CHAPTER 3 CORPORATE RESPONSIBILITY PERFORMANCE

l.	CORPORATE RESPONSIBILITY FRAMEWORK	30
II.	PROTECTING OUR PEOPLE	31
III.	MAXIMISING OPERATIONAL EFFICIENCY	33
IV.	BUILDING WIN - WIN RELATIONSHIPS	34
٧.	2012 CORPORATE RESPONSIBILITY COMMITMENTS	37

TNT Express' corporate responsibility (CR) strategy, actions and indicators are integrated into the 2011 annual report. This overview describes the corporate responsibility performance of TNT Express' businesses worldwide.

I. CORPORATE RESPONSIBILITY FRAMEWORK

TNT Express' CR strategy, described in more detail in chapter 1, complements the overall strategy and has three main elements:

- protecting our people;
- maximising operational efficiency; and
- building win-win relationships.

Feedback from stakeholders through dialogues as described in chapter 1 provides input for developing TNT Express' CR strategy.

Specific strategic targets in relation to the three elements of the CR strategy include:

- implementation of a five-year road safety action plan with an overarching goal of zero fatal accidents; and
- improvement of TNT Express' CO₂ efficiency index by 40% by 2020, compared to the 2007 baseline. The CO₂ efficiency index combines the operational performance in TNT Express' operational activities (road transport, air transport and buildings) into one indexed metric.

TNT Express also participates in external evaluations of its CR performance, some of which are described below.

- A global benchmark is provided by the Dow Jones Sustainability Indexes (DJSI), which tracks the financial performance of the world's leading companies in terms of corporate sustainability performance. TNT Express is included in the Dow Jones Sustainability World Index as well as the Dow Jones Sustainability Europe Index. TNT Express scored 93 points out of a possible 100, which is one point improvement over 2010. In 13 out of the 16 dimensions, TNT Express achieved the best-in-class score.
- Another benchmark is provided by the Carbon Disclosure Project (CDP), which works with investors globally to advance investment opportunities and reduce the risks posed by climate change by requesting almost 6,000 of the world's largest companies to report on their climate strategies, greenhouse gas emissions and energy use. TNT Express scored 78 points out of a possible 100, which is three points less than in 2010.
- Feedback is also provided by the Transparency Benchmark of the Dutch Ministry of Economic Affairs. This benchmark provides insight into the level of transparency in sustainability reporting of the 469 largest companies in the Netherlands. TNT Express maintained its position in the front runners group and achieved a shared fifth position compared to fourth position in 2010.

In support of its CR strategy, TNT Express has implemented a dedicated CR organisation structure. In 2011, CR responsibilities were more closely embedded in the business, with the responsibility for developing and implementing CR programmes delegated to regions and individual operating units. A CR steering committee was established that advises both the Executive Board and Management Board on CR strategy, oversees the development and implementation of programmes and monitors performance. The CR steering committee is chaired by the CEO and includes the CFO and representatives of the Human Resources, Operations, Risk Management & Internal Control, Communications and Legal departments.

Progress on CR initiatives is measured monthly, through a dedicated CR monitoring and reporting tool. CR performance targets are set and included in management reward structures. The principal monitoring and control processes for corporate responsibility are:

- A global reporting and consolidating system for CR data supported by a dedicated CR Reporting function under the responsibility of the CFO.
- Non-financial Letter of Representation each year, senior management signs off on CR related questions, confirming the reliability of the provided data.
- Review of control processes based on the Internal Control framework for Corporate Responsibility (ICCR framework).
- Independent assurance reviews by internal and external auditors.

Performance against TNT Express' ambitions is described in the following sections.

II. PROTECTING OUR PEOPLE

Social performance KPIs				
Year ended at 31 December (excluding Hoau)		2011	variance %	2010
Investors in people (% of total headcount)	•	83%	3.8	80%
Employee engagement		ND^2		69%
SA 8000 in non-OECD countries (% of total FTEs in non-OECD countries)	•	52%	(1.9)	53%
OHSAS 18001 (% of total FTEs)	•	83%	1.2	82%
Fatal accidents (involving TNT Express employees) ¹		11	(15.4)	13
Serious accidents	•	34	25.9	27
Lost time accidents per 100 FTEs	•	2.90	(6.1)	3.09

¹ Including Hoau

INVESTORS IN PEOPLE/EMPLOYEE ENGAGEMENT

TNT Express' ambition is to be the employer of choice. TNT Express is, above all, a service organisation dependent on employees delivering the best possible service to customers. Having employees fully engaged in delivering TNT Express' vision is therefore critical.

In 2011, TNT Express rolled-out its Employment Value Proposition (EVP), which is a set of attributes that the labour market and internal employees perceive as the value they gain through employment in the organisation. Core to this proposition, TNT Express promises:

- to provide and listen to feedback;
- to differentiate, recognise and reward performance;
- to invest in employee development; and
- to build responsible win-win relationships.

Underpinning these and other employee initiatives is the Investor in People (IiP) programme. Discipline in performing according to these standards is monitored through regular certification. TNT Express is the recipient of a Global Investors in People certification, and was re-accredited in 2010 for a period of three years. All countries are assessed once every three years by an accredited independent external body. TNT Express aims to obtain IiP certification for all operations, and in 2011, 83% of all employees (excluding Hoau) were working in IiP certified sites (2010: 80%).

Employee engagement is measured biennially with the Global Engagement Survey – VOICE. A commitment was made in 2010 to follow up on the key priorities identified from the VOICE 2010 survey results and the feedback given by the employees. To measure improvement on these key areas a short pulse survey called VOICE Pulse was conducted in which employees throughout TNT Express were invited to participate. All entities took part in the survey, with the exception of Brazil and TNT Innight. The VOICE Pulse survey was not designed to measure engagement.

SUCCESSION AND TALENT MANAGEMENT

The Management Board is committed to the personal development of all employees. A particular focus is placed on identifying, recognising and developing employees who have the potential to become future leaders. These employees are calibrated into talent pools and developed to meet TNT Express' future needs in terms of leadership capabilities and succession planning. The talent groups consist of early career potentials, high potentials, executive potentials and executives.

Global talent development initiatives include development centres and talent development programmes. Development centres are designed to assess the competencies required of the employee at the next level and produce personal development plans to take them to that next level. Senior management is involved as observers to provide feedback to employees and as personal coaches to assist in development planning.

Talent development programmes are used to support the employees in deploying their personal development plans. The two key global programmes are 'The Leadership Challenge', which targets high potentials and the 'World Class Leadership Programme', developed with the IMD Business School, to support newly promoted executives and executive potentials.

To support the career advancement of all potential candidates a vacancy management process for all positions in job grades 'A' and above has been implemented. This ensures that talent pools are used to fill vacancies, and that the right people fill the right positions at the right time. Vacancies are advertised

² No data

Figures with a (*) fall within the reasonable assurance scope

on the TNT Express careers website, and are open to all. In addition, short lists of potential candidates from the talent pools are submitted to recruiting managers.

OHSAS 18001

TNT Express has adopted OHSAS 18001 certification with regards to workplace health and safety. The objective is to obtain OHSAS 18001 certification for all operations. In 2011, 83% of all FTEs (excluding Hoau) are working in OHSAS 18001 certified sites (2010: 82%).

This certification is reinforced with focused accident reduction plans. The plans cover seven key areas: leadership, workplace safety, road safety, employee health and wellbeing, accident investigation and monitoring, competence and training, communications and engagement.

ACCIDENTS

TNT Express' management is committed to transparency on its social footprint and leads the industry with regard to reporting on all fatal accidents in both owned and subcontracted operations. TNT Express regrets to report 11 fatal accidents in own operations in 2011 (2010: 13). Eight were road traffic fatal accidents (2010: 12) and three were workplace fatal accidents (2010: 1). The majority of the fatal accidents (6 road traffic fatal accidents (2010: 9)) and all the workplace fatal accidents occurred in China. The 11 fatal accidents resulted in 12 fatalities (5 TNT Express employees and 7 third parties).

The absolute number of serious accidents (excluding Hoau) increased to 34 in 2011, compared to 27 in 2010. The analysis of this increase has not revealed a common or consistent underlying cause. The lost time accidents per 100 FTEs (excluding Hoau) decreased from 3.09 in 2010 to 2.90 in 2011.

The Executive Board, with the full support of the Management Board, continues to provide focused support to its operations in China, Brazil and India. Road safety is a complex problem, especially in these emerging markets. Nevertheless, continued focus on implementing sustainable improvements and standards should produce positive results in the long term.

Five-year road safety action plan

Road safety has always been a high priority for TNT Express. In 2011, a revised five-year road safety action plan was issued with a goal of zero fatal accidents by 2015. This plan takes into consideration changes in road traffic volumes, infrastructure and driver behaviour. Though ambitious, TNT Express believes it is necessary to set challenging targets and the action plan is part of TNT Express' continuous improvement process.

The five-year action plan complements the first ever United Nations 'Decade of Action for Road Safety 2011-2020', which aims to reverse the growing trend in road traffic deaths and injuries worldwide, particularly in low and middle income countries. The private sector is recognised as a key contributor, and TNT Express can play its part.

To support the five-year action plan, all TNT Express' operations are required to deliver an effective communication campaign to ensure all employees and subcontracted drivers are aware of the vision for zero fatal accidents and their role in its realisation.

TNT Express recognises that employee drivers and subcontracted drivers act as ambassadors for the TNT Express brand and have a vital role to play in reducing road traffic accidents, injuries and deaths while driving a TNT Express vehicle. TNT Express operates a driver recognition scheme that provides recognition to those drivers that are accident-free and consistently display proper driving behaviour. This scheme is applicable to both employee and subcontracted drivers. The scheme supports and complements TNT Express' existing health and safety management system approach to road safety, which focuses on effective vendor, driver, vehicle, and journey management.

III. MAXIMISING OPERATIONAL EFFICIENCY

Environmental performance KPIs				
Year ended at 31 December (excluding Hoau)		2011	variance %	2010
ISO 14001 (% of total FTEs)	*	84%	1.2	83%
CO ₂ emissions absolute of own operations (scope 1 and 2) (ktonnes)	*	1,121	6.3	1,055
CO ₂ emissions absolute of subcontractor operations (ktonnes)		1,445	(3.5)	1,497
CO ₂ efficiency index	•	92.2	(0.6)	92.8
CO ₂ efficiency network flights (EAN + Domestic) (g CO ₂ /tonne km)	•	1,578	2.2	1,544
CO ₂ efficiency longhaul air (g CO ₂ tonne km)	*	513	(3.6)	532
CO ₂ efficiency small trucks and vans (g CO ₂ /km)	*	341	(1.7)	347
CO ₂ efficiency large trucks (g CO ₂ /km)	*	722	(2.0)	737
CO ₂ efficiency buildings (kg CO ₂ /m ²)	•	25.9	(7.2)	27.9
Energy efficiency buildings (MJoules/m²)	•	400	(3.6)	415
Sustainable electricity (% of total electricity)		47%	9.3	43%
Figures with a (*) fall within the reasonable assurance scope				

ISO 14001

TNT Express has adopted ISO 14001 certification with regards to environmental management. It is TNT Express' objective to obtain ISO 14001 certification for all operations. In 2011, 84% of all FTEs (excluding Hoau) are working in ISO 14001 certified sites (2010: 83%).

CO₂ AND ENERGY EFFICIENCY

TNT Express is committed to improve the environmental performance of its entire operation, which includes the activities performed by subcontractors, and to provide full and transparent disclosure on its environmental footprint. TNT Express discloses the total absolute CO_2 emissions of both owned and subcontracted operations despite the challenge of capturing data related to subcontractors in environmental reporting.

In 2011, the CO_2 footprint of TNT Express' own operations (scope 1 and 2, excluding Hoau) increased by 6.3% to 1,121 ktonnes (2010: 1,055), while that of subcontracted operations (scope 3) decreased by 3.5% to 1,445 ktonnes. In 2011, 56% of the total CO_2 emissions (excluding Hoau) relates to subcontracted operations.

The own operational performance of TNT Express' CO₂ efficiency is targeted at a 40% improvement on the efficiency index relative to the 2007 baseline position. The CO₂ efficiency index shows an improvement of 7.8 points relative to 2007. The index score of 92.2 is an improvement of 0.6 points relative to 2010 (92.8). The improvement in 2011 can be attributed to road transport efficiency (+0.4 points), building efficiency (+0.6 points) and air transport efficiency (-0.4 points).

TNT Express also works with other interested parties (both shippers and carriers) in developing standards and systems to improve environmental performance of subcontractors.

More information on the environmental performance of TNT Express including its subcontractors is presented in chapter 5.

KEY INITIATIVES TO IMPROVE ENVIRONMENTAL PERFORMANCE

The following initiatives were undertaken in 2011 to improve TNT Express' environmental performance.

Planet Me

The primary objective of Planet Me is to reduce the environmental impact of TNT Express' operations and to boost the financial performance by improving fuel efficiency. The aim is to achieve this by leveraging innovation and technology where appropriate and financially sound, and in partnership with others. It is TNT Express' aim to ensure that all innovative solutions and technologies create value for the stakeholders and a sustainable future.

Drive Me Challenge

The challenge contributes significantly to raising awareness of efficient and ecological driving to the drivers and employees in general. Since the start of the challenge in 2006, a substantial improvement has been observed in the driving habits of all drivers.

Carbon reduction plans

Each country has developed and implemented carbon reduction plans with clear actions. These plans cover the main impacts and provide guidance on best practices. Best practices related to air and road transport include: vehicle renewals; replacement with electrical, compressed natural gas (CNG) and hybrid vehicles; telematics; aerodynamics and network optimisation. Best practice examples related to buildings include: on-site generation and renewable energy sourcing.

Other best practice examples are aimed at driver performance, incentive schemes, education, and development of carbon reduction teams.

City Logistics

During 2011, TNT Express piloted the City Logistics programme that aims to deliver zero-emission last-mile solutions for inner-cities. Four unique solutions have been developed and rolled-out in collaboration with suppliers, customers, and city authorities. These include: delivery solutions with electric vehicles; night express services; distribution to mobile or microdepots with electric tricycles; and a collaborative solution to bundle volumes through City Distribution Centres with low emission vehicles.

These solutions will be deployed to additional locations, with six European cities (Barcelona, Berlin, Brussels, London, Milan, and Paris) selected to showcase the benefits for cities and customers.

Road transport

TNT Express together with its subcontractors operates a large fleet of vehicles and aims to continue to improve environmental performance through innovation.

The electric vehicle fleet of TNT Express and its subcontractors was expanded to include several additional geographies, and now include the United Kingdom, the Netherlands, France, China, Italy and Turkey. The collaboration with subcontractors to expand their fleet with electric vehicles is an example of a win-win relationship as mentioned in the next section.

TNT Express Netherlands performed a five month test with a trailer equipped with 'EcoTail', a foldable and retractable rear wing. As a result of the test, it is estimated that the use of this aerodynamic trailer tail can reduce truck fuel consumption by 6%.

Air transport

TNT Express has taken several initiatives to improve the fuel efficiency of its air fleet and therefore reduce the CO₂ footprint. Initiatives include projects to reduce fuel consumption at take-off and landing and route optimisation from improved flight plans.

IV. BUILDING WIN-WIN RELATIONSHIPS

Other perfomance KPIs				
Year ended at 31 December (excluding Hoau)		2011	variance %	2010
ISO 9001 (% of total FTEs)	•	89%	4.7	85%
Fatal accidents (involving subcontractors) ¹		38	65.2	23
Customer satisfaction score		92%	0.0	92%
Including Hoau Figures with a (*) fall within the reasonable assurance scope				

TNT Express encourages its customers, subcontractors, suppliers and communities to adopt the same approach as the company with respect to corporate responsibility and at all possible opportunities, attempts to build win-win relationships with these stakeholders.

ISO 9001

TNT Express' objective is to offer its customers excellent service. As such, it adheres to a number of strict quality standards, including ISO 9001. TNT Express' customer management approach is fully aligned with ISO 9001 standard. It is TNT Express' objective to obtain ISO 9001 certificates for all its operations. In 2011, 89% of all FTEs (excluding Hoau) were working in ISO 9001 certified sites (2010: 85%).

CUSTOMERS

Customer focus and satisfaction are at the heart of TNT Express' activities. TNT Express aims to deliver responsible services in accordance with its CR commitments and offer innovative and sustainable solutions to reduce TNT Express' and its customer's social and environmental impacts.

Customer satisfaction

TNT Express aims to exceed customer expectations. Analysis shows that 'satisfied' and 'more than satisfied' customers are more loyal than the lower ranked customer groups. Therefore, TNT Express aims to increase the percentage of 'more than satisfied' customers from within the group of 'at least satisfied' customers. Understanding the mindset of 'less than satisfied' customers and using their feedback helps TNT Express to develop improvement strategies with the goal of improving customer retention.

TNT Express conducts an annual worldwide customer satisfaction survey. In 2011, TNT Express received over 32,000 completed surveys from customers across all customer segments. The customer satisfaction score (meeting customer expectations) remained stable at 92%. Consistent with 2010, 41% of those customers rated TNT Express services as exceeding expectations, which is a slight improvement from 2010 (40%).

System CO₂

CO₂ is becoming an increasingly important factor for many of TNT Express' customers. TNT Express pro-actively responds to this emerging customer demand by offering a range of CO₂ related services.

'System CO2' portfolio of services focuses on two aspects:

- Providing customers with accurate and reliable reports on the CO₂ emissions caused by the transportation of their consignments. CO₂ can be reported for already transported consignments, or predicted for future business. The reporting method follows internationally recognised guidelines and standards in this area.
- Working with customers to identify opportunities for CO₂ reduction in their transport supply chains.
 Such solutions are specific to customers and are tailored to their requirements and needs. Solutions range from broader supply chain optimisations to specific initiatives like City Logistics as a low CO₂ solution for the first-mile pickup and last-mile delivery.

Partnering with customers in the area of CO₂, results in joint benefits for TNT Express and its customers, and TNT Express remains committed to providing customers with CO₂ related services. To further develop the service proposition in this area, it is TNT Express' intention to actively engage with customers to understand their needs and requirements, and to share expertise and best practices.

TNT Express will also continue to actively participate in sector initiatives that aim at standardising methods and modes of reporting in this area.

SUBCONTRACTORS

TNT Express acknowledges that its responsibility on social and environmental elements includes operations performed by subcontractors.

Subcontractor road traffic fatal accidents

TNT Express acknowledges the full extent of its social footprint, and leads the industry by disclosure of fatal accidents involving subcontractors. TNT Express is reliant on its subcontractors to report the fatal accidents involving subcontractor drivers and third parties. Due to legal obligations and the requirements of local authorities, TNT Express is unable to distinguish between blameworthy and non-blameworthy road traffic fatal accidents.

In 2011, TNT Express regrets to report 38 subcontractor road traffic fatal accidents (2010: 23). The majority of the subcontractor road traffic fatal accidents occurred in India and Brazil (22). TNT Express monitors the accidents involving subcontractors and takes necessary action, where appropriate, to terminate contracts with subcontractors that fail to meet TNT Express' health and safety standards.

Industry initiative

TNT Express is taking the lead alongside other industry leaders in the development of a key initiative to support European road transport companies in managing their CO₂ emissions. This programme will be launched in the first quarter of 2012 and is based on the successful SmartWay Programme in the United States. It will drive reductions of carbon emissions by:

- establishing a platform for monitoring and reporting carbon emissions that could assist in the procurement of transportation services and is based on existing standards;
- promoting collaboration between carriers and shippers, in driving improvement actions and monitoring progress; and
- establishing a certification system to reward shippers and carriers that fully participate in the programme.

LOCAL AND INTERNATIONAL COMMUNITIES

External partnerships and initiatives help TNT Express to identify important issues and develop responses that support the interest of stakeholders and the wider society. TNT Express strives to establish a lasting dialogue with communities, develop skills and provide jobs locally. TNT Express supported or participated in the following community programmes in 2011.

World Food Programme

TNT Express has been an active partner of the United Nations World Food Programme (WFP), the world's largest humanitarian aid agency, since 2002. By committing its knowledge, skills and resources, TNT Express supports WFP in fighting hunger worldwide.

As in previous years, 'End Hunger: Walk the World', an annual event to raise money and awareness of WFPs efforts to fight hunger and malnutrition, was organised in 2011. In total, 33 countries in which TNT Express operates, organised a walk, and an estimated 33,000 TNT Express employees participated and approximately €500,000 was raised for WFP.

Emergency Response

TNT Express is a committed member of the Logistics Emergency Teams (LETs). Through the LETs programme, TNT Express alongside other industry members provide WFP with operational support by deployment of logistics professionals to assist in humanitarian emergencies.

During 2011, TNT Express provided support in a number of major emergencies, including the tsunami in Japan and the unprecedented famine in Horn of Africa. The emergency response team with the support of TNT Japan deployed operations employees for a period of seven weeks in Sendai Province in Japan, to assist in warehouse operations. During this disaster, TNT Express also assisted in clearing temporary storage and delivering over 68,500 blankets to 16 different cities to support those affected by the tsunami. In August 2011, WFP reached out to the LETs requesting emergency airlifts of food supplies to the Horn of Africa. TNT Express agreed to sponsor an airlift of approximately 45 tonnes of Plumpy 'Sup to Nairobi for the Horn of Africa crisis using its Boeing 767 aircraft.

Fleet Forum

TNT Express remains a committed member of Fleet Forum. This Geneva based organisation brings together members of the humanitarian community who are responsible for vehicle fleet management to discuss common challenges, share best practices, develop appropriate solutions and mobilise expertise. TNT Express is a board member of Fleet Forum along with WFP, International Federation of Red Cross and Red Crescent (IFRC), World Vision International, Care International and Univicity. Fleet Forum's mission is to make transport safer, cleaner and more efficient in order to save lives, the planet and costs.

In September 2011, Fleet Forum organised a Clean Fleet Workshop together with LandRover and the United Nations Environmental Programme (UNEP). During this workshop, representatives of various humanitarian organisations shared their practices on clean fleet vehicle management.

North Star Alliance

North Star Alliance (NSA) is a public-private partnership established in 2006, by TNT Express and WFP, as a practical industry response to the issues posed by HIV/AIDS and other infectious diseases, which are prevalent in the transport sector. Since its foundation, NSA has matured into a key primary healthcare provider that meets industry, public health, and individual needs.

NSA operates at the junction of disease and mobility, to ensure that highly mobile populations, particularly long distance truck drivers and their related communities, have access to basic health services through a network of health clinics called Roadside Wellness Centres (RWCs). New RWCs are being opened at a fast pace.

During 2011, NSA and Fleet Forum entered into a partnership to develop modular driver training, which needs to be delivered through the RWCs. TNT Express' support towards NSA in 2011 ranged from financial support to in-kind donations.

MEMBERSHIPS

TNT Express believes that working with external partners provides the means to share, learn and keep abreast of the views and opinions of the societies in which it operates. Regular engagement with sector initiatives provides an opportunity to voice TNT Express' opinion and to receive feedback on important issues and the interest of stakeholders.

Besides local initiatives, TNT Express is actively engaged in the following organisations and global initiatives:

- UN Global Compact: TNT Express is a signatory of the UN Global Compact since 2006 and has adopted the ten principles of UN Global Compact in the strategy and day-to-day operations (refer to Annex I).
- WEF (World Economic Forum): TNT Express is a member of the Logistics and Transport Sustainability Group, a signatory of the World Economic Forum Partnering Against Corruption Initiative (PACI) (refer to Integrity section in chapter 4) and actively contributes to WEF working groups. This includes a working group on consignment level carbon reporting.
- WBCSD (World Business Council for Sustainable Development): this is a CEO-led global association that focuses on business and sustainable development. It serves as an intercompany platform to explore sustainable development, share knowledge, experiences and best practices.
- EABIS (European Academy for Business in Society): TNT Express is represented on the management board and committed to putting business in society issues at the heart of management theory and practice.
- SAI (Social Accountability International): TNT Express is represented on the advisory board and various committees of SAI. The SAI was established with the aim to promote human rights for workers around the world.

V. 2012 CORPORATE RESPONSIBILITY COMMITMENTS

In 2012, TNT Express' CR commitments are to:

- reinforce the zero road accident vision through active communications and clear responsibility assignments;
- continue to leverage innovation and technology where possible in partnership with others to realise environmental targets;
- engage customers by rolling out System CO₂, and develop new customer propositions and low carbon solutions:
- work with subcontractors and partners to continually improve road safety and operational efficiencies;
- improve employee engagement; and
- work with the aid and development sector to support their effectiveness.