions performance. The scorecard contains more than 800 data points and trend indicators to give each participant a detailed overview of their performance and to allow benchmarking with previous years. As the standard EMMS scorecard for each company contains confidential information, we are not in a position to make these public. However, in line with our intention to promote disclosure and increase transparency of the EMMS programme, this year, we have produced an additional overall sector scorecard to be made available to the public.

The sector scorecard 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. Carbon management proficiency scores are provided for 2008-2011 including a graph and summary table detailing performance trends for the four year period. 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 two page EMMS sector scorecard can be found online at
http://www.ipc.be/Services/Sustainability/EMMS/EMMS_Scorecard

Figure 1: EMMS Sector Scorecard



EMMS in other publications

As the EMMS programme continues to expand its global reach and demonstrate impressive 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 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.

Carbon management proficiency

In 2011, EMMS participants achieved an average score of 70%, evidence that our target is both realistic and attainable. Over this three year period, the annual current rate of improvement in management proficiency is over 4 percentage points per year, well exceeding the required rate to achieve our goal in 2020.

In 2011 an additional company reported their endorsement of the United Nations Global Compact – Caring for Climate voluntary action platform, bringing the total sector engagement to over 66% and an increase of over 38% since the start of the programme (2008: 29%). In addition, the number of companies submitting their information to the Carbon Disclosure Project has risen by over 14%. As EMMS participants incorporate the guidance and commitments of this initiative into their operational and strategic approaches, we anticipate further improvements in both carbon management proficiency and emissions reductions.

Table 1: Key Carbon Management Proficiency results 2008-2011

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

We believe that these improved results indicate an increasing appreciation of energy and carbon emissions as a strategic priority in business management, and that EMMS participants are continually working to update and improve their management systems, policies and procedures to accommodate these priorities. Over 85% of participants reported performance improvements. We believe that continued improvements at this rate (approximately 5% per annum) will enable us to reach our 2020 goal well ahead of schedule. Our projections indicate that we will have reached our target by 2017, and possibly even earlier.

Consistent with previous years, in 2011 IPC companies again performed best on issues relating to policy and procedures (82%), management and strategy (79%), target setting (74%) and measurement and verification (72%). The use of systematic environmental management approaches has been steadily increasing, with 76% of participants now operating a developed, documented and communicated environmental management system. Furthermore, 62% of participants are either seeking or have implemented internationally recognised certification for these systems such as EMAS or ISO 14001.

We have observed an overall increase in the participants demonstrating their environmental commitments with over 86% of participants publicly stating their greenhouse gas reduction targets, an increase of 29% from the start of the EMMS programme. Six participants have made commitments to become carbon-neutral in the future, or by a specified date and two thirds also have their own independently developed targets in place that are at least in line with the sector 20% by 2020 reduction goal (known as the '20-2020 target').

Responsibility for climate change, carbon management and emissions is clearly defined for the majority of participating posts, with many also having individual energy and carbon metrics in senior manager performance appraisals and performance-related pay schemes.

It is encouraging to see that the management of environmental impacts across the value chain has been steadily increasing year on year. In 2008, EMMS participants typically rated their value chain management programmes as 'under development'. In 2009, as we began to see the benefits of this development, 85% had developed at least general environmental requirements for their suppliers. In 2011, 24% of participants have gone even further to impose specific energy and carbon requirements. These are being progressively rolled out for all primary contracts and sub-contractors in many cases. In addition, over 95% of participants are now actively communicating with customers or suppliers on carbon management issues. However, there remain opportunities for value chain best practices to be extended across the sector, in particular with regard to the methods of assessment used, such as second or third party auditing.

Figure 2: Range and average carbon management proficiency scores by section

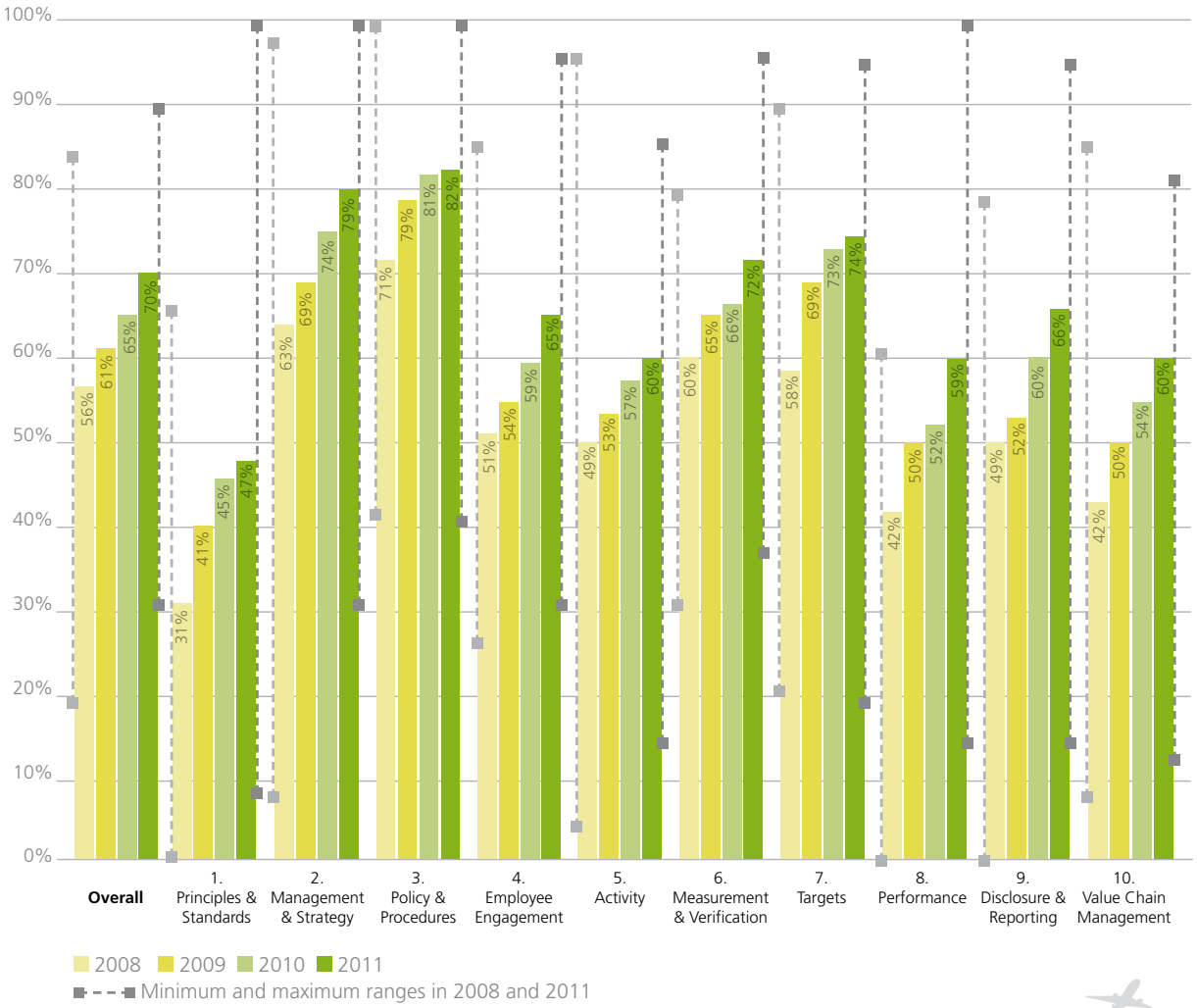
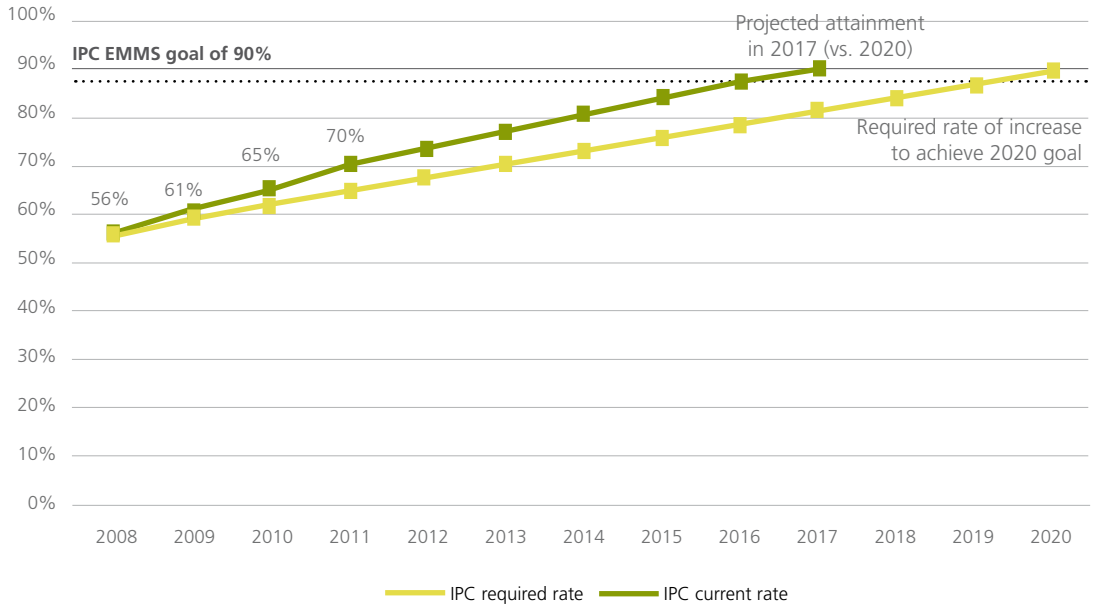
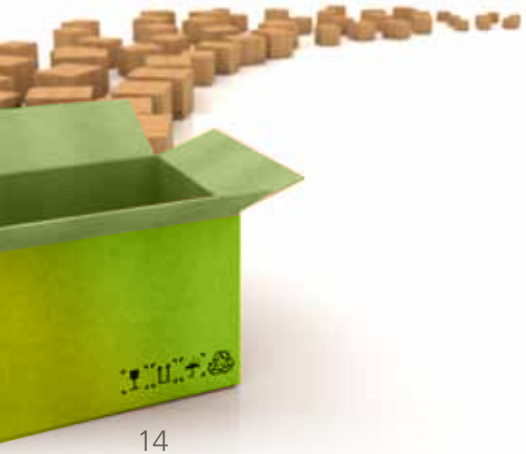


Figure 3: Projected carbon management proficiency scores through 2020





The ten focus areas of the carbon management proficiency assessment include questions carefully designed to evaluate specific aspects of each participant's approach to carbon management. Important group developments since 2008 include:

- the UN Global Compact – Caring for Climate voluntary action programme has gained support from two thirds of EMMS participants;
- increased information submissions to the Carbon Disclosure Project (CDP), an initiative designed to encourage full public disclosure of carbon performance data;
- a significant increase in the number of participants that carry out assessments of the risks as well as the opportunities related to carbon management and climate change;
- a larger proportion of participants that incorporate carbon management indicators, objectives and targets into management performance reviews;
- a substantial increase in the number of companies transporting post by vehicles using alternative fuels;
- a notable increase rise in the number of companies referencing their sustainability reporting against the Global Reporting Initiative;
- growing popularity of the use of formalised supplier assessment methods including self, second and third party auditing, and the setting of minimum performance criteria.

Areas for improvement

The three carbon management proficiency areas which registered the lowest scores were; principles and standards (47%); performance (59%) and value chain management (60%). This trend has remained consistent with previous years, however all three areas have shown year-on-year improvements since 2008.

We will be encouraging our participants to improve their scores in the principles and standards section, for example by promoting engagement with relevant international organisations and initiatives, such as the UN Global Compact – Caring for Climate, Carbon Disclosure Project and certification to internationally recognised EMAS or ISO 14001 standards.

Many companies have already implemented 'quick-win' emission reductions initiatives, such as switching to green electricity, increasing fuel efficiency and vehicle route optimization. To achieve further reductions, leading participants will be required to make more significant and longer term investments in infrastructure developments, for example through the construction of LEED (Leadership in Energy and Environmental Design) or BREEAM (Building Research Establishment Environmental Assessment Method) buildings, and further increasing the use of alternative fuel vehicle fleets. Through engagement with our EMMS participants, we have learned that the development of alternative vehicle delivery fleets is ongoing. For example, piloting activities and negotiations with vehicle manufacturers to develop bespoke delivery vehicles are still being carried out by several participants. This indicates that the update of alternative vehicles is likely to increase even further in future years.

Such initiatives require detailed cost-benefit analysis as well as the availability of appropriate national infrastructures, such as the suitability of rail networks and timetables. In addition, EMMS participants across the globe have regional and seasonal climate differences to take into account. To overcome these challenges can often require the development of technologies with specific minimal technical standards. Several EMMS participants are also exploring and testing potential alternative energy sources including solar power, geothermal and wind in both buildings and vehicles.

Carbon emissions

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 the core 'mail and parcels' activities with assessments carried out using 16 carbon performance indicators. Emissions reductions have been tracked according to international greenhouse gas accounting standards, in particular the World Resources Institute Greenhouse Gas Protocol. In line with this protocol, we will 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 6, p18);

Scope 2: Indirect GHG emissions, from consumption of purchased electricity, heat or steam (see Figure 7, p18);

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, waste disposal, etc.

IPC provides each EMMS participant with a detailed summary of its carbon performance alongside its carbon emissions data. The data provides insights into carbon efficiency across various aspects and categories of their business and is designed to enable continuous improvement through focused emission reduction initiatives. The figures disclosed herein relate to the 'mail and parcels' categories, excluding peripheral express and logistics services.

In 2011, the Scope 1 and Scope 2 carbon emissions from EMMS participant 'mail and parcel' activities amounted to 7,173,000 tonnes (2010: 7,434,000). Please see Figure 8 (p18) for a detailed breakdown across the entire EMMS group. This year's decrease of 261,000 tonnes is less pronounced than the 329,000 tonnes reported last year and less still than the decrease of 597,000 tonnes reported between 2008 and 2009. This trend of decreasing reductions may be driven in part because the 'low hanging fruit' in carbon reductions have already been achieved. Nevertheless, the decrease is still nearly double the required annual reduction of 140,000 tonnes and we remain assured that EMMS participants are on target to reach the group target of a 20% reduction by 2020.

In order to maintain the comparability of the figures, the figures presented above exclude the increased scope and emissions coverage associated with three new participants since 2009; Austria Post, Poste Italiane and the South African Post Office. If we increase the coverage to include the emissions from these operators, the result is a sector output of 7,645,000 tonnes. This represents an overall decrease of 155,000 tonnes from last year's figures (2010: 7,800,000 tonnes).

Table 2: Annual carbon emissions

Performance 2008 (baseline)	Performance 2009	Performance 2010	Performance	Goal for 2020	Required improvement	Target status
8,360,000 tonnes	7,763,000 tonnes (- 7.1%)	7,434,000 tonnes (- 11.1%)	7,173,000 tonnes (-14.2%)	6,688,000 tonnes (- 20%)	~2% reduction per year	On target

Figure 4: Mail & parcel Scope 1 & 2 carbon emissions (excluding new participants)

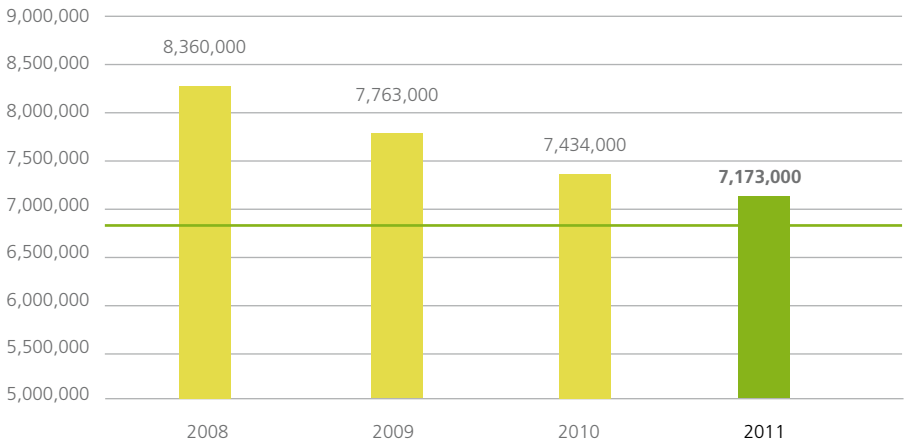
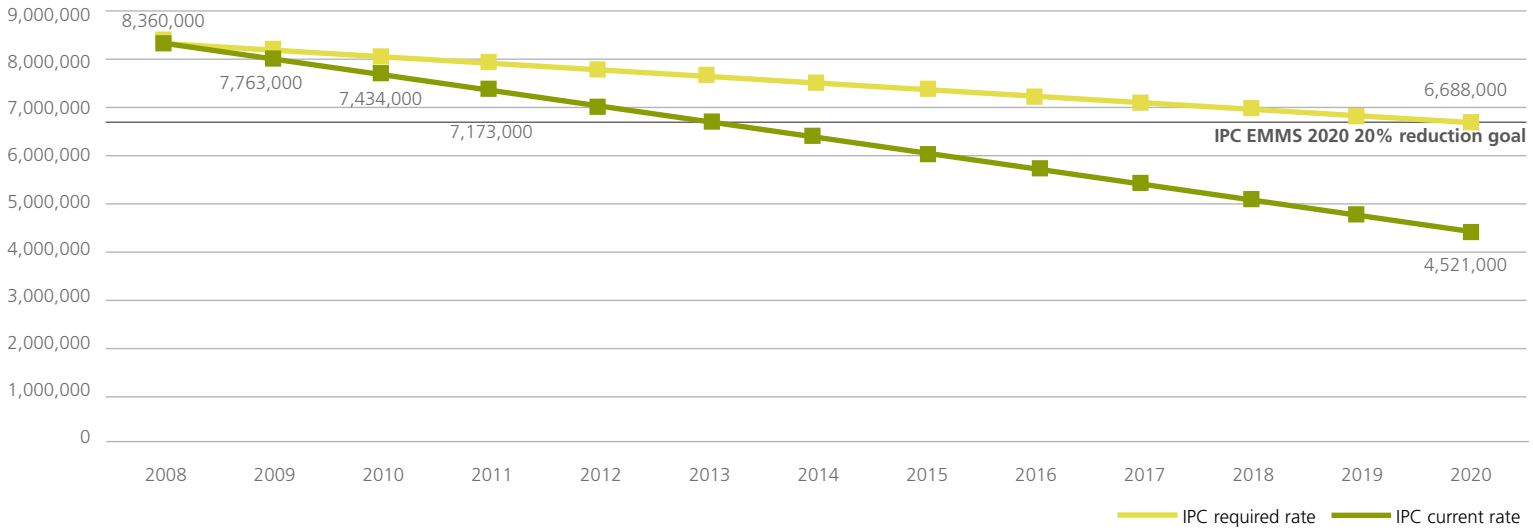
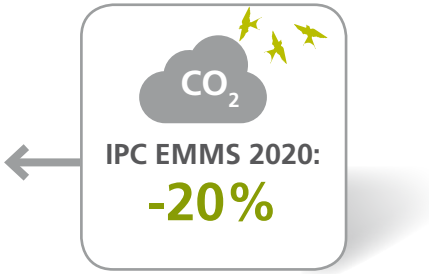


Figure 5: Projected Scope 1 & 2 mail and parcel carbon emissions reductions through 2020 (excluding new participants)





Emissions sources

In 2011, total Scope 1 impacts amounted to 3,553,000 tonnes, representing a notable 13.6% decrease from 2008 levels (4,112,000 tonnes). However, when compared with 2010, Scope 1 impacts have remained overall stable with a very slight increase from 3,536,000 tonnes. The most significant contributory emissions source was owned or leased road transportation, with over three quarters of the total group Scope 1 emissions (see fig 6). Overall emissions from transportation in 2011 were 2,700,000 tonnes, a small increase of 2.8% from 2010 levels (2,676,000 tonnes). Emissions produced from buildings (as heating) exhibited a reduction of 4.0% from 2010 to 826,000 tonnes (2010: 860,000 tonnes).

Carbon emissions associated with purchased electricity consumption in buildings, including sorting centres, post offices and administrative operations, represents the largest Scope 2 source. This year we are pleased to report reduced emissions of 3,470,000 tonnes, a reduction of 11% from our 2010 figure of 3,898,000 tonnes. Since the start of the programme in 2008, IPC participants have achieved an overall reduction of 18.3% in emissions from purchased electricity, indicative of the effectiveness of carbon mitigation measures and increased use of green electricity.

Figure 6: Scope 1 emission sources

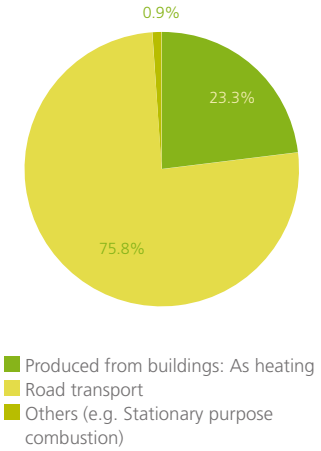


Figure 7: Scope 2 emission sources

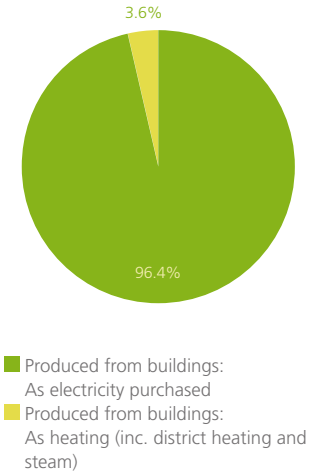
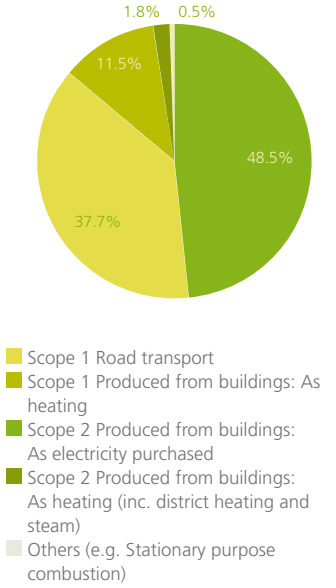


Figure 8: Combined Scope 1 & 2 emissions sources



Activity indicators

Emissions per item

In 2011, the total CO_2 emitted in grams per item was 25 (2010: 24 grams). There remain challenges 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. We believe that this slightly higher grams per item figure for 2011 is due in part to a continuing trend of declining mail volumes throughout the sector. Total group postal volumes between 2010 and 2011 have reduced from 297 to 283 billion items of mail. This makes sustained emissions reductions per item a significant challenge. In addition, our EMMS participants operate under national regulations which often include a Universal Service Obligation (USO) to make daily deliveries to every household by law. Such regulations may reduce the flexibility of participants to adapt 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 were large variations in the percentage of renewable electricity used in buildings among operators, with 48% of EMMS participants purchasing some form of green electricity in 2011 (45% in 2010). IPC also collects energy use data for a range of alternative energy sources, including geothermal, biomass, solar and wind power. If we expand our coverage to include these sources, in 2011 67% of EMMS participants reported on the use of some form of renewable energy, a substantial increase from the 41% in 2010.

The total percentage of green electricity as a proportion of total electricity consumption within the group was 11%, an increase of 4% from 2010. When combined with green electricity, renewable energy sources accounted for 6.3% of all energy used by EMMS participants in buildings, representing an increase from 2010 (4%). Note, these calculations relate to acknowledged additional emissions 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.

Alternative vehicles

This year we required our EMMS participants to provide a greater degree of disclosure and categorisation on their alternative vehicles/alternative fuel capable vehicles. Participants were asked to provide numbers of alternative vehicles across ten categories. This will allow us to deduce detailed group trends in alternative vehicle usage for future years. Alternative vehicle types reported across the EMMS group are provided in the following table.

Table 3:

Alternative vehicle type	Number reported
E85 (Ethanol fuel blend)	39,754
Self-propelled (e.g. bicycles)	37,214
Electric	7,017
Others - inc. Hybrid, Compressed Natural Gas (CNG) & Liquid Propane Gas (LPG)	7,891
Total alternative vehicles	**91,876**

In 2011, alternative vehicles/alternative fuel capable vehicles made up over 17% of the total reported vehicles figure, representing an impressive increase from the 10% recorded for 2010. The largest single category was E85 capable vehicles (an ethanol fuel blend). There has also been a substantial increase in reporting relating to self-propelled vehicles, e.g. bicycles. IPC will continue to measure and encourage further uptake of alternative vehicles throughout the EMMS group.

Table 4:

	2009	2010	2011
Total vehicles	585,700	568,400	527,200
Total alternative vehicles	57,900	57,700	91,900
% alternative vehicles in EMMS group	10%	10%	17%

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

Figure 9: Alternative vehicle / alternative fuel capable vehicle types

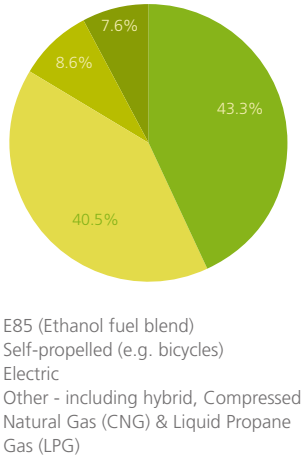


Table 5: Carbon performance data in tonnes of CO_2 (coverage is 100% unless indicated in brackets)

Indicator	Original participants				Extended Group		
	2008	2009	2010	2011	2009	2010	2011
Scope 1: Transport (vehicles, aviation, rail) ♦[1]	2,948,000	2,857,000	2,676,000	2,700,000	3,008,000	2,828,000	2,858,000
Scope 1: Heating (gas, heating, fuel, oil, steam) ♦	1,164,000	979,000	860,000	826,000	1,057,000	920,000	891,000
Scope 2: Electricity (including electric vehicles) ♦	4,248,000	3,927,000	3,898,000	3,470,000	4,062,000	4,052,000	3,713,000
TOTAL[2]	**8,360,000**	**7,763,000**	**7,434,000**	**7,173,000**	**8,143,000**	**7,800,000**	**7,645,000**
Total CO_2 in tonnes per 1000 euro turnover[3] ♦	0.067	0.064	0.063	0.058	0.058	0.056	0.052
Total CO_2 in grams per item – mail and parcels ♦	29 (84%)	25	24	25	25	25	26
Percent of renewable electricity used in buildings ♦	13% (93%)	9%	7%	11%	11%	10%	14%
Percent of renewable energy used in buildings ♦	8% (79%)	7%	4%	6%	9%	6%	8%
Percent of alternative vehicles in fleet ♦[4]	10%	10%	10%	17% (95%)	11%	10%	16% (96%)

Notes: [1]The rhombus symbol (♦) denotes data on which PwC has provided limited assurance. [2]Due to differences in inter-departmental accounting procedures, the stated figures may not sum to equal the total. [3]Figures per €1,000 turnover were calculated using average annual currency conversion statistics sourced from the Organisation for Economic Co-operation and Development (OECD). [4]Reported figures in 2009 and 2010 of the Original participants differ slightly from those reported last year due to restated data provided by one participant.

Scope 3 emissions sources

Scope 3 includes indirect emissions associated with the wider supply chain and distribution networks. Since the boundaries of Scope 3 emissions are potentially very broad, IPC has produced a guidance document covering specific reporting procedures which is communicated to all participants, providing a consistent set of parameters for industry-wide reporting of Scope 3 emissions. The guidance builds on the framework set out in the GHG Protocol Corporate Standard. Our current focus is primarily on transport-related impacts and in 2011, based on participant feedback and analysis of past years data; we narrowed the scope of our data collection to the following four core categories. These categories 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

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 gas 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. Please note that although employee commuting impacts are significant, several posts are currently unable to collect

data on this source for privacy/legal reasons. Therefore, in some cases national averages have been used. In these cases, mitigation activities focused on employee commuting will not result in measurable decreases in emissions from this source.

In a significant improvement from last year, 20 of the participating companies submitted Scope 3 emissions data in their EMMS calculator, representing group coverage of 95% compared with an 82% response rate in 2009 and 2010. The sector has exhibited an overall increase in Scope 3 emissions of approximately 1,874,000 tonnes, an increase of 22% from 2010 levels. The increase is not cause for concern however, as it is driven by increasing disclosure of sources from several of our EMMS participants who have expanded their Scope 3 reporting boundaries. The largest Scope 3 impact emerged from outsourced or sub-contracted road transport with 4,330,000 tonnes, representing 42% of the total group impact. A further 30% is associated with sub-contracted air transport. The least significant reported Scope 3 impact was from business travel, with only 1% of the group total (see Figure 10, p22).

Scope 3 survey

As part of the 2012 EMMS, we encouraged all EMMS participants to complete a survey on the topic of their Scope 3 reporting policies and approaches, in order to gain deeper insights into what remains a developing area of EMMS reporting. For the 2011 reporting year we had 15 respondents to the survey representing 71% of participants.

Outsourced or sub-contracted road transport

- A third of respondents estimated their outsourced or sub-contracted road transport figures, based on the total number of kilometres driven and the average fuel consumption (per type of vehicle) per km;
- This source was measured, based on the total fuel consumption by subcontractors, by 13% of respondents;
- The remaining participants used other forms of estimation, e.g. based on total subcontractor spend, or made use of a combination of both estimation and measurement approaches;
- The average operational coverage level of outsourced or sub-contracted road transport figures was 47%;
- All respondents reported data on this emissions source.

Outsourced or sub-contracted air transport

- 66% of respondents that reported on this source estimated their figures, based on tonne/km or distance data;
- The remaining participants made actual measurements, based either on the actual fuel consumption or the monetary value spend on fuel by sub-contractors;
- The average operational coverage level of outsourced or sub-contracted air transport figures was 93%;
- Three respondents did not report on this emissions source.

Employee commuting

- 55% of respondents that reported on this source estimated their figures, based on national statistics on average commuting;
- The remaining 45% estimated their employee commuting figures based on other factors, such as data collected through internal surveys;
- Four respondents made use of systematic planning and monitoring systems to estimate their employee commuting figures, for example fuel cards and barcode scanning;
- The average operational coverage level of employee commuting data was 99%;
- Six respondents did not report data on this emissions source.

Business travel

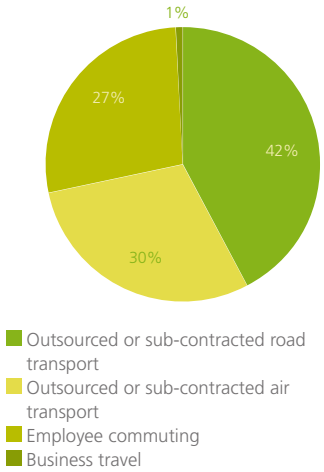
- Business travel emissions were measured, based on an overview of actual flights by 60% of respondents;
- All other respondents made an estimation, for example based on costs spent on flights and distances travelled;
- Two respondents did not report data on this emissions source.

Table 6: Scope 3 carbon emissions in tonnes of CO_2 (coverage is 100% unless indicated in brackets)

Indicator	Original participants			Extended group		
	2009[1]	2010[1]	2011 ♦[2]	2009	2010	2011 ♦
CO_2 emissions in tonnes						
Outsourced or sub-contracted road transport	3,730,000 (89%)	3,590,000 (89%)	4,330,000 (98%)	3,748,000 (78%)	3,639,000 (78%)	4,515,000 (99%)
Outsourced or sub-contracted air transport	2,704,000 (86%)	2,736,000 (86%)	3,069,000 (97%)	2,704,000 (74%)	2,740,000 (74%)	3,069,000 (82%)
Employee commuting	3,045,000 (58%)	2,008,000 (58%)	2,812,000 (78%)	3,045,000 (50%)	2,008,000 (50%)	2,812,000 (66%)
Business travel[3]	392,000 (92%)	84,100 (92%)	81,000	392,000 (80%)	84,100 (80%)	92,000 (98%)
TOTAL	**9,871,000**	**8,418,100**	**10,292,000**	**9,889,000**	**8,471,100**	**10,488,000**

Notes: [1]Total figures for 2009 and 2010 have been restated from those previously reported, in line with our narrowed focus on the four above categories. [2]The rhombus symbol (♦) denotes data on which PwC has provided limited assurance. [3] The large decrease in the business travel figure for 2009 was due to the revision of an estimated figure by one participant.

Figure 10: Scope 3 carbon emissions (significant impacts)



Broadening the scope

In this report we have emphasised Scope 3 reporting. Our EMMS participants have already undertaken **considerable efforts together** with their subcontractors, suppliers and other partners to improve the sustainability of their entire value chains. These best-practice cases illustrate how **transport** can be optimised in an **environmentally friendly way**, how staff commuting can be managed in a more **sustainable way** and how collaboration can lead to improved efficiencies.

Posts' Best Practice Cases

An Post

An Post promoting recycling and making cost savings through effective waste management.

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CTT

CTT pioneering sustainable commuting in Portugal.

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Deutsche Post DHL

Aerodynamic truck fleet optimisation with Deutsche Post DHL.

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Itella's renewable biogas powered vehicles to cut greenhouse gas emission.

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Swiss Post

Swiss Post and Nespresso bringing sustainable coffee capsule recycling to your home.

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United States Postal Service (USPS)

"Blue" and "Brown" make "Green"!

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An Post promoting recycling and making cost savings through effective waste management

An Post has embarked on a programme to address its levels of recycling through waste management, minimising the cost of waste disposal, maximising recycling efforts and promoting greater transparency and direction. The project was carried out in partnership with Greenstar Resources, an international renewable resources company.

In 2009 a pilot of the initiative was carried out to identify key priorities. The pilot was a success: it identified key issues implementing a waste management strategy for the company as a whole and provided An Post with a working model for the future.

- There was a cost saving of approximately 60%.
- A recycling rate in excess of 63% was achieved.
- 599 tonnes of waste were saved from landfill.
- 522 tonnes of CO_2 were saved from the environment.

In 2011, following the pilot, An Post implemented a revised Waste Management System (WMS) initiative to segregate waste into two recycling streams in all offices (other than mail centres and the General Post Office): general waste and mixed recyclables.

A key factor in the roll-out and acceptance of the waste programme was the support given to staff via a communications package; which included:

- 'tool box talks' where the system is explained to all staff;
- team meetings with all building managers;
- innovative and informative articles in An Post News;
- direct engagement with the staff in the mail centres and the General Post Offices through Green Day initiatives.

The rollout consisted of implementing a 'bin-less' office policy. All under-desk bins were replaced with desk trays and staff were encouraged to bring their waste and recycling to local recycling points using a three-bin internal system for paper (colour code: green), refuse (colour code: red) and mixed recyclables (green bins). These bins are supported with signage and stickers to ensure staff understand the segregation system.

An Post uses Greenstar site-performance tables to target its sites, focusing on those which need more support and training to boost their recycling rates. Performance is tracked and reported to the An Post senior management team. The results of these monthly waste management performance reports demonstrate that An Post is achieving the aims set out in its waste management strategy; the company achieved a considerable reduction in cost for waste collection and a reduction in the amount of waste sent to landfill. In 2011, An Post's national target of 85% recycling rate was exceeded by 6%, with the company achieving a rate of 91%.

Notable An Post Waste Management Initiative achievements in 2011:

- **2,309 tonnes of waste were saved from landfill**
- **2,000 under-desk bins removed from the company**
- **1,200 waste segregation stations installed**
- **1,800 tonnes of CO_2 removed from the environment.**

To watch the video scan the QR code

CTT pioneering sustainable commuting in Portugal

Sustainable commuting is still a novelty issue in Portuguese society. Official figures indicate that the use of soft transportation, such as bicycles, is still in its early stages in the country. As a result, CTT's Sustainable Mobility Plan is considered a breakthrough project as it has been scientifically based and has led to a set of very effective actions and results.

The Plan implementation began in late 2010 and is an ongoing project, developed to address employee commuting challenges. The project was initially started to support the transfer of employees to a new HQ location, to minimise environmental impacts, to foster opportunities for cost savings (private and business) and, overall, to align practices with national, European and international recommendations on sustainable mobility.

Through the use of an anonymous questionnaire, a mobility matrix of commuting habits was constructed. This database lead to the development of an Action Plan including a broad range of initiatives aimed for employees and visitors to the CTT headquarters.

Meanwhile, an e-learning training module was developed to provide information about transport options for the new location and as an incentive for alternative commuting choices. A total of 1,364 employees completed the training programme prior to the transfer and this training is still ongoing for new employees in the building. The satisfaction rate with the training program was 76%.

The majority of the positive impacts are environmental or social and some have directly measurable economic benefits in terms of cost savings. Key results include a significant reduction in the level of business travel across town, resulting in both less pollution and lower costs. The estimated cost savings in travel time and fuel due from this alone amounts to up to €300,000 per year.

The change in work location increased the intended use of public transportation (namely subway and train), from 70% to 79%. The parking policy implemented in the building provided dedicated spaces for electric vehicles and for disabled people. All meeting rooms were equipped with phone/video conference facilities and a flexible schedules system was adopted for all employees, providing for a better work/family life balance.

CTT aims to maintain and develop its Mobility Plan. By the end of 2012, HQ employees will be polled again about their commuting behaviour in order to update existing mobility data. At the same time, employees working in sorting centres, post offices and delivery offices will also be surveyed. A carpooling scheme for business trips is also being developed.

Cost savings in travel time:
€300,000
per year

To watch the video scan the QR code

Aerodynamic truck fleet optimisation with Deutsche Post DHL

Deutsche Post DHL

30%
improvement of carbon efficiency by 2020

Aerokits save 12.3 tonnes of CO_2 per year

In 2010 Deutsche Post DHL began a programme of aerodynamic testing and optimisation to reduce fuel consumption across its truck and trailer fleets. The company partnered with Scania, EXA Corporation and Krone to launch a pilot test which carries out simulations, analysis and road tests of these aerodynamic optimisation kits or 'aerokits'. The aim of the test is to measure real fuel savings and on the basis of those results, to roll out potential further aerodynamic optimisation. Optimisation involves improvements to the vehicle's side panels, spoiler, bumper and air deflectors.

The simulation results indicate that these aerokits save even more CO_2 than expected: between 8-12% compared to the same vehicle without optimisation, or up to 12.3 tonnes per year. The increase in fuel efficiency also means that these upgrades effectively pay for themselves in approximately two to three years. Several versions of this optimisation have been developed, with each version bringing new improvements and efficiency savings.

Aerokits can be combined to achieve even further efficiency improvements for both the vehicle itself and the trailer. In conjunction with driver training to promote economical driving, the potential fuel savings and emissions reductions are significant.

To achieve their goal of improving the carbon efficiency by 30% in 2020 (compared to 2007), Deutsche Post DHL will continue its research in this area and combine that output with other cost-saving and efficiency-improving techniques including driver training, dual-fuel technology and efficient loading.

LE GROUPE LA POSTE

GeoPost - DPD Belgium: incentive programme to make alternative delivery cars available to its subcontractors

Le Groupe La Poste is developing a range of actions to integrate its Scope 3 impacts as part of its greenhouse gas emissions reduction commitments and promote synergies with stakeholders

GeoPost, (Express Parcel subsidiary of La Poste Group) with DPD Belgium NV is making an incentive available to encourage subcontractors to purchase low-carbon Mercedes Benz Compressed Natural Gas (CNG) cars. The Mercedes Benz CNG car was chosen specifically as it achieved the best score in an assessment of consumption, cost, capacity and overall experience.

DPD Belgium has put in place several initiatives to reduce its carbon footprint and especially to encourage the use of more environmentally friendly modes of transport. Since March 2011, DPD Belgium is offering a bonus of €1,000 to subcontractors who purchase CNG-powered delivery cars. DPD also negotiated price reductions from Mercedes Benz, and gas filling station discounts for DPD subcontractors and drivers. By doing so, several stakeholders are involved in the project and can jointly contribute to the protection of the climate.

Feedback from sub-contractors has so far been very positive and several purchases have already been made. However, challenges remain, in particular with the fact that there are not many CNG filling stations in Belgium. DPD Belgium will continue to play a role in advancing the development of additional gas station infrastructure in Belgium and promoting its innovative efficiency programme.

The DPD BeLux collaborative initiative is consistent with GeoPost Sustainable Development strategy called "Responsibility". Responsibility is based on 3 pillars: protect the planet, take care of our people, and collaborate with the community. By considering subcontractors as partners, in its commitment to protect the environment, GeoPost promotes every alternative vehicles that is feasible for each local market. GeoPost definitely strives to provide innovative and responsible delivery.

Carpooling
Many Le Groupe La Poste employees have no other choice than to take their cars to get to work as a result of facilities not being served by public transport, a lack of bike lanes, night work etc. In 2011, in collaboration with Ecolutis, Le Groupe La Poste developed a specialised website to facilitate car sharing among its employees. In the first half of 2012, several experiments were carried out with support of line managers. By September 2012, the website opened to the employees of more than 40 workplaces, and if the pilot proves to be successful it could be launched to all postal workers in 2013.

Carbon-neutral mail delivery
In addition to its cleaner transport policy, eco-design, green buildings stewardship and customer outreach activities, Le Groupe La Poste is going even further and offers carbon-neutral delivery on Mail and Parcel and Express services by offsetting any unavoidable CO_2 emissions. From 01 March 2012, the Group has been providing fully carbon neutral mail and parcel services at no extra cost for its customers. On 01 July Express, France* and International services were added to these carbon-neutral delivery options. Le Groupe La Poste is one of the first major postal and parcel and express operator to provide full carbon-neutrality for all of its domestic and international service offerings with "Neutralité Carbone" and "Total Zero".

*Chronopost and Exapaq

Itella's renewable biogas powered vehicles to cut greenhouse gas emissions

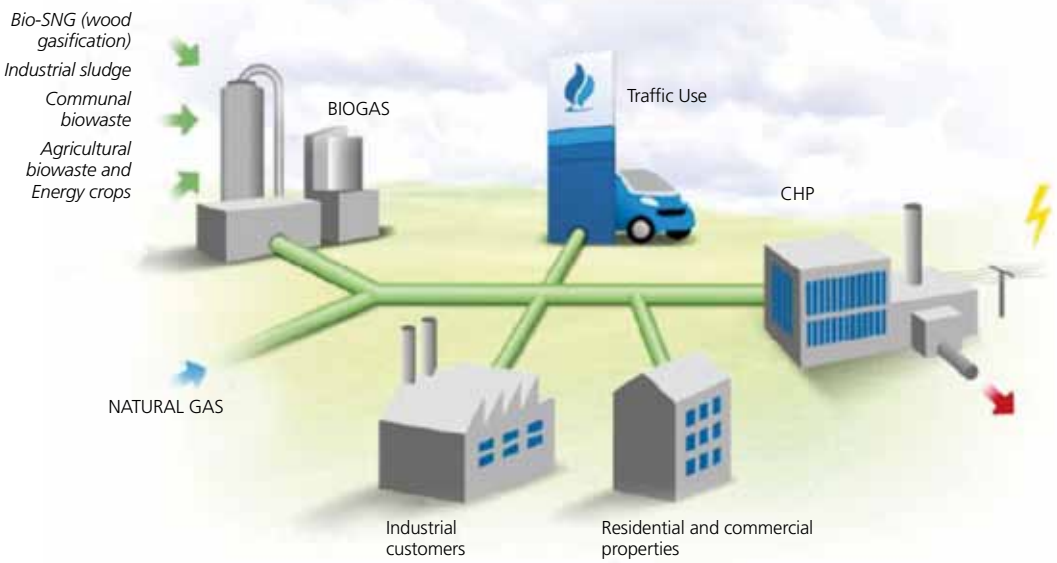
In line with its goal to reduce its CO_2 emissions by 30% by 2020, Itella has started using 100% renewable, Finnish biogas (also known as biomethane), provided by Gasum, in its gas-powered mail delivery vehicles. The company has worked with Gasum since 2006 when it became the first company in Finland to use a natural-gas-powered vehicle for delivery purposes. Itella launched the project officially in 2011 with an initial fleet of 16 vehicles and with a goal to double the number of biogas powered vehicles in the next two years.

Biogas is a renewable transport fuel with strong environmental credentials. The raw material of biogas includes municipal biowaste, wastewater sewage sludge and grass silage. Biogas does not produce small particles that are harmful to health and by making use of the gas, Itella will be able to cut its carbon dioxide emissions by 4,000 metric tonnes a year. Itella can use the energy source in its Compressed Natural Gas (CNG) vehicles and it is widely available at service stations. Furthermore, as it is a domestic transportation fuel, it reduces the company's dependence on imported oil.

Project partner Gasum has numerous ongoing biogas projects and is seeking to become a leading biogas supplier in Finland, by introducing substantial volumes of renewable biogas into the grid from its facility located in Mäkikylä, Kouvola. By the year 2020, Gasum is seeking to offer 10% of biogas in its natural gas based product offering, which means approximately 4 TWh of biomethane will be introduced to the company's natural-gas grid in the future. Gasum currently has 14 filling stations where customers can fill up their vehicles with natural gas or biogas.

Gasum

Shared uses of biogas and natural gas



4,000
metric tonnes by 2020

X2
the number of biogas powered vehicles

P&T Luxembourg vel'oh! Green commuting in collaboration with the City of Luxembourg

In July 2012, P&T Luxembourg signed a partnership agreement with the City of Luxembourg and the outdoor advertising company JCDecaux in order to provide free access to the public bicycle hiring service "vel'oh!" for its 1,700 employees working in the company's three main locations in Luxembourg-City. Within two months of the launch, approximately 100 P&T staff members had subscribed to the service, which now integrates more than 70 bicycle stations in the city.

After evaluating an own bicycle fleet for intercompany commuting within Luxembourg-City, the Sustainable Development Committee of P&T Luxembourg proposed to cooperate with the established public bicycle hiring system in order to achieve the goal of reducing the carbon footprint while providing more flexibility to its employees.

The project was welcomed by the city's mayor, who considers that such alternative mobility initiatives contribute to a healthier and more pleasant environment in the capital.

From left to right : Rik Vandenberghe (ING), Xavier Bettel (Mayor of the city of Luxembourg), Claude Strasser (P&T) and Marina Zabala (JCDecaux).
© Ville de Luxembourg

The project will serve approximately 1,700 people across three main locations

Posten Norge overcomes challenges to introduce electric vehicles

Norway Post is on track to increase the level of green vehicles in its fleet, with an ambitious goal to remove approximately 30% of fossil-fuelled delivery vehicles by 2015, in favour of more effective and environmentally friendly vehicles. In order to achieve its target the company must overcome several challenges, such as identifying of cost-effective and efficient vehicles that meet its operational requirements. Norway Post's delivery activities require a vehicle with a battery duration of over six hours, capable of making over 300 stops a day, carrying loads weighing over 300kg and operating in harsh, sub-zero conditions, all of which present significant challenges to electric vehicle technology which is still developing. The demanding climatic conditions have resulted in several unique vehicle customisations such as internal heating, winter tyres, reinforced brakes and shock absorbers, easily removable doors, customised rear loading area and a cassette bracket in the front.

Norway Post has entered into a partnership with Comarth to provide such a vehicle. The vehicles are intended for use in city centres and urban areas, typical 'park and loop' routes. They offer benefits both in terms of being less costly and being more efficient than a diesel vehicle, meaning that less time is spent en route, and enabling CO_2 emissions reductions of 1.4-2.1 tonnes per year per vehicle by using electric power instead of fossil-fuels.

Norway Post is ensuring that the vehicles are of high quality and precisely meet its stringent requirements in order overcome potential scepticism around the new technology. Norway Post wants to ensure general acceptance within the organisation and has close employee involvement and engagement by information throughout the development process. This is one of the keys to a successful implementation. Correct route selection and vehicle introduction training have also been important considerations.

The supplier Comarth has had to scale production rapidly and adapt to these new product requirements. Norway Post is maintaining a tight hold of quality control to ensure the transition goes as smoothly as possible and to ensure route optimisation, driver training programmes and effective follow-up mechanisms are put in place.

"Norway Post's goal is to replace approximately 30% of fossil-fuelled delivery vehicles by 2015. In line with this strategy we are increasing the level of green vehicles within our fleet in favour of more effective and environmentally friendly vehicles."

Gunnar Inderberg, Head of Best Practices, Norway Post

To watch the video scan the QR code

Remove 30% of fossil-fuelled delivery vehicles by 2015

Reductions of 1.4-2.1 tonnes of CO_2 per year per vehicle by using electric power

Environmentally friendly mail certification

PostNL is promoting an environmentally friendly way of producing and sending mail, focusing on the entire product life cycle from design to recycling. The system works by providing information and advice to senders and suppliers and by making available a certificate for mail pieces that comply to the minimum criteria of 'Milieukeurmerk Post' (Environmental Certificate Mail).

In a world in which natural resources are rapidly being depleted, the Stichting Milieukeurmerk Post (Environmental Certificate Mail Foundation) is committed to stopping careless use of the planet's resources and encouraging people to take responsibility for its preservation. The largest Dutch postal services (Axender, Netwerk VSP, Sandd & PostNL) have joined forces with Stichting Milieukeurmerk Post, with the aim of implementing this vision across the mail delivery chain, in partnership with suppliers and mail senders across all sectors. The goal of the initiative is to make suppliers, senders and receivers aware of the sustainable postage methods available and emphasising that all stakeholders have a shared responsibility to make use of them.

Senders, such as advertisers, can choose to have some or all of their mail produced and delivered in accordance with environmental criteria of Milieukeurmerk Post. These criteria include the choice of materials and mail processing options, as well as other aspects of delivering mail (direct mail, invoices etc) and unaddressed mail. Stichting Milieukeurmerk Post is maintaining close contact with key stakeholders, including the government. In this respect the system is using a lot of existing rules and criteria for the production and sending of physical mail, for instance ISO14001 and renewable energy.

In June 2012 the Stichting Milieukeurmerk Post claimed that 114 million items of mail had already been delivered through this certification system. In terms of key suppliers Milieukeurmerk Post states that 76% of them registered on its website. The website shows to what extent the supplier already complies to the criteria. Over the course of the next year the foundation will continue to develop the system and spread awareness of Milieukeurmerk Post among senders, encouraging them to make use of it and ensuring that the criteria are continuously amended to reflect developments within the sector.

From left to right: Sander de Bakker (PostNL) and Richard Groenewoud (Stichting Milieukeurmerk Post)

From left to right: Sander de Bakker and Margriet van der Burg (PostNL)

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PostNord promoting Green Air travel

- 40%
carbon emissions
by 2020

PostNord's Swedish subsidiary Posten AB is working in collaboration with air cargo partner Amapola in a Green Air Mail project with the aim of reducing the fuel consumption and environmental impacts of airmail deliveries. Promising results have already been achieved in a pilot of the project, which is seen as complimentary to the group's long-term goal to reduce its carbon emissions by 40% by 2020 from 2009 levels. The air transport sector is an important partner, as emissions from this source account for around 5% of PostNord's total CO_2 emissions and around 20% of the emissions within the Mail business in Sweden.

Air transport subcontractor Amapola conducts approximately 4,800 flights per year for PostNord. Under the Green Air project, higher flight altitudes are maintained to reduce fuel use and lower emissions. In addition to higher flight altitudes, PostNord is working with Amapola to implement 'green landings' for postal flights at all the airports which it operates, which means that aircraft descend continuously from their cruising altitude to the runway. When landing in this way, almost no engine thrust is needed, saving fuel and emissions. The aircraft computer has continuous contact with ground equipment with the entire flight tailored to an exact landing time. Green landing also decreases the noise in the area around the airport, reducing noise pollution in the local area.

PostNord and Amapola have conducted preliminary tests on one of the toughest flight routes in Sweden. The results so far have been positive, with 5% fuel savings on average. The commitment and precision of the 45 Amapola pilots participating in the project is crucial for achieving results. The results from the project are tracked on a monthly basis and are clearly displayed for Amapola pilots on an internal web site and in staff rooms at various destinations. PostNord compiles a monthly report of the results achieved, with the profits from the cost savings split equally between PostNord and the Amapola pilots. PostNord is set to continue evaluating this innovative green air transport scheme and also to examine the possibility of alternative fuels that may be able to reduce CO_2 emissions even further.

The Green Air Mail project has been made possible with support from the Climate Fund. In 2009 PostNord launched the Climate Fund to accelerate the pace of its environmental efforts. Money is set aside annually for environmental and climate improvement measures. The company uses the Fund as a tool for achieving its long-term goals, with its size equivalent to what it would cost to offset the group's carbon emissions. The Fund has made possible a number of measures which are all based on proposals from the people who know the business best: the employees.

Swiss Post and Nespresso bringing sustainable coffee capsule recycling to your home

As part of its sustainability strategy and commitment to reduce 15,000 tonnes of CO_2 per year by the end of 2013, Swiss Post is supporting coffee producer Nespresso in the development of a sustainable customer service to promote coffee capsule recycling. The initiative is designed to offer convenience and motivation for consumers to recycle used capsules, whilst also economising on delivery truck space and creating a more efficient supply chain. Used aluminium capsules are collected in a Nespresso Recycling Bag, and then placed in the mailbox for the postal carrier to pick up when delivering a new coffee order.

Nespresso Suisse has been partnering with Swiss Post for over 20 years, with the postal operator emerging as the logical choice for this collaboration due to its quality of service, reliability, its understanding of customer needs and its nationwide outreach. Swiss Post has been working on the development of 'Recycling at Home' from the beginning and helped Nespresso develop the innovative solution for a nationwide, efficient logistics process. Since its pilot phase (started in 2011 in a few cantons) and even after its national launch in July 2012, customer feedback is still in the process of evaluation; however, initial results look promising in terms of customers' interest and service efficiency.

Behind the service are carefully organised processes: upon reception of the client order via internet or phone, Nespresso sends the customer's data to Swiss Post. Swiss Post then sends an SMS or e-mail message to the customer before delivering the new order, as a reminder for the customer to place the Nespresso recycling bag in the mailbox. During the delivery of the new order, the scanner informs the postal carrier that an item needs to be picked up from the mailbox.

Swiss Post helped Nespresso develop an innovative solution for a nationwide, efficient logistics process

To watch the video scan the QR code

"Blue" and "Brown" Make "Green"!

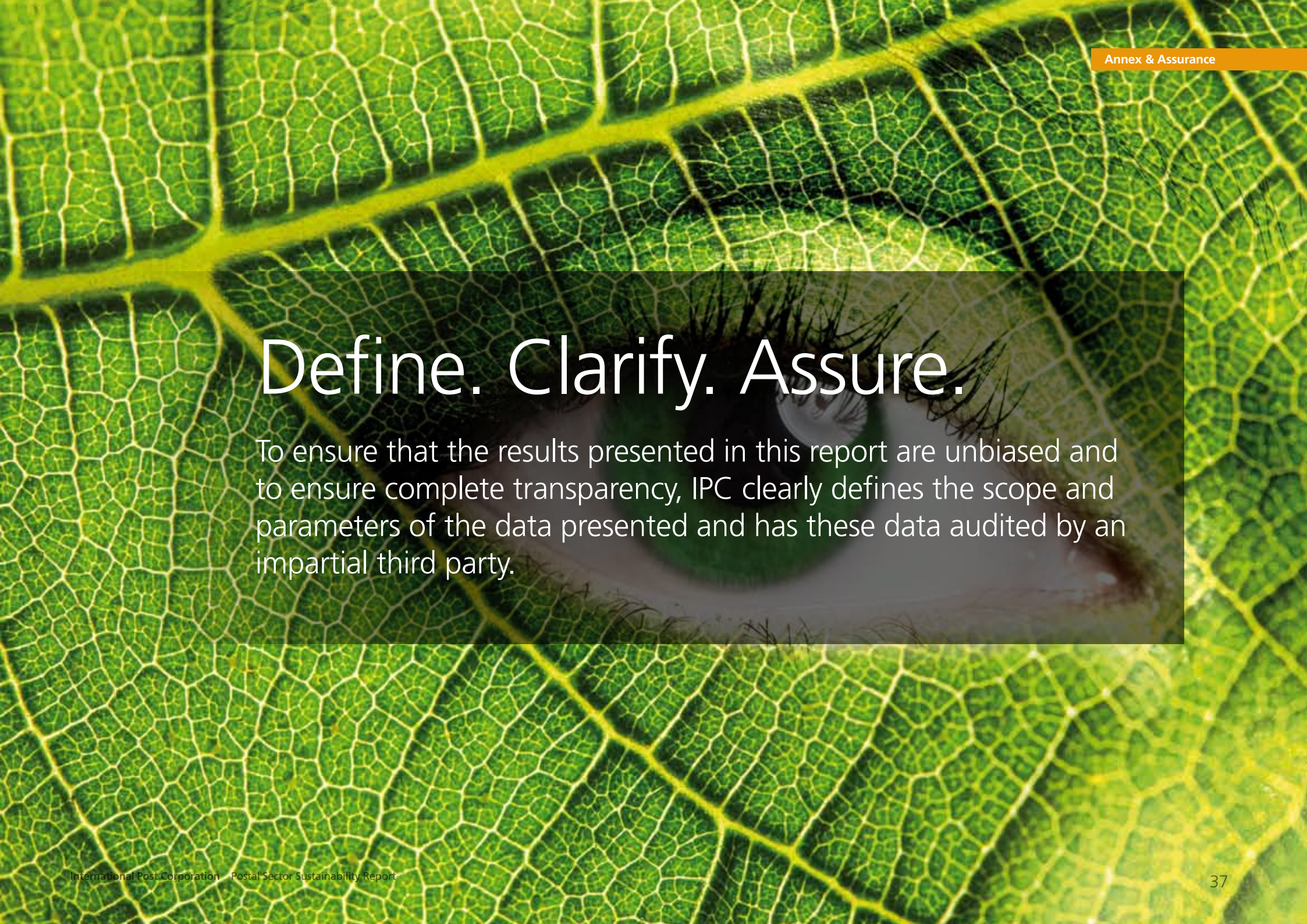
To watch the video scan the QR code

Last-mile network of 151m addresses

The United States Postal Service (USPS) and United Parcel Service (UPS) are helping each other to achieve operational and sustainability goals, reduce costs and the carbon footprint of their networks to benefit their respective customers. These synergies in the 'Blue-Brown Partnership' will allow the delivery of certain services more efficiently than either of them could do on their own, lowering costs for customers. UPS provides air and ground transportation and international service for USPS, while USPS provides last-mile delivery, known as Parcel Select™, for certain UPS customers. USPS visits every address in America — 151m residences, businesses and Post Office™ Boxes. This is better known as the last-mile network, where the Postal Service delivers to residences on behalf of other carriers.

UPS works with the Postal Service's last-mile network in order to expand its reach without having to use its own delivery vehicles, reducing its Scope 1 greenhouse gas (GHG) emissions. The collaborative process reduces delivery times, costs and the carbon footprint of both operators, but also saves their customers' money and provides new products and additional conveniences.

In 2010 the Postal Service and UPS completed a successful pilot programme that allows UPS customers to return retail merchandise using USPS mailboxes and Post Offices. UPS drivers pick up the specially labelled packages at Post Offices and transport them back to the retailer. Collaborative efforts such as these significantly increase business-to-customer and business-to-business product recycling programmes. This collaboration across supply chains is the start of a sustainable future.



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

Company	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 Corp.	✔	✔	2008	National	Excludes subsidiaries and joint ventures
Austria Post	✔	✔	2009	National	Excludes Scherübl and all subsidiaries outside Austria
Bpost	✔	✔	2008	National	
Canada Post	✘	✔	2008	National	Excludes subsidiaries
Correos y Telégrafos	✔	✔	2008	National	Energy consumption related to buildings is for 18% based on estimations
CTT Correios de Portugal	✔	✔	2008	Multi-National	Excludes sub-contracted air transport for express-international
Deutsche Post DHL	✔	✔	2008	National	Excludes express and logistics business
Le Groupe La Poste	✔	✔	2008	Multi-National	Excludes small subsidiaries
Hellenic Post ELTA	✔	✘	2008	National	Excludes subsidiaries
Itella Ltd.	✔	✔	2008	Multi-National	Excludes Russian mail communication
Magyar Posta	✔	✔	2008	National	
New Zealand Post	✔	✔	2008	Multi-National	Excludes associate companies and express/logistics operations in Australia
Poste Italiane	✔	✔	2009	National	
Posten Norge	✔	✔	2008	National	
Post NL	✔	✔	2008	Multi-National	
PostNord	✔	✔	2008	Multi-National	Energy consumption related to buildings is for 14% based on estimations
P&T Luxembourg	✔	✔	2008	National	
Royal Mail	✔	✔	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 postal sector sustainability report 2012

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 2012 (the "Sustainability Report") for the calendar year 2011 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 38) ("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 20 and 22) 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 IPC members were visited: United States Postal Service, bpost, Poste Italiane, South African Post Office, CTT Correios de Portugal, New Zealand Post);
- 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.

Brussels, 16 November, 2012

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Represented by

Marc Daelman
Bedrijfsrevisor

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Carbon emissions IPC

IPC's own carbon footprint
In 2011, our own carbon emissions amounted to 864 tonnes of CO_2 (for comparison in 2008 it was 1,019 tonnes). Over two-thirds (68%) of those emissions were caused by business air travel and a quarter (25%) was caused by road travel (business and commuting). The remaining 7% emerged from heating, paper usage etc. Per employee, this equates to 13.6 tonnes per year (in 2008 this was 16.6 tonnes).

Carbon footprint compensated
In 2012, for the 4th consecutive year, we partnered with the Climate Neutral Group to compensate our carbon emissions. The emissions have been fully offset with Gold Standard credits from a sustainable development project in Kenya to distribute cooking stoves. By replacing traditional cooking on an open fire with fuel efficient cook stoves, carbon emissions are reduced and carbon credits generated. In addition to its environmental benefits, the project was also selected for the contribution it makes to the development of the local population and region.


Certificate

8419

This certificate proves that

International Post Corporation

Has offset 864,19 tonnes of CO_2 for her emissions

with Gold Standard credits from the Cooking stoves project in Kenya in 2011

Offsetting is done by investing in selected sustainable energy projects of Climate Neutral Group. These sustainable energy projects reduce CO_2 emissions elsewhere.

The projects are also selected for the contribution they make to the development of the local population and region. Developments like: employment opportunities, knowledge transfer, health improvement, boosting local economy and local environmental improvements.

René Toet
Managing Director Climate Neutral Group
Utrecht, 13/08/2012

Climate Neutral Group
KLEINE INZICHTEN | GROTE OPBRENGSTEN

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