The Sustainable Advantage:

The Business Case for Going Green

2011 IPC POSTAL SECTOR SUSTAINABILITY REPORT
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.
Three years ago the International Post Corporation launched its Environmental Measurement and Monitoring System (EMMS), the first ever global approach to carbon reduction for a services industry. In 2009 we set as our goals an ambitious challenge to cut the global postal sector’s carbon emissions by 20%, and to continue our expansion of the global postal sustainability programme to extend its impact as widely as possible across the world.
The International Post Corporation is extremely pleased to report that we continue to make great strides in cutting the postal industry’s carbon emissions. In 2010 postal operators under IPC’s global postal sustainability programme collectively reduced CO2 emissions by 329,000 tonnes, equivalent to a cut of 4.2%. Added to the cuts announced last year, this means that in just two years the global postal industry has, under the auspices of the IPC Environmental Measurement and Monitoring System (EMMS), surpassed the half-way milestone on the road to achieving its target of cutting 20% of emissions by 2020.

Achieving such results is a reflection of the seriousness with which our industry takes climate change. We realise that we must not only continue to innovate in terms of products and services, but also by embracing sustainability as part of our core business. A 2010 United Nations Global Compact survey found that 93% of businesses consider sustainability important to future success: we in the postal industry agree. Indeed, this year we have dedicated the entire IPC Postal Sector Sustainability Report to the business case for sustainability. In the following pages we illustrate how EMMS participants are connecting the dots between doing well and doing good, embedding within their core businesses ongoing efforts to be sustainable. The case studies we present provide concrete examples of how implementing rigorous sustainability programmes is simply...
“EMMS participants are connecting the dots between doing well and doing good, embedding within their core businesses ongoing efforts to be sustainable.”

good business, resulting in cost savings, involved and empowered employees, new business opportunities, and more efficient ways of operating.

A truly successful global postal sustainability programme is built upon collaboration with other organisations and the inclusion of ever more postal operators. 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 the inclusion last year of Poste Italiane and Österreichische Post we are delighted to welcome into the programme this year the South African Post Office.

The South African Post Office has set a target to reduce its 2008-9 baseline emissions by 2.5 percentage points year on year, so its participation in the global postal sustainability programme is an important contribution to attaining our 20%-by-2020 target. South African Post Office’s participation not only expands for the first time the EMMS’s reach to beyond IPC membership, it marks the inclusion of the first BRICS country in the programme and crucially extends the postal sector's efforts to cut emissions into Africa. The engagement of the South African Post Office in IPC’s global postal sustainability programme is also testimony to how the postal industry is once again leading by example, bridging the perceived divide between developed and developing economies in tackling a truly global problem.

We are also proud to announce enhanced collaboration with the Universal Postal Union (UPU) in the area of sustainability, instituting two new pilot programmes this year. In the first IPC is providing the UPU with i-EMMS, our introductory EMMS programme which focuses on management proficiency measurements, which the UPU will offer to posts around the world in its sustainability questionnaire for 2011. Seven posts from Africa, Asia and the Middle-East are taking part in this pilot – again demonstrating how we are bridging developed and developing economies. In the second pilot we are working to streamline data collection for posts that are participating in both the UPU and IPC’s sustainability programmes, making it simpler to report emissions data.

I am personally very much encouraged by the considerable progress that has been made this year within our global postal sustainability programme, and I would like to take this opportunity to congratulate all participating posts as well as other postal industry stakeholders on the great strides they have collectively and collaboratively made in enhancing the sector’s sustainability performance. We look forward to many more years of cooperation and success.

Herbert-Michael Zapf, IPC President & CEO
The South African Post Office realises that the operation of its facilities and large fleet has an effect on the natural environment. Its facilities consume electricity and water and generate waste while exhaust emissions from the delivery fleet affect air quality.

This is why the South African Post Office is committed to combating global warming and climate change by being an environmentally responsible company and by contributing to the environmental wellbeing of the Republic of South Africa. It is in this spirit that its Board of Directors in 2008 approved the official SA Post Office Group Environmental Policy.

Since then the South African Post Office has been actively investing in technology and processes that limit its environmental impact. It is currently testing electric scooters for delivery, has replaced all incandescent lamps with power-saving lights and is optimising air conditioning systems in its plants.

In addition to these positive steps, the post has integrated as part of the key pillars of its environmental policy an emphasis on proactively addressing its environmental responsibilities by working collaboratively with organisations both inside and outside South Africa to continuously improve its environmental performance.

This is why the South African Post Office is delighted to join the global postal operators that are taking leadership in sustainability by working collaboratively under the auspices of the International Post Corporation’s EMMS programme. In this South African Post Office stands out as both the first postal operator in Africa to join the full programme, and as South Africa’s first state-owned enterprise to participate in an international cross-sector sustainability programme. Joining the EMMS programme allows the post to both contribute to a global effort and share best practices with and learn from its peers around the world.

Fighting climate change, a major challenge for the future of our planet, has become a key element of the postal business. We realise that business as usual is no longer an option.

As a specialised United Nations agency the UPU has for more than 15 years integrated environmental issues in its work. We offer a valuable service to our member countries by calculating on their behalf the CO₂ emissions they emit through their postal business activities. We are also reviewing the question of carbon offsetting and environmentally responsible purchasing for the industry. As a secretariat, we also have adopted a strategy to reduce by 20% our own CO₂ emissions at our headquarters by 2012.

But we realise that we cannot act alone.

Partnerships are indispensable, allowing us to create a pool of resources to fight climate change. We have been expanding our collaboration with PostEurop and the United Nations Environment Programme (UNEP) in this field and today we are pleased to be working with IPC in helping the postal industry take on this challenge and opportunity to rethink their processes and business models.

Together IPC and the UPU have launched a pilot project that integrates into UPU CO₂ emissions measurement elements of IPC’s EMMS management proficiency data. This will allow us to have a more thorough overview of the impact of operational and managerial activities and the measures taken to reduce carbon emissions.

I am proud that the UPU and IPC are joining forces and resources so that the postal industry can be a responsible and proactive player in the green economy.
Initially viewed as a series of costs, the business case for sustainability is becoming increasingly apparent. By embracing the long-term strategic and competitive advantages of sustainability, businesses of all sizes find that they have a significant impact and at the same time help meet - and exceed - business objectives.

Businesses can realise the benefits of being sustainable by:
- Achieving cost savings from improved operational performance and efficiencies
- Improving recruitment and retention of talented and motivated employees
- Increasing market share
- Generating the environmentally friendly products customers want
- Mitigating financial and reputational risks by complying with regulatory requirements, industry standards and NGO demands and by avoiding negative publicity and boycotts by addressing sustainability issues

In the following pages, we highlight a sample of the types of business cases EMMS participants have made concerning their own sustainability programmes.
Business Cases

BUSINESS CASE 01
SON lighting systems
An Post
New high bay lighting system saves An Post €52k in lighting energy bills and contributes to more than 3% in emissions reduction.

BUSINESS CASE 02
E-bikes
bpost
Cost savings from new battery-powered bicycles has been so great that bpost was able to achieve a 100% ROI in less than two years.

BUSINESS CASE 03
LEED buildings
Canada Post
New high-performance green buildings lead to 37% savings in energy costs.

BUSINESS CASE 04
Green building strategy
Le Groupe La Poste
New building design leads to nearly €17k in energy savings.

BUSINESS CASE 05
Sustainable construction
P&T Luxembourg
Sustainable development brings together employer and employees.
BUSINESS CASE 06

BEMS energy strategy
Royal Mail Group

Changes to building heating and ventilation systems enabled Royal Mail to achieve a cost savings of £804,144 and reduce its energy use by 31,828,213 kWh.

Page 15

BUSINESS CASE 09

Eco Portfolio
CTT Correios

Direct Mail Eco certification offers reduced rates to encourage direct mail customers to meet internationally recognised environmental standards, increasing sales and volumes for CTT as well as strengthening its brand.

Page 19

BUSINESS CASE 12

100% Biodiesel tests
Norway Post

Posten’s initiative to test a new fuel source sends a powerful message to its customers.

Page 22

BUSINESS CASE 07

Lean Green Teams
USPS

Employee teams recycling efforts in one district alone generated $1.5 million in recycling revenue.

Page 16

BUSINESS CASE 10

Electric vehicles
Correos

Introduction of new electric vehicles has lead to more than 70 positive news articles about Correos in just one year.

Page 20

BUSINESS CASE 13

Helping employees get ahead
New Zealand Post Group

Employee programme leads to 68% reduction in days lost due to work injuries and 30% reduction in insurance costs.

Page 23

BUSINESS CASE 08

Electric scooters
Swiss Post

New scooters will help reduce CO₂ emissions by 1,700 tonnes per year.

Page 18

BUSINESS CASE 11

Save80 Stoves
Deutsche Post DHL

It was customer demand that led Deutsche Post DHL to start its own climate protection project in Lesotho.

Page 21

BUSINESS CASE 14

Drive Me
PostNL

Driving competition engages PostNL employees, rewarding the safest, most fuel-efficient and customer-oriented drivers in the company.

Page 24
In March 2010 An Post’s Facilities Manager John Smith presented the business case to the company’s Head of Property for replacing the existing sodium lighting (SON) high bay lighting systems with the more energy-efficient Petina lighting. Petina lighting is a self-contained fluorescent system with motion detection and light sensitivity features. The key features of the Petina lighting system are ideally suited to An Post’s operational and business needs: An Post centres operate 24/7, but Petina allows for reduced lighting when there is enough daylight to light the building or low occupancy.

The business case posited an initial implementation cost of €135k, with a return on investment in 2.5 years. An Post began lighting substitution in seven Delivery Service Units around Ireland.

The project has contributed to cutting 608 tonnes of CO₂ emissions in 2011, allowing An Post properties to report a 3.6% full year reduction in emissions in 2011 and contributing both to An Post’s own target of 20% reduction – as well as the Irish national target of 30% – by 2020.

The project also makes sound financial sense, saving An Post €52k in lighting energy bills, a saving of over 43% compared to the old system.

An Post plans to extend the project to its remaining offices still lit by SON, leading to further cost savings and CO₂ reductions in 2012. The initiative will be self-funding by the end of 2012 – a clear win for both the environment and the bottom line.
E-bikes deliver substantial savings for bpost

In 2009 bpost began to replace 2,000 obsolescent bicycles and mopeds (1,000 of each) with more efficient, safe and ecological alternatives. The selected vehicles also needed to have a positive budget impact and require fewer resources, without negatively affecting quality of service.

The bpost team decided on e-bikes: bicycles with battery-powered electrical pedal assistance. E-bikes cost and consume less than mopeds, avoid the safety concerns of associated with them, while still providing additional benefits – namely in terms of speed – over non-modified bicycles. More importantly, the impact on bpost’s CO₂ emissions was very positive: as all of bpost’s electricity is ‘Green certified’, running e-bikes is 100% carbon-neutral.

The results of the programme have been significant not only in terms of greater employee satisfaction and reduced CO₂ emissions, but also in terms of significant cost savings: the solution has allowed for saving the equivalent of 18.3 FTEs, significantly lower fuel costs, lower insurance costs (due to increased safety), lower maintenance costs, and slower depreciation compared to traditional modes of transportation such as mopeds and vans. In fact overall costs savings have been so great that bpost has been able to achieve an ROI of 100% in less than two years.
Canada Post is committed to building all major new building projects according to LEED® (Leadership in Energy and Environmental Design) standards – an internationally accepted benchmark for the design, construction and operation of high-performance green buildings – and now has 20 new building projects registered for LEED certification. Two of these – the Woodstock Letter Carrier Depot and Hamilton West Letter Carrier Depot – received LEED silver certification – the second highest level of certification awarded – from the Canada Green Building Council in January 2011.

In proposing the project Canada Post’s sustainability leaders emphasised that LEED buildings accomplish a true triple-bottom-line benefit: they reduce overall costs associated with energy consumption; provide social benefits to employees through better indoor air quality and a brighter and more ergonomic work environment; and they minimise the post’s environmental footprint on land, water and air.

Canada Post faced various challenges throughout the development of LEED projects. First, obtaining LEED certification has presented an additional challenge for implementation teams that were already faced with aggressive schedules and tight budgets. In addition, the benefits of LEED buildings could be offset by improper maintenance or supervision of heating, ventilation and air conditioning (HVAC) systems and lighting controls or other building features. Canada Post is still refining its approach to ensure optimal performance. Finally, there is currently a significant backlog in the certification process due to the ever-growing popularity of LEED buildings in Canada. This can create uncertainty around overall compliance with the LEED standard.

Results

Initial results on one of Canada Post’s delivery depots (based on three months’ data) show that, compared to the potential performance obtained from calibrated simulation, the building is performing almost as well as predicted, achieving most of its potential savings. Energy consumption was 161 ekWh/m² compared with an optimal potential consumption of 152 ekWh/m² and a baseline of 282 ekWh/m², an energy saving of some 42% for this facility which translates into approximately 200 fewer tonnes of CO₂ emissions per year. The building also was designed to use 58% less water compared with similar non-LEED buildings.

Energy costs for the LEED building were approximately CA$44,260 compared with a baseline of CA$119,000 for similar non-LEED buildings, a saving of CA$74,740. The 42% saving in energy consumption thus translated into a 37% saving in energy costs, a significant achievement in reducing facility operating costs.
Green building improves energy efficiency and reduces environmental footprint at Le Groupe La Poste

In 2009 Le Groupe La Poste’s Mail division and Poste Immo (La Poste’s real estate operator) launched an innovative green building programme in which all new mail facilities were designed to consume 50% less energy than standard new buildings and reach higher environmental standards both for the building and fittings. This ‘green lease and building’ initiative is part of La Poste’s sustainable development policy that aims to reduce building emissions by 9% by 2015 while at the same time reduce energy costs and anticipate future regulations and market standards for real estate.

This business case is based on the first green facility built in Normandy (Saint-Lô) by the end of 2010. This green lease implies a financial agreement, measurement tools, eco-friendly behaviour for employees, and a local sustainable development committee with the landlord (Poste Immo) and the tenant (the Mail division) to monitor facility performance and find solutions to improve it year after year.

Under a green lease both the landlord and the tenant agree to share equally the additional costs associated with constructing a greener building. This innovative investment model is based on a global approach. The increase in cost for the tenant will be compensated by energy savings (around €17K) and improved working conditions. The additional cost of building this facility amounts to 12% compared to a traditional one. The landlord has chosen to take on the burden of this additional outlay to get a greener building and anticipate regulatory and market changes.

This new building programme also emphasises regular monitoring of the building’s energy performance. Meters, sensors and even a meteorological station have been installed to measure energy consumption in various categories: lighting, heating, air conditioning, ventilation, domestic hot water and technical equipment.

Furthermore, a behaviour charter, an awareness campaign, tools of evaluation and monitoring and a local sustainable development committee have been set up to facilitate communication and energy data sharing between Poste Immo and the Mail division.

The Saint-Lô facility entered into operation only six months ago but the first results are encouraging. In particular, the building requires far less heating energy. In December 2010 the Normandy region faced very hard weather conditions (snow and very low temperatures) and the internal temperature in the facility remained comfortable without the need to activate the heating system.
Sustainable construction leads to long-term savings for P&T Luxembourg

For several years P&T Luxembourg has integrated sustainability practices into each of its construction projects. The first important project was the national sorting centre in Bettembourg, operating since 2006, and for each sustainable project that followed P&T has focused on making the building concerned more energy efficient: condensing boiler heating, triple glazing and efficient insulation have become standard.

In 2009 P&T began the construction of a new 5,800 m² office building in Kayl with the aim of obtaining Gold certification, the highest awarded by the German organisation DGNB (Deutsche Gesellschaft für nachhaltiges Bauen), proving that very strict environmental standards have been met.

Although P&T estimates that there are additional costs associated with constructing energy-efficient buildings compared to traditional ones, the buildings’ reduced use of energy for heating and cooling, water consumption and lighting will in the long-term result in significant savings for the company.

“Building sustainably isn't everything. We also need to make our people aware of the need to behave responsibly. Sustainable development is a corporate challenge which brings together employer and employees.”

Paul Peckels
Director of P&T Luxembourg and Chairman of the Sustainable Development Committee
Royal Mail uses energy in its 2,500 sites to process and deliver mail, heat and light its buildings and power automation machinery. Reducing energy usage is therefore key for its sustainability programme. Some of Royal Mail's successes to date include:

- Installing 1,629 electricity and 1,563 gas smart metres - enabling them to improve measurement of energy used
- Working with National Design Consultancy to develop the eCO2 Hub database, which helps Royal Mail monitor and manage energy consumption
- Collaborating with Utilyx and Inbuilt Ltd to develop the Marginal Abatement Cost Curve (MACC) tool, which helps Royal Mail maximise carbon saving investments by prioritising the biggest opportunities
- Training over 500 Environment Champions, employees that help Royal Mail on its journey toward becoming a more sustainable organisation

One of the key challenges to reducing energy in a vast estate is financing energy saving technologies or programmes. However, a recently completed project showed how savings could be made without the need for large monetary investment.

Royal Mail was reviewing its Building Energy Management Systems (BEMS) that control heating and ventilation systems to see how the post could improve energy efficiency and reduce usage and costs. Royal Mail is currently rolling out its modernisation programme, which is one of the largest change-management programmes in the UK. Modernisation changes every process, and therefore energy and how it is used is also affected. The building energy management systems needed to be aligned to existing operational requirements and opening hours. It was expected that energy reduction gains could be made by carrying out this exercise.

In the past, this was a challenging activity given the scope of the task – approximately 2,500 sites. Working across such a large matrix organisation can make communication difficult, and receiving information in a timely manner can be a challenge. However the introduction last year of Regional Property and Environment Managers meant that communications could be facilitated, and information exchanged more efficiently.

Starting in January 2011, 11 Regional Property and Environment Managers across the UK checked premises operating times. The goal was to reduce energy consumption, costs and carbon by identifying opportunities to adjust the site operating times of heating and ventilation plants, undertaking these changes remotely via the BEMS controllers. Gas and oil reduction were the primary targets, and the operating ‘window’ was therefore adjusted.

In a major transformational change programme, the earlier this type of investigative activity can be carried out the better.

Furthermore Royal Mail’s intent is to build this particular activity into an annual review of energy efficiency.

The property managers’ feedback indicated that there was indeed an opportunity to reduce energy and costs by reviewing the BEMS system. Their local knowledge was invaluable and they became key stakeholders in the process. Local environment champions and key site-based stakeholders were also engaged to help get information flowing.

**Results**

The overall projected annual savings are vast. Royal Mail was able to achieve a cost savings of £804,144, reduce its energy use by 31,828,213 kWh and reduce its carbon emissions by 5.9m kg CO₂ equivalent.\(^1\)

Based on the success of the programme Royal Mail is strengthening its understanding of its energy requirements and forecasting usage. It is also developing an energy strategy to reduce its carbon emissions associated with energy usage, in line with Royal Mail’s modernisation programme to ensure a successful and sustainable future for Royal Mail.

---

\(^1\) It has been necessary to undertake a number of assumptions to provide these calculated values, these include:

- That the reduction in operating hours have a direct and equivalent relationship to costs
- That sites with multiple zone or rental units are adjusted using GIA apportionment to the BEMS controlled areas
- That measured savings relate to gas and oil usage only
- No adjustment has been made for catering use
Lean Green Teams help USPS conserve resources

Each postal employee is a potential ambassador for sustainable living and a potent force supporting the United States Postal Service’s sustainability efforts and successes. USPS’s nearly 557,000 employees are key to efforts to advance sustainability, and this is why the company encourages them to join one of its most ambitious employee engagement campaigns to date: Lean Green Teams, to help USPS work ‘leaner, greener, faster and smarter’.

The teams, drawn from field operations, headquarters and all functions, identify and implement low- and no-cost waste reduction initiatives, focusing on five goals:

- Facility energy use — 30% reduction by FY 2015 (2003 baseline)
- Waste sent to landfill — 50% reduction by FY 2015 (2009 baseline)
- Petroleum fuel use — 20% reduction by FY 2015 (2005 baseline)
- Water use — 10% reduction by FY 2015 (2007 baseline)
- Consumables spending — 30% reduction by FY 2020 (2008 baseline)

The USPS Lean Green Team strategy is to capture savings and increase revenue by implementing targeted sustainability initiatives in field operations and expanding the programme nationwide by 2012. The implementation and expansion plan includes comprehensive guidance and practical online tools including:

<table>
<thead>
<tr>
<th>Process</th>
<th>Online Tools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organising Lean Green Teams</td>
<td>Lean Green Guide and web page</td>
</tr>
<tr>
<td>Identifying &amp; selecting projects</td>
<td>Project List and online Green Initiative Tracking Tool</td>
</tr>
<tr>
<td>Monitoring &amp; reporting</td>
<td>Green Dashboard (for lagging performance metrics)</td>
</tr>
<tr>
<td></td>
<td>Green Initiatives Tracking Tool (for leading performance metrics)</td>
</tr>
<tr>
<td>Sharing best practices</td>
<td>Presentations/briefings/memos/online knowledge base</td>
</tr>
<tr>
<td>Training</td>
<td>Online orientation for Green Teams</td>
</tr>
<tr>
<td></td>
<td>Project identification &amp; selection workshop</td>
</tr>
<tr>
<td></td>
<td>Online just-in-time information</td>
</tr>
<tr>
<td>Recognising success</td>
<td>Postmaster General Sustainability Excellence Awards</td>
</tr>
<tr>
<td></td>
<td>National Performance Assessment tracking</td>
</tr>
<tr>
<td></td>
<td>Local recognition</td>
</tr>
<tr>
<td>IT systems</td>
<td>Corporate Energy Interface</td>
</tr>
<tr>
<td></td>
<td>Green Initiative Tracking Tool</td>
</tr>
</tbody>
</table>
The Lean Green Teams have helped USPS conserve resources, promote a conservation culture and drive its commitment to be ‘leaner, greener, faster and smarter’. In 2010 more than 220,000 tonnes of material were recycled, generating $13 million in revenue and avoiding $9 million in landfill fees. In 2011 Florida’s Suncoast District generated $1.5 million in recycling revenue and the Miami Processing and Distribution Center reduced its electricity bill by $450,000. Similar results are demonstrated in other goals, including reduction of consumables and water use.

USPS is on target to exceed a number of goals. It has reduced facility energy use by nearly 30%, which is more than three years ahead of the 2015 target date. Similarly USPS’s goal to increase alternative fuel use by 10% annually by 2015 has already been achieved, with an increase of 133%. USPS is on track to reduce greenhouse gas emissions by 20% by 2020.

USPS mail volume and revenue continue to decline while delivery points increase by more than 1m per year. The increased cost of fuel, energy, and employee healthcare poses an additional challenge. Therefore the dramatic success of sustainability projects in Florida and elsewhere demonstrate that USPS can reduce waste with limited investment, which allows managers to focus on delivering the mail while supporting sustainability and saving money.
Renewable electricity

The electric motor can only realise its full potential if the electricity that powers it comes from a green source. In future electric vehicles will not only be powered by water and wind but also by the sun. Swiss Post intends to install photovoltaic systems on available space at more than 20 of its business premises. This will result in electricity production of over 6,000 MWh per year, which would cover around 4% of Swiss Post’s electricity requirements. Plans for a photovoltaic system spanning approximately 26,000 m² at the Zurich-Mülligen Letter Centre are already at an advanced stage.

Electric delivery vehicles

Swiss Post operates the largest fleet of vehicles in Switzerland, including a fleet of just under 7,500 scooters. As part of its overall goal to reduce its CO₂ emissions in the field of mobility, Swiss Post has implemented a cost-effective and sustainable programme to replace its traditional scooters with electric alternatives.

Swiss Post first began using electric scooters for letter delivery back in 2008 and since 2010 has also been using electric tricycles developed especially for letter delivery. The tricycles’ long lifespan makes them extremely cost-efficient, and their increased load capacity allows for extended delivery rounds. Employees value the electric vehicles for their increased usability, safety and greatly reduced noise levels.

By the end of 2011 around 1,500 electric scooters and 1,000 electric tricycles will be in use, reducing CO₂ emissions by almost 1,700 tonnes per year. Going forward Swiss Post has decided to replace any scooter at the end of its life with an electric scooter. Through this programme of progressive change, Swiss Post estimates that its vehicle fleet for letter deliveries will be 100% electric by 2016.
CTT ECO Portfolio boosts Correios sales and reputation

In 2010 CTT Correios de Portugal invested heavily in sustainable marketing by launching the ‘Programme Earth’ campaign, to promote the new institutional positioning of the CTT brand. The programme included the launch of a new ecological range of products for both its private and business segments, including two new services: Correio Verde (‘Green Mail’) and Direct Mail Eco.

Correio Verde offers customers new formats and packages produced with recycled materials and eco-friendly inks, options to purchase envelopes and packages that can be re-used, and a carbon compensation system, free to customers, for all Correio Verde items.

Also part of the Programme Earth campaign is a new line of direct mail products called ‘Direct Mail Eco’, a certification CTT awards its direct mail customers if they meet several environmental criteria: ensure high-quality address databases, meet the requirements for internationally-set environmental standards (EMAS, ISO 14001 and FSC/PEFC) and use sustainable resources and recycled/recyclable materials. CTT-certified mailers qualify for lower mailing rates and are entitled to use CTT’s Green Merit symbol, which certifies that their message is ‘environment friendly’.

CTT is able to recoup the slightly higher production costs for the Correio Verde items through increased sales due to improved brand reputation. In fact a recent brand positioning survey showed that perceived association of CTT with environmental issues and a corporate social responsibility standing increased from 31% before the campaign to 44% and 48% respectively after it.

Moreover, while Direct Mail Eco reduces CTT’s margins, it has lead to increased volumes. Within six months of launching the new range of products, Direct Mail Eco already represented 13% of total Direct Marketing products revenue in the January-August 2011 period. In the same period Correio Verde sales and volumes increased more than three-fold compared with the previous year.
CORREOS Group considers sustainability a core corporate value and undertakes different initiatives to reduce its environmental impact. One such initiative was the incorporation in 2010 of 209 electric vehicles (five vans, 100 motorbikes, 89 bicycles and 15 cars) into its fleet. This initiative answered to Correos Group’s fleet management and route optimisation policy based on sustainability criteria within the framework of its 2010-2012 Environmental Action Plan.

A sound business case needed to be made in order to ensure the full support of the CEO and management team and the essential collaboration of employees. A key component of that business case has hinged on expanding market share among a public who was eager to use a postal service that integrated environmentally-sound practices.

The programme has already proved a success, contributing to an overall 5.78% reduction in CO₂ emissions, according to IPC’s EMMS programme. Moreover, the project has contributed to a reduction in noise pollution and a decrease in accidents, among other things.

In terms of the business case, the programme received considerable positive media attention, achieving more than 70 positive news articles during the course of 2010 and 2011, generating free nationwide favourable publicity for Correos. The broad dissemination of its message served to reinforce the post’s public image as a sustainable company committed to the environment. Correos was able to obtain continued buy-in from the CEO and top management, helped in large part by the wide spread in the media and, above all, the employees’ favourable reception.
Deutsche Post DHL (DPDHL) operates one of the world’s largest private transportation networks, with facilities and a large fleet of vehicles and aircraft in over 220 countries and territories. Corporate responsibility is an integral part of the Group Strategy. Under the motto ‘Living Responsibly’, the Group focuses its corporate responsibility on the topics protecting the environment (GoGreen), delivering help (GoHelp) and championing education (GoTeach). Through GoGreen Deutsche Post DHL aims to minimise the impact of its business on the environment. Part of the programme is the carbon-neutral shipping service GOGREEN. After its introduction in 2006, customer and shipment figures increased significantly. In 2010 DPDHL transported more than 1.7 billion carbon-neutral shipments for its customers, offsetting around 82,000 tonnes of CO₂.

Given the popularity of the GOGREEN service, DPDHL wanted to expand the offset portfolio. GOGREEN customers are requesting high-quality carbon credits (CER, Gold Standard) and even involvement in climate protection projects instead of buying issued credits. However the supply of high-quality carbon credits is short and prices are relatively high, while GOGREEN services need to be offered at a reasonable price.

To ensure future supplies the company initiated its own climate protection project in order to obtain highest-quality carbon credits for DPDHL GOGREEN services at a lower price per tonne of CO₂ compared to the market price, enabling DPDHL to meet customer demand. Starting this project and taking the risks associated with it underscore to DPDHL’s customers the company’s commitment to green logistics and to combatting climate change.

**Save80 stoves**

The resulting project is called the ‘Save80 stove sets for Lesotho’. In Lesotho traditional cooking over an open fire requires a considerable amount of scarce firewood, creates indoor pollution and generates carbon emissions. With its project partner, atmosfair, and local partner Solar Lights, DPDHL began selling efficient stoves in Lesotho in 2011, which can save up to 80% firewood compared to traditional ones.

First carbon credits from the project are expected in 2012. During the ten-year project DPDHL estimates the stoves will result in a reduction of around 20,000 tonnes of carbon per year, on the basis of which it anticipates issuing 20,000 carbon credits (Gold Standard CERs). Ultimately the project will increase customer awareness and result in a stronger sales argument for the GOGREEN service. Once again, DPDHL experiences a growing demand for GOGREEN Carbon Neutral products in 2011 and the amount of required carbon credits is assumed to increase once again by around 50%.
100% Biodiesel test at Østlandsterminalen

The limited availability and high cost of biofuel in Norway has resulted in little experience in its use by large-scale transport operators. Despite this, Norway Post decided to execute a test programme where 100% biodiesel is used in large trucks. When the programme ends, it is projected that 1,331 fewer tonnes of CO₂ shall have been emitted compared to fossil diesel.

The decision was driven by Norway Post’s environmental strategy, which has a strong focus on innovation and testing new technologies and solutions to reduce climate impact. In making their business case to internal stakeholders, Norway Post’s sustainability team emphasised the fact that their customers are demanding the post and other service providers in their communities use cleaner, more environmentally-friendly modes of transportation.

By taking the initiative to test the new fuel source, Norway Post is able to demonstrate to its customers that it is at the forefront of innovation and environmental sustainability in Norway. Indeed, Norway Post as a large company could ultimately also contribute to a more rapid widespread adoption of this fuel if the test results are favourable. Norway Post believes that if assumptions concerning fuel prices, quality and supply volumes are correct, many other significant transport and logistics providers could use this biofuel and thereby reduce their own emissions – an incredibly powerful message for Norway Post to communicate to its customers as a leader in environmental innovation.
Helping New Zealand Post Group’s employees get ahead

New Zealand Post Group’s business is people-driven, strongly linking to an overall sustainability strategy focused not only on environmental and economic factors, but importantly on the workplace too. New Zealand Post Group sees improving employee wellbeing as an opportunity to continue investing in its people, as well as increasing productivity and benefitting the business. The Group’s overall commitment to the wellbeing of its people is focused on:

- Promoting and encouraging healthy living throughout the business
- Adopting the best health, safety and wellbeing programmes available
- Providing an effective and individualised support programme to employees experiencing health or injury issues

The wellbeing programme has a wide range of stakeholders, including senior executives, operational business leaders, HR staff, unions and, of course, New Zealand Post Group employees. It was designed and built from a direct understanding of the needs of the Group’s workforce and working environment, and focuses on how New Zealand Post Group can continue to raise the bar on its performance, ensuring it does what is right for its people and business.

Measurable results

The benefits have been significant. New Zealand Post Group has seen absenteeism rates drop, retention rates increase, improved rehabilitation outcomes, positive impact on morale, and consistent gains and increases in productivity.

Over the July 2008-2011 three year period New Zealand Post Group has seen significant improvements in key employee wellbeing measures and in safety engagement, which rose from 71% to 81%.

Other marked benefits include:
- 65% reduction in LTIFR (Lost Time Injury Frequency Rate)
- 68% reduction in days lost due to work injuries
- 39% reduction in Total Recordable Injury Frequency Rate (TRIFR)
- 30% reduction in annual injury management insurance costs

The result of these ongoing improvements is a reduction in the annual cost of managing the Group’s wellbeing programme – almost NZ$700,000 (€400,000, US$555,000) per annum less compared to when it launched in 2008.

New Zealand Post Group will continue to pursue wellbeing activities and programmes that give its people the information and skills to make positive changes in their lives – now and in the future.
Drive Me programme

Road transport is a significant contributor to PostNL’s carbon emissions. The company has therefore invested in modern fuel-efficient technologies resulting in a fleet that is regarded as one of the cleanest in the Netherlands. Investing in behaviour is the other crucial key factor to success. PostNL encourages clean and safe driving among its drivers and expects its managers to maintain these high driving standards by taking a leadership role.

The Drive Me programme is a driving competition that aims to engage, educate and inspire employed and subcontracted drivers. The programme empowers PostNL drivers by teaching them how to improve their driving skills so that they can increase the fuel efficiency of their driving, reduce the number of blameworthy road traffic accidents, and increase the level of service they can provide PostNL customers. At the same time the programme serves to boost employee morale by recognising those employees who have the best driving records.

The Drive Me programme consists of several elements including driver assessment, training and KPIs on CO₂ efficiency. The most innovative element is the Drive Me Challenge, the ultimate recognition for all PostNL drivers. The Drive Me Challenge is a competition to reward the safest, most fuel-efficient and customer-oriented driver within PostNL1. PostNL’s best drivers are invited to participate in the Challenge – ultimately to win the coveted annual title of ‘PostNL’s best driver’. Participating drivers become ambassadors for other PostNL employees.

The Drive Me programme offers a number of tangible and intangible benefits to PostNL. Through this programme, participating countries can reduce their emissions and costs with at least by 5% with the right amount of management commitment. Blameworthy and fatal road traffic accidents are also expected to decline with this programme, while customer experience should improve.

Driver engagement is also a significant benefit of the programme. PostNL’s drivers are a vital part of its operations, and their behaviour has the power to make a difference. They play a vital role in helping create a sustainable PostNL and, in the longer term, a more sustainable planet. That is no small achievement.

Pieter van Gompel owns a logistics company and is subcontractor for PostNL. In October 2010 Pieter won the Drive Me Challenge. “We were the fastest team and we achieved a high score on fuel efficiency, safety and customer experience. My secret? Anticipating and avoiding the use of my brakes”, said Van Gompel. The gap between the most and least fuel efficient driver is on average 20% – clearly an opportunity for improvement.

1 Including foreign activities under the brand name TNT Post like TNT Post Italy, TNT Post UK and TNT Germany.
Collectively the postal industry emits a significant amount of CO$_2$.

IPC is addressing this and combatting global climate change through its sector-wide Environmental Measurement and Monitoring System.

We set goals together with participating posts and work together to achieve them.

2010 was a year full of positive results.
The Environmental Measurement and Monitoring System

2010 Carbon Management Proficiency

Average CMP score of **65%**

**4%** improvement from 2009

ON TARGET to achieve **>90%** goal for 2020

2010 Carbon Performance Indicators

Scope 1 & 2 emissions

**7,434,000 tonnes CO₂**

**4.2%** or **329,000 tonnes** reduction from 2009

ON TARGET to achieve **20%** reduction goal by 2020

In 2008, IPC developed the Environmental Measurement and Monitoring System (EMMS) in direct response to requests from CEOs working throughout the postal industry for implementation of a common carbon measurement and reporting framework, in line with customer requirements and stakeholder expectations. With the help of our members, a pilot of the system was carried out in 2008. The full programme was rolled out in 2009, capturing data and progress for the 2008 calendar and financial reporting year. The objective is to provide a common reporting structure for posts to disclose their environmental management strategies, performance and achievements.

Posts participating in IPC’s EMMS programme collectively employ around 2.2 million staff worldwide at over 100,000 facilities, with approximately 535,000 delivery and transport vehicles. As a group, these companies release significant volumes of CO₂ into the atmosphere, through fuel combustion as well as the energy used to heat and cool buildings, among several other sources. It is only through the sharing of knowledge that the entire postal industry will be able to lower its environmental impact and thus address stakeholder concerns about its contribution to greenhouse gas emissions. We at IPC are working to combat global climate change through our sector-wide EMMS.

Comprehensive data collection

Each year, participating postal companies complete a comprehensive self-assessment questionnaire. This 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 20 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 provided with an exhaustive guidance document for reference. 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 engagement 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. We actively engage with each participant, providing their results in the form of an individual scorecard with an opportunity to engage and share feedback.
Broadening our scope

This year IPC welcomed a new EMMS participant, the South African Post Office, bringing the total number of EMMS participants to 23. Many of our 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 (see page 35). In addition, Greek operator Hellenic Post ELTA has submitted quantitative carbon performance data for the first time this year.

The figures presented in this report continue to reflect the mail and parcel operations of the participating companies. Information relating to express and logistics services, while included in the overall EMMS programme, has not been included in this report. To facilitate accurate year-on-year comparisons, all carbon performance data in this report relates to the original set of members (excluding Österreichische Post, Poste Italiane and the South African Post Office, which have joined since 2009), unless explicitly indicated.

This report presents the results of our environmental performance monitoring of EMMS participants from the postal sector for the calendar year 01 January to 31 December 2010. In limited and unavoidable cases, some degree of estimation has been necessary. For example, some members may have been obliged to make estimations of their performance in certain areas, in order to ensure consistency in scope, for comparison purposes. Estimations have been made very carefully by the reporting postal operator to ensure that they are as accurate and realistic as possible.

In this performance report, IPC has also provided the range of coverage provided by the data. This coverage has been calculated on the following basis: the percentage of the business, as quantified by operational revenue, that reports data on a certain indicator, divided by the total revenue of all EMMS participants. The key data table on page 34 details the coverage range for each indicator.

IPC has taken great care and followed reasonable steps to ensure that the qualitative and quantitative information and indicators published in this report are accurate to the best of its knowledge, based on the data provided. To provide additional assurance, this report has been reviewed and approved by the management of IPC, including relevant discipline experts and senior managers. PwC has also undertaken a third-party review of the data provided and – where satisfied that the metrics used were sufficiently robust, quantifiable and verifiable – has reviewed the accuracy of the those figures; the scope of the verified work has indicated by a rhombus symbol (♦) accompanying the relevant reporting category. The results can be found in the Assurance Report on page 40.
Management proficiency

The first section of the EMMS tool measures carbon management proficiency across ten areas aligned with IPC’s ‘plan-do-check-act’ management systems approach. This is measured through the use of a questionnaire, primarily taking into account qualitative aspects of each postal company's carbon management proficiency (CMP).

In 2010, participating companies achieved an average score of 65%, evidence that our target is both realistic and attainable. These improved results demonstrate an increasing appreciation of energy and carbon emissions as strategic priority in business management among participants. Over 90% of participants reported performance improvements. We believe that continued improvements at this rate (approximately 5 percentage points per annum) will enable us to reach our 2020 goal approximately three years ahead of schedule, by around 2017.

In 2010 EMMS participating posts again performed best on issues relating to policy and procedures (81%), management and strategy (74%), target setting (73%) and measurement and verification (66%). There has been a steady increase in the use of environmental management systems and the seeking or implementation of EMAS or ISO 14001 certification. In addition, 86% of participants now publicly state their targets for the reduction of greenhouse gas emissions, an increase of 9% from 2009. Over 86% of participants also already have their own targets in place that are at least in line with the sector 20%-by-2020 reduction goal (known as the ‘20-2020 target’). Three participants have made commitments to become carbon-neutral in the future or by a specified date. 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.

Each of the ten CMP areas includes a series of questions geared towards evaluating each participant's programmes. Some of the more significant improvements from 2008 include:

- increased endorsement of the UN Global Compact – Caring for Climate voluntary action programme
- a vastly increased number of companies carrying out assessments of the risks as well as the opportunities related to carbon management and climate change
- a much larger proportion of companies incorporating carbon management indicators, objectives and targets into management performance reviews
- a 50% increase in the number of companies transporting post by vehicles using alternative fuels
- a large rise in the number of companies referencing sustainability reporting against the Global Reporting Initiative, to a specific application level
- increased use of supplier assessment methods including self-, second- and third-party auditing, and the setting of minimum performance criteria

### Table 1. Key carbon management proficiency results 2008-2010

<table>
<thead>
<tr>
<th>CMP score 2008 (baseline)</th>
<th>CMP score 2009</th>
<th>CMP score 2010</th>
<th>Goal for 2020</th>
<th>Required improvement</th>
<th>Target status</th>
</tr>
</thead>
<tbody>
<tr>
<td>56%</td>
<td>61%</td>
<td>65%</td>
<td>&gt; 90%</td>
<td>~ 3% per year</td>
<td>On target</td>
</tr>
</tbody>
</table>
Figure 1. Range and average carbon management proficiency scores by section

Figure 2. Projected carbon management proficiency scores through 2020

International Post Corporation    Postal Sector Sustainability Report
Areas for improvement

Similar to previous years, the three areas that registered the lowest scores were: principles and standards (45%); performance (52%) and value chain management (54%). However, all three areas have shown year-on-year improvements since 2008.

Participants wishing to improve their score in the principles and standards section should consider engaging with relevant international organisations, such as the Carbon Disclosure Project and seek certification to EMAS or ISO 14001.

The comparatively poorer scores for the performance section relate partly to a continuing trend of declining mail volumes throughout the sector. This makes sustained emissions reductions per unit of turnover challenging. Despite the lower scores in these areas, four additional companies have endorsed the United Nations Global Compact – Caring for Climate voluntary action platform in 2010, bringing the total sector engagement to over 56%. As the member companies begin to incorporate the commitments and guidance of this initiative into their operational and strategic approaches, we anticipate further improvements across all areas.

Performance in value chain management has steadily been increasing. 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 2010, over 20% of participants have imposed specific energy or carbon requirements. For many participants, these are being progressively rolled out for all primary contracts and sub-contractors. 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 and the scope of carbon management focused communication and selection.

Beyond the ‘low-hanging fruit’

Many companies have already implemented ‘quick-win’ emissions reductions initiatives, such as switching to green electricity, increasing fuel efficiency and vehicle route optimisation. 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, or increasing the use of alternative fuel vehicle fleets. Ongoing engagement with EMMS participants suggests the availability and uptake of alternative vehicles is likely to increase in future years following significant piloting as well as negotiations with vehicle manufacturers to develop designs that suit specific postal routes. Such initiatives require detailed cost-benefit analyses as well as the availability of appropriate national infrastructures. Several participants are also exploring and testing potential alternative energy sources including solar, geothermal and wind power for both buildings and vehicles.
Emissions

The quantitative aspect of carbon performance data has been evaluated across the six main categories of postal service activities: mail; parcels; express (national and international); logistics; retail outlets; and financial services. In our analysis we have focused on the core ‘mail and parcels’ categories. We have assessed the performance of each service activity using 20 carbon performance indicators (CPIs), in addition to tracking emissions reductions in line with 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

Scope 2: Indirect GHG emissions, from consumption of purchased electricity, heat or steam

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.

The CPIs are presented alongside the emissions figures to provide participants with insight into the carbon efficiencies of the respective parts of their business. The provision of these measurements promotes continuous improvement by enabling focused emission-savings activities. The figures disclosed in this report relate only to the ‘mail and parcels’ categories, excluding peripheral express and logistics services.

The total Scope 1 and Scope 2 carbon emissions from EMMS members in 2010 amounted to 7,434,000 tonnes (2009: 7,763,000 tonnes). A full breakdown of the results is provided in Table 3, page 34. Although smaller than the 597,000 tonnes decrease achieved between 2008 and 2009, this year’s decrease of 329,000 tonnes is still significantly more than the required annual reduction of 140,000 tonnes to achieve the stated 20-2020 target. We therefore remain convinced that the EMMS participants are well positioned to meet this target. This 4.2% reduction in total Scope 1 and 2 emissions excludes the increased scope and additional emissions associated with the inclusion of new EMMS participants since 2009. Increasing the coverage to include the emissions from these operators results in a sector output of 7,800,000 tonnes. This would represent an overall decrease of 343,000 tonnes from last year’s figures (2009: 8,143,000 tonnes).

Table 2. Key carbon performance indicator results 2008-2010

<table>
<thead>
<tr>
<th>Performance 2008 (baseline)</th>
<th>Performance 2009</th>
<th>Performance 2010</th>
<th>Goal for 2020</th>
<th>Required improvement</th>
<th>Target status</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,360,000 tonnes</td>
<td>7,763,000 tonnes (- 7.1%)</td>
<td>7,434,000 tonnes (- 11.1%)</td>
<td>6,688,000 tonnes (- 20%)</td>
<td>-2% reduction per year</td>
<td>On target</td>
</tr>
</tbody>
</table>

Table 2. Key carbon performance indicator results 2008-2010

11% carbon emissions cut in two years
**Figure 3. Scope 1 & 2 carbon emissions 2008-2010**

- **Total CO₂ emissions (tonnes)**
  - 2008: 8,360,000 tonnes
  - 2009: 6,688,000 tonnes
  - 2010: 4,144,000 tonnes

- **2020 Target (Mail & Parcel)**: 2,000,000 tonnes

Decrease of **329,000 tonnes of CO₂** between 2009 and 2010

**4.2% reduction in total Scope 1 & 2 emissions**

**Figure 4. Projected Scope 1 & 2 carbon emissions reductions through 2020 (excluding new participants)**

- **IPC current rate**
- **IPC required rate**

- **2008**: 8,360,000 tonnes
- **2009**: 7,763,000 tonnes
- **2010**: 7,434,000 tonnes
- **2011**: 6,688,000 tonnes
- **2012**: 4,144,000 tonnes

- **2020 Target**: 4,144,000 tonnes
Emissions sources

In 2010, Scope 1 impacts amounted to 3,536,000 tonnes, representing a 7.8% decrease from 2009 (3,836,000 tonnes). Almost 75% of the total Scope 1 emissions were produced from owned or leased transportation, with the largest contribution emerging from road transportation (see Figure 5). In 2010, emissions from transportation showed a 6.3% reduction from 2009 to 2,676,000 tonnes (2009: 2,857,000 tonnes).

The largest source of Scope 2 emissions can be attributed to the indirect emissions associated with the electricity used in buildings. This includes sorting centres, post offices and administrative operations. In 2010, these amounted to 3,898,000 tonnes, representing a decrease of approximately 0.74% from 2009 (3,927,000 tonnes).

Emissions per item

In 2010, the total CO₂ emitted in grammes per item was 24 grammes (2009: 25 grammes). 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.

Activity indicators

EMMS participants were required to provide energy usage data for both renewable electricity purchased (‘green’ electricity) and for alternative energy sources including geothermal, biomass, solar and wind power. The percentage of renewable electricity used in buildings and for electric vehicles varied significantly among operators, with 45% of members purchasing green electricity (55% in 2009). Between 2009 and 2010, one participant began purchasing green electricity, while three participants have stopped reporting purchases. Combined with green electricity, renewable energy sources accounted for 6.3% of all energy used by EMMS participants in buildings, representing a decline from 2009 (9%). Note: these calculations relate to acknowledged additional emissions reductions only and do not include standard green energy currently included in the grids of host countries due to hydropower or other lower carbon sources.
### Table 3: Carbon performance data

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Original participants</th>
<th>Extended group</th>
<th>Original participants</th>
<th>Extended group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CO₂ emissions in tonnes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope 1: Transport (vehicles, aviation, rail)♦</td>
<td>2,948,000 100%</td>
<td>2,857,000 100%</td>
<td>3,008,000 100%</td>
<td>2,676,000 100%</td>
</tr>
<tr>
<td>Scope 1: Heating (gas, heating, fuel, oil, steam)♦</td>
<td>1,164,000 100%</td>
<td>979,000 100%</td>
<td>1,057,000 100%</td>
<td>860,000 100%</td>
</tr>
<tr>
<td>Scope 2: Electricity (including electric vehicles)♦</td>
<td>4,248,000 100%</td>
<td>3,927,000 100%</td>
<td>4,062,000 100%</td>
<td>3,898,000 100%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>8,360,000 100%</td>
<td>7,763,000 100%</td>
<td>8,143,000 100%</td>
<td>7,434,000 100%</td>
</tr>
<tr>
<td><strong>Overall sector indicators</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total CO₂ in tonnes per 1000 euro turnover♦</td>
<td>0.067 100%</td>
<td>0.064 100%</td>
<td>0.058 100%</td>
<td>0.063 100%</td>
</tr>
<tr>
<td>Total CO₂ in grams per item – mail and parcels♦</td>
<td>29 84%</td>
<td>25 100%</td>
<td>25 88%</td>
<td>24 100%</td>
</tr>
<tr>
<td><strong>Activity indicators</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of renewable electricity used in buildings♦</td>
<td>13% 93%</td>
<td>9% 100%</td>
<td>11% 100%</td>
<td>7% 100%</td>
</tr>
<tr>
<td>Percent of renewable energy used in buildings♦</td>
<td>8% 79%</td>
<td>7% 100%</td>
<td>9% 100%</td>
<td>4% 100%</td>
</tr>
<tr>
<td>Percent of alternative vehicles in fleet♦</td>
<td>10% 100%</td>
<td>11% 100%</td>
<td>11% 100%</td>
<td>11% 100%</td>
</tr>
</tbody>
</table>

Note: Figures per €1,000 turnover were calculated using average annual currency conversion statistics sourced from the Organisation for Economic Co-operation and Development (OECD). The rhombus symbol (♦) denotes data on which PwC has provided limited assurance.
Scope 3 emissions sources
Scope 3 includes those emissions associated with the wider supply chain and distribution networks. Our current focus is primarily on transport-related categories (Table 4, page 36). The inclusion of Scope 3 emissions in our performance monitoring system forms part of our commitment to continuous improvement by including a more comprehensive and accurate account of participant greenhouse gas emissions, following a logical best-practice route to lasting and effective emissions reductions beyond 2020. Since the boundaries of Scope 3 emissions are potentially very broad, IPC has produced specific guidelines to be 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.

Consistent with last year, 18 of the participating companies (82%) submitted Scope 3 emissions data. These included emissions relating to sub-contracted road and other transport, business travel and company cars. Participants also included emissions from those relating to employee commuting and waste disposal to landfill. The sector has achieved an overall decrease in Scope 3 emissions of approximately 12.9% (1,292,000 tonnes). Approximately 40% of the total 8,722,000 tonnes were linked directly to sub-contracted road transport. A further 30% is associated with sub-contracted air transport (Figure 7).

This last year also saw a shift in Scope 3 emissions mainly due to ongoing work to align with the recently released Greenhouse Gas Protocol Corporate Value Chain (Scope 3) definitions and to refine our existing sector-relevant categories. This work resulted in the re-categorisation of certain emissions and thus sometimes significant changes to totals in each area. For example, business travel decreased to 84,100 tonnes (2009: 392,000 tonnes) while emissions from drivers/owners increased to 349,000 tonnes (2009: 54,000 tonnes).
Table 4: Scope 3 carbon emissions

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Original participants</th>
<th></th>
<th>Extended group</th>
<th></th>
<th>Original participants</th>
<th></th>
<th>Extended group</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Business travel</td>
<td>392,000 92%</td>
<td>392,000 80%</td>
<td>84,100 92%</td>
<td>84,100 80%</td>
<td>392,000 80%</td>
<td>392,000 80%</td>
<td>84,100 92%</td>
<td>84,100 80%</td>
</tr>
<tr>
<td>Company cars</td>
<td>20,000 7%</td>
<td>20,000 6%</td>
<td>3,800 7%</td>
<td>3,800 6%</td>
<td>20,000 6%</td>
<td>20,000 6%</td>
<td>3,800 7%</td>
<td>3,800 6%</td>
</tr>
<tr>
<td>Drivers/owners</td>
<td>54,000 13%</td>
<td>54,000 12%</td>
<td>349,000 13%</td>
<td>349,000 12%</td>
<td>54,000 12%</td>
<td>54,000 12%</td>
<td>349,000 13%</td>
<td>349,000 12%</td>
</tr>
<tr>
<td>Employee commuting</td>
<td>3,045,000 58%</td>
<td>3,045,000 50%</td>
<td>2,008,000 58%</td>
<td>2,008,000 50%</td>
<td>3,045,000 50%</td>
<td>3,045,000 50%</td>
<td>2,008,000 58%</td>
<td>2,008,000 50%</td>
</tr>
<tr>
<td>Outsourced or sub-contracted road</td>
<td>3,730,000 89%</td>
<td>3,748,000 78%</td>
<td>3,590,000 89%</td>
<td>3,639,000 78%</td>
<td>3,730,000 89%</td>
<td>3,748,000 78%</td>
<td>3,590,000 89%</td>
<td>3,639,000 78%</td>
</tr>
<tr>
<td>transport</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outsourced or sub-contracted rail</td>
<td>40,000 59%</td>
<td>40,000 68%</td>
<td>27,000 59%</td>
<td>27,000 68%</td>
<td>40,000 59%</td>
<td>40,000 68%</td>
<td>27,000 59%</td>
<td>27,000 68%</td>
</tr>
<tr>
<td>transport</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outsourced or sub-contracted ship</td>
<td>12,000 37%</td>
<td>12,000 43%</td>
<td>11,200 37%</td>
<td>11,200 43%</td>
<td>12,000 37%</td>
<td>12,000 43%</td>
<td>11,200 37%</td>
<td>11,200 43%</td>
</tr>
<tr>
<td>transport</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outsourced or sub-contracted air</td>
<td>2,704,000 86%</td>
<td>2,704,000 74%</td>
<td>2,736,000 86%</td>
<td>2,740,000 74%</td>
<td>2,704,000 86%</td>
<td>2,704,000 74%</td>
<td>2,736,000 86%</td>
<td>2,740,000 74%</td>
</tr>
<tr>
<td>transport</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waste disposal to landfill</td>
<td>17,000 5%</td>
<td>17,000 5%</td>
<td>175,000 5%</td>
<td>175,000 5%</td>
<td>17,000 5%</td>
<td>17,000 5%</td>
<td>175,000 5%</td>
<td>175,000 5%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>10,014,000</td>
<td>10,032,000</td>
<td>8,722,000</td>
<td>8,774,000</td>
<td>10,014,000</td>
<td>10,032,000</td>
<td>8,722,000</td>
<td>8,774,000</td>
</tr>
</tbody>
</table>

*Due to differences in inter-departmental accounting procedures, the stated figures do not sum to equal the total.

Looking forward

The EMMS programme follows a logical best-practice route to lasting and effective emissions reductions beyond 2020. It started with stakeholder research, then developed and deployed a measurement system that focused firstly on Scope 1 and Scope 2 emissions. In 2010 we also included our initial assessment of sector Scope 3 emissions. The inclusion of Scope 3 emissions forms part of our commitment to continuous improvement by including fuller and more accurate accounts of member greenhouse gas emissions. This includes those emissions associated with supply chains, distribution networks and ultimately even product lifecycles.

In the coming year IPC will expand Scope 3 emissions reporting so that it is fully aligned with the WRI / WBCSD reporting and accounting standards on Scope 3. IPC will further increase the scope of third-party assurance in both the carbon management proficiency area as well as on Scope 3 reporting.

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 CO₂ in tonnes per €1,000 turnover: Includes the total CO₂ 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 CO₂ in grammes per item: Calculation of CO₂ emissions from all Scope 1 and Scope 2 sources. The emissions of CO₂ expressed in grammes is 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 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

<table>
<thead>
<tr>
<th>Company</th>
<th>Boundary</th>
<th>Period</th>
<th>Exclusions and Estimations</th>
</tr>
</thead>
<tbody>
<tr>
<td>An Post</td>
<td>National</td>
<td>CY 2010</td>
<td>Excludes subsidiaries, and sub contracted retail and delivery service units.</td>
</tr>
<tr>
<td>Australian Postal Corp</td>
<td>National</td>
<td>CY 2010</td>
<td>Excludes subsidiaries and joint ventures.</td>
</tr>
<tr>
<td>Austria Post</td>
<td>National</td>
<td>CY 2010</td>
<td>Excludes Scherübl and all subsidiaries outside Austria.</td>
</tr>
<tr>
<td>bpost</td>
<td>National</td>
<td>CY 2010</td>
<td></td>
</tr>
<tr>
<td>Canada Post Corp</td>
<td>National</td>
<td>CY 2010</td>
<td>Excludes subsidiaries.</td>
</tr>
<tr>
<td>Correos y Telégrafos</td>
<td>National</td>
<td>CY 2010</td>
<td>Energy consumption related to buildings is for 25% based on estimations.</td>
</tr>
<tr>
<td>CTT Correios de Portugal</td>
<td>Multi-National</td>
<td>CY 2010</td>
<td>Excludes sub-contracted air transport for express-international.</td>
</tr>
<tr>
<td>Deutsche Post DHL</td>
<td>National</td>
<td>CY 2010</td>
<td>Exclusion of Express and logistics business</td>
</tr>
<tr>
<td>Hellenic Post (ELTA)</td>
<td>National</td>
<td>CY 2010</td>
<td>Excludes subsidiaries.</td>
</tr>
<tr>
<td>Magyar Posta</td>
<td>National</td>
<td>CY 2010</td>
<td></td>
</tr>
<tr>
<td>Itella Ltd</td>
<td>Multi-National</td>
<td>CY 2010</td>
<td>Excludes Russian mail communication</td>
</tr>
<tr>
<td>Le Groupe La Poste</td>
<td>Multi-National</td>
<td>CY 2010</td>
<td>Excludes small subsidiaries.</td>
</tr>
<tr>
<td>P &amp; T Luxembourg</td>
<td>National</td>
<td>CY 2010</td>
<td></td>
</tr>
<tr>
<td>New Zealand Post</td>
<td>Multi-National</td>
<td>CY 2010</td>
<td>Excludes associate companies and express/logistics operations in Australia</td>
</tr>
<tr>
<td>Posten Norge</td>
<td>National</td>
<td>CY 2010</td>
<td></td>
</tr>
<tr>
<td>PostNord</td>
<td>Multi-National</td>
<td>CY 2010</td>
<td>Energy consumption related to buildings is for 17% based on estimations.</td>
</tr>
<tr>
<td>Poste Italiane</td>
<td>National</td>
<td>CY 2010</td>
<td></td>
</tr>
<tr>
<td>Royal Mail</td>
<td>National</td>
<td>CY 2010</td>
<td>Excludes subsidiaries and joint ventures.</td>
</tr>
<tr>
<td>South African Post Office</td>
<td>National</td>
<td>CY 2010</td>
<td>Qualitative (CMP) data only</td>
</tr>
<tr>
<td>Swiss Post</td>
<td>National</td>
<td>CY 2010</td>
<td></td>
</tr>
<tr>
<td>PostNL (TNT Post)</td>
<td>National</td>
<td>CY 2010</td>
<td>Management Proficiency – Multi-National; Carbon Emissions - National</td>
</tr>
<tr>
<td>USPS</td>
<td>National</td>
<td>CY 2010</td>
<td>35% of electricity consumption is estimated; 48% of natural gas consumption is estimated; 100% of renewable electricity is estimated</td>
</tr>
</tbody>
</table>
To the members of the board of the International Post Corporation, Amsterdam

Independent assurance report on the postal sector sustainability report 2011

This report has been prepared in accordance with the terms of our engagement contract dated 20 May 2009, whereby we have been engaged to express a conclusion in connection with the Postal Sector Sustainability Report 2011 (the “Sustainability Report”) for the calendar year 2010 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 (summarized 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 34) 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 (7 IPC members were visited: United States Postal Service, TNT, Deutsche Post DHL, Hellenic Post-ELTA, PostNord, Swiss Post, 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, 18 November, 2011

PricewaterhouseCoopers Bedrijfsrevisoren bvba
Represented by

Marc Daelman
Bedrijfsrevisor

PwC Bedrijfsrevisoren cvba, burgerlijke vennootschap met handelsvorm - PwC Réviseurs d’Entreprises scrl, société civile à forme commerciale - Financial Assurance Services Maatschappelijke zetel/Siège social: Wulwe Garden, Woluwedal 18, B-1932 Sint-Stevens-Woluwe
T: +32 (0)2 710 4211; F: +32 (0)2 710 4299, www.pwc.com
BTW/TVA BE 0429 501 944 / RPR Brussel - RPM Bruxelles / ING BE43 3101 3811 9501 - BIC BBRUBEBB /
RBS BE89 7205 4043 3185 - BIC ABNABEBR
IPC is carbon neutral

Our carbon footprint
In 2010, IPC’s activities generated 772 tonnes of CO₂ (2008: 1,019 tonnes). This was mainly due to Scope 3 business travel undertaken to visit our member companies, with most of the remainder being attributed to heating. This equates to approximately 12.5 tonnes CO₂ per full time employee (2008: 16.6 tonnes).

Offsetting our emissions
In 2011, IPC once again partnered with the Climate Neutral Group to offset our emissions. This year, we worked in conjunction with the Group’s cookstove portfolio, which includes the Paradigm Project which aims to improve health and incomes in Kenya by reducing time and money spent buying fuel for household cooking. By replacing traditional cooking on an open fire with fuel efficient cookstoves, CO₂ emissions are reduced and carbon credits generated.

Acknowledgements

Publisher: International Post Corporation, 44 Avenue du Bourget, 1130 Brussels, Belgium

Project leaders: Pieter Reitsma, Manager of Sustainability, IPC; Amy Cohen, Manager of Digital and Member Communications, IPC; Kevin Franklin, Director of Strategy, Maplecroft

Review team: Jane Dyer, Director Markets and Communications, IPC; George Candon, Head of Communications, IPC; Justus Koek, Sustainability Auditor, PwC; Alex Rowntree, Sustainability Analyst, Maplecroft

Design: Page In Extremis / Graphic Solutions, 45 Avenue Wielemans Ceuppens, 1190 Brussels, Belgium

Content: Developed by IPC and the communications and sustainability teams from the 23 participating postal organisations.

Photography: Provided by each of the 23 EMMS participants and fotolia.com

Paper: Printed on FSC certified paper.