

CHAPTER 3 CORPORATE RESPONSIBILITY PERFORMANCE

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I. CORPORATE RESPONSIBILITY FRAMEWORK

STRATEGY

Corporate responsibility (CR) is an integral part of TNT Express' business strategy and is embedded in its business and operational activities. Given TNT Express' business and operational profile, health and safety and the environment are given priority on TNT Express' strategic CR agenda. This creates win-win outcomes for the various initiatives and programmes. These include reducing absenteeism, accidents and fuel consumption, which in return assist in lowering operating costs.

– Health and Safety

Maintaining a healthy and safe working environment is vital to TNT Express' operations. Therefore, the company invests in healthy and safe working conditions for employees, subcontractors and business partners. TNT Express' objective is to meet and, where reasonably possible, exceed all health and safety obligations. This is pursued by applying workplace, road safety and general health and safety best-practice processes and training programmes. A strong safety culture will help TNT Express to further reduce the number of accidents and incidents and realise its vision of zero-fatal accidents.

– Environment

TNT Express is committed to minimise any potential negative impact of its activities on the environment. TNT Express' objective is to reduce the consumption of energy and other natural resources as well as its emissions. This is pursued through a broad range of actions and initiatives, including network optimisation, energy efficiency programmes, carbon management, 'zero-emission' supply chain solutions for customers, and awareness and training programmes for employees and subcontractors.

While health and safety and the environment rank high on its CR agenda, TNT Express is also focused on the continuous development and engagement of TNT Express' employees. Other items on the company's social agenda include human rights and providing expertise and capacity to several humanitarian partners.

GOVERNANCE

The Executive Board is the owner of the CR agenda. A central CR Steering Committee advises and assists the Executive Board in developing, executing and monitoring the performance of TNT Express' CR strategy and its associated policies and procedures. The committee is chaired by the CEO and comprises relevant functional directors. The corporate CR department facilitates the committee and coordinates global CR activities and performance in cooperation with the business units and networks. Annually, the Supervisory Board evaluates the company's CR approach and performance.

MATERIALITY ASSESSMENT

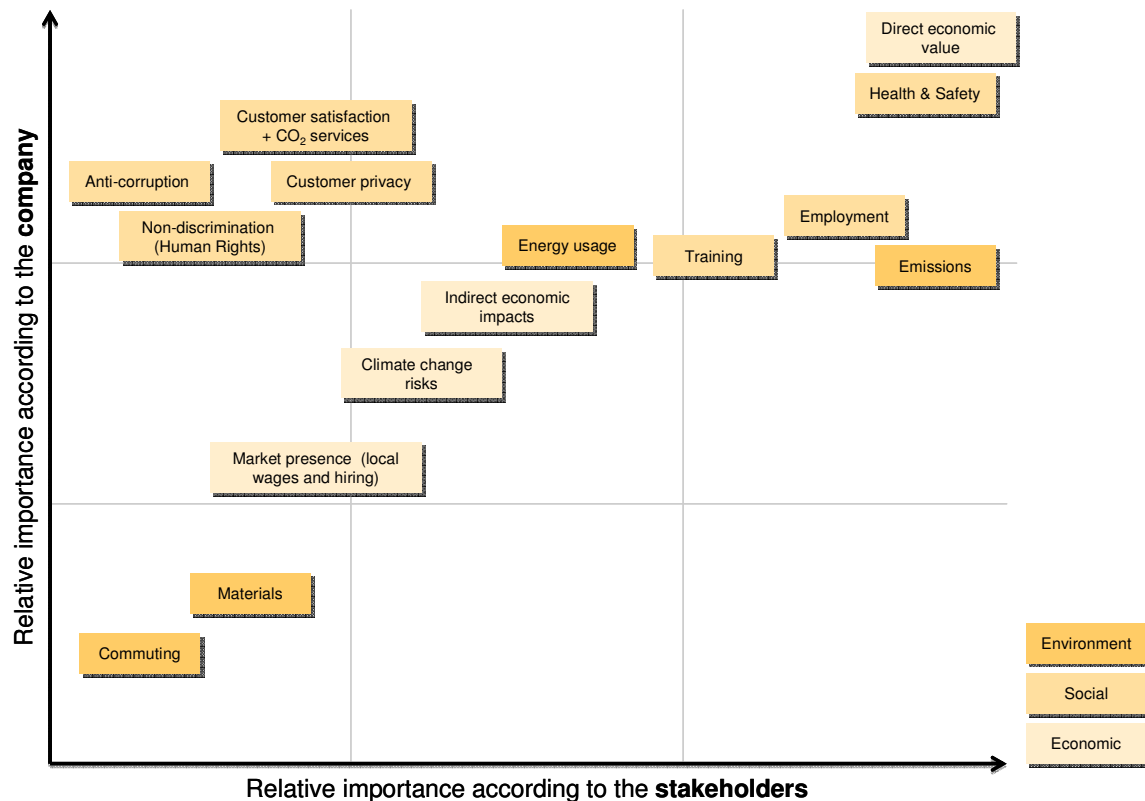
TNT Express reports on CR data and information in accordance with the Global Reporting Initiative (GRI) G4 reporting criteria and guidelines. TNT Express has prepared the 2013 annual report in accordance with G4's core option. Core reports include the majority of the General Standard Disclosures, generic Disclosures on Management Approach (DMA) for only material aspects and at least one indicator related to each identified material aspect. In compliance with G4, TNT Express explains how it manages each material aspect and reports relevant indicators over time.

To identify the CR-related aspects that are most relevant for TNT Express, an annual online survey is conducted with six stakeholder groups: customers, employees, subcontractors, suppliers, investors and civil society organisations. In addition, TNT Express systematically engages with (individual) stakeholders to obtain their perspectives, input and feedback on its business and operational activities. The survey outcomes and stakeholder feedback provide guidance for developing and improving TNT Express' CR strategy and activities.

The 2013 survey was sent to approximately 4,500 stakeholders globally, with a response rate of 11%. The survey polled stakeholders on the CR aspects included in the G4 guidelines, which are relevant for TNT Express. The stakeholders identified and prioritised the aspects they deemed most important for TNT Express. The fifteen highest ranking CR aspects are reflected in the following matrix. The horizontal axis reflects the "relative importance according to the stakeholders". The CR Steering Committee subsequently also assessed and prioritised these aspects. This prioritisation is reflected in the vertical axis "relative importance according to the company". The aspects shown in the top-right

hand area are important and material to both stakeholders and the company and are covered in this annual report.

TNT Express' 2013 CR Materiality Matrix



TNT Express also participates in benchmarks. Since 2004, TNT Express has been included in the Dow Jones Sustainability World Index. In 2013, TNT Express scored 75 out of 100 points, compared to 87 points in 2012. TNT Express understands this decrease to be the result of the company tailoring its CR strategy towards the specifics of its industry, activities and company situation.

In 2013, TNT Express scored 88 out of a possible 100 in the Carbon Disclosure Project (2012: 74). In the Dutch 'Transparantie Benchmark', TNT Express ranked 62 (2012: 49) with a score of 161 points (2012: 160 points).

CORPORATE RESPONSIBILITY RISK MANAGEMENT AND MONITORING

TNT Express applies continuous, formal and structured CR risk management and a CR reporting system. It identifies CR-related risks linked to business and operational activities and works to reduce these through the implementation of risk controls. Where possible, global best practices are implemented to monitor, reduce and mitigate these risks. The main CR-related risks are linked to safety incidents and accidents, to climate change and to the regulatory and market responses to climate change. Refer to section V of chapter 4 for more information.

The principal monitoring and control processes for CR are:

- a global reporting and consolidation system that tracks CR data, supported by a dedicated CR reporting function under the responsibility of the CFO;
- a non-financial letter of representation with CR-related questions, with sign-off by senior management to confirm the reliability of provided data and the compliance with policies;
- a review of control processes based on the Internal Control for CR (ICCR) framework; and
- an independent assurance review performed by the external auditors (including reliance on an objective assurance review performed by the internal auditors).

On a monthly basis, TNT Express uses a monitoring and reporting system to measure progress on relevant key performance indicators (KPIs). CR targets and KPIs are integral to TNT Express' performance management framework. In 2013, the remuneration of members of the Executive Board

was partly based on TNT Express' performance in the CR area. Refer to section IV of chapter 4 for more information.

II. HEALTH AND SAFETY

MANAGEMENT AND PERFORMANCE

TNT Express manages health and safety via a systems-based approach. Its global health and safety policy and management framework are based on the international OHSAS 18001 standard. All business units are required to achieve and maintain external certification to this standard as a minimum.

Health and safety risks associated with operational activities are identified and assessed, and subsequently managed and controlled to acceptable levels by implementing effective risk controls within the operational processes. Each business unit has a documented risk assessment process in place to control this particular risk at a local level.

TNT Express monitors its performance through a set of performance metrics. The KPI for safety is the lost-time accident (LTA) ratio. The LTA ratio is defined as the number of employees that are absent from work as a result of a work-related workplace or road traffic accident, for at least one working day in the reporting period, excluding the day the accident occurred, per 100 FTE. Annual targets are set to drive performance improvements. TNT Express' health and safety performance is included in the performance management framework and is subject to quarterly reviews.

TNT Express acknowledges the safety record of its entire operation, a significant part of which is executed by subcontractors. Where possible, subcontractors are involved in improvement initiatives and training programmes.

Preventive measures

TNT Express uses the 'safe vehicle, safe driver, safe journey' approach to identify and implement effective risk mitigation measures for road safety. TNT Express pursues continuous improvement in each of these areas: vehicle; driver; and journey, in addition to subcontractor management. The main challenge in reducing road accidents is to ensure consistent application of this approach, particularly in less-developed countries, and to ensure subcontractors adopt corresponding standards in practice. Where applicable, TNT Express promotes the improvement of the quality of public infrastructure, which is another relevant factor in enhancing road safety.

Health and safety performance KPIs

Year ended at 31 December	2013	variance %	2012
OHSAS 18001 (% of total FTE)	84%		84%
Workplace fatal accidents	0		0
Road traffic blameworthy fatal accidents (own)	1	100.0	0
Subcontractor road traffic fatal accidents	13	(31.6)	19
Lost-time accidents per 100 FTE	2.69	(6.6)	2.88
Blameworthy road traffic incidents/collisions per 100,000 kilometres	0.79	6.8	0.74
Absenteeism (% of total standard working hours) ¹	3.4	3.0	3.3

¹For comparative purposes 2012 numbers have been restated.

Figures with a ♦ fall within the reasonable assurance scope

In 2013, TNT Express' overall performance improved in terms of fatal accidents and LTAs. TNT Express regrets any accident, including one for which it has no blame. To review its own performance, focus is on blameworthy accidents. The sole road traffic blameworthy fatal accident in TNT Express' own operations occurred in Chile (2012: 0). Similarly, TNT Express reviews the performance of its subcontractors. As blameworthiness in accidents involving subcontractors cannot currently be established by TNT Express, all fatal accidents, irrespective of blameworthiness are reported. TNT Express is taking action to ensure that the information required to determine blameworthiness in fatal accidents which involve subcontractors can also be obtained as of 2014. Road traffic fatal accidents involving subcontractors totalled 13 (2012: 19), which represented a significant decrease compared to 2012. The improvement of the LTA ratio in 2013 is supported by continued focus on safety enhancement.

Blameworthy road traffic incidents/collisions per 100,000 kilometres deteriorated by 6.8% to 0.79 in 2013. TNT Express has performed a thorough review and determined that the increase is not due to any common or consistent underlying cause. A pilot study conducted in the UK & Ireland business unit confirmed that targeted action, including installing reversing cameras in vehicles and developing driver risk profiles, can significantly reduce the number of incidents. Refer to chapter 5 for more information.

KEY INITIATIVES

Road safety initiatives

These include driver training, driver recognition programmes, road safety charters and safe driving competitions, for employees and subcontractors. Example initiatives are:

- The French business unit established a cross-functional road safety committee. The committee is responsible for developing and implementing a strategy with specific objectives to optimise road safety systems and procedures, training, communication and subcontractor management.
- The UK & Ireland business unit took action to reduce manual handling injuries – a key risk factor in the industry. The business unit implemented a wearable device to encourage correct manual handling behaviour.
- The Italian business unit took proactive measures to improve subcontractor performance, by directly or indirectly involving drivers in on-site safety briefings and proactively sharing risk assessment information.

Health-related initiatives

These include health assessments, injury rehabilitation, flu vaccination and screening for certain medical conditions. Example initiatives are:

- The German business unit provided automatic heart defibrillators to all its depot locations.
- The UK & Ireland business unit implemented employee awareness campaigns to raise awareness about signs and symptoms of heart disease, lung cancer and stroke.
- The Australian business unit operated a well-being programme covering health and wellness initiatives to support employees and their families.

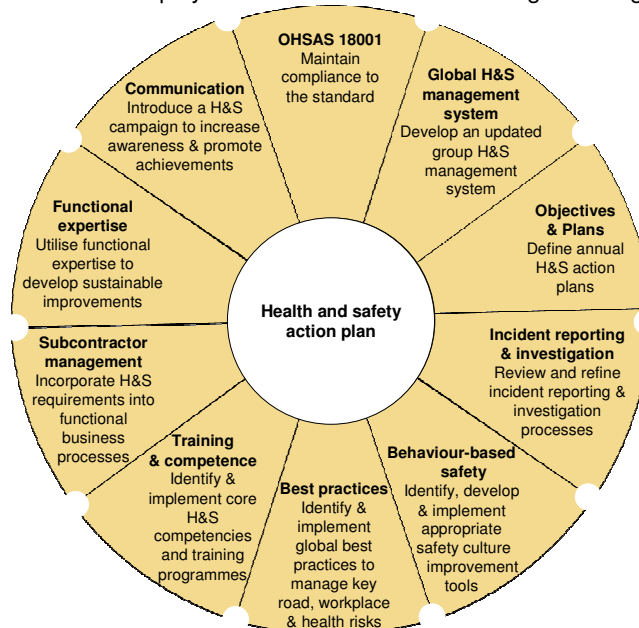
Improving safety culture

To complement safety standards, controls and tools, TNT Express has stepped up efforts to strengthen its safety culture. This is done by addressing the attitudes, beliefs, perceptions and values of employees and subcontractors in relation to safety. TNT Express promotes a safety culture in which management exhibits leadership and commitment to safety and all employees assume responsibility for the health and safety of themselves and others. Example initiatives are:

- The TNT Express hub in Liège, Belgium, is halfway through a three-year programme designed to reinforce its safety culture and improve its LTA ratio by 50%. Several behaviour-based safety tools and best-practice techniques are being applied, including extensive training and coaching.
- The Australian business unit implemented a safety observation programme, with targeted interventions and challenged observed behaviour and common practice.

OUTLOOK AND COMMITMENTS

TNT Express' most relevant overall safety target is the reduction of LTAs. The objective is to realise 2.0 LTA per 100 FTE by 2015, compared to 2.69 in 2013. In support of this target, TNT Express has adopted a health and safety action plan for the years 2014 to 2015 based on recognised industry best practices. The action plan has ten focus areas, as shown below. The development and deployment of the action plan is led by TNT Express health and safety professionals from the operating units and head office. The revised health and safety management system, its objectives and working plans have been shared with the operating units, and a self assessment tool will be used to monitor progress and measure performance. Successful deployment at subcontractors will be given a high priority.



III. ENVIRONMENT

MANAGEMENT AND PERFORMANCE

TNT Express considers energy and carbon efficiency to be a priority. Therefore, TNT Express is committed to mitigating its environmental impact, with a focus on three areas:

- Operations: improve CO₂ efficiency and air quality of activities, including subcontractors
- Customers: provide CO₂ information to customers and help them reduce their emissions
- People: encourage awareness and train employees and subcontractors in environmental management

TNT Express relies on a comprehensive environmental management system to plan, implement, monitor, manage and improve the impact of its activities. Clear policies, standards and management controls are in place to manage the environmental impact of TNT Express' fleet and infrastructure at each important juncture (planning, acquisition and operation). For subcontractors and suppliers, policies and guidelines are in place to ensure they meet TNT Express' environmental management requirements.

TNT Express' operations comply with all applicable environmental laws and standards. To ensure consistency, all business units and networks must also comply with the ISO 14001 standard. TNT Express includes environmental requirements in its capital expenditure and procurement review process.

Annual action plans are implemented locally to improve the carbon efficiency of operations. Performance is measured through KPIs related to energy, CO₂ emission and CO₂ efficiency. TNT Express' environmental performance is included in the performance management framework and subject to quarterly reviews.

Environmental performance KPIs

Year ended at 31 December	2013	variance %	2012
ISO 14001 (% of total FTE)	84%	1.2	83%
CO ₂ emissions absolute of own operations (Scope 1 and 2) (ktonnes) ¹	♦ 1,078	3.1	1,046
CO ₂ emissions absolute of subcontracted operations (Scope 3) (ktonnes) ¹	♦ 1,268	(2.9)	1,306
CO ₂ efficiency network flights (European air network + domestic) (g CO ₂ /tonne km)	♦ 1,577	(0.8)	1,590
CO ₂ efficiency long haul air (g CO ₂ /tonne km)	♦ 410	(4.9)	431
CO ₂ efficiency small trucks and vans (g CO ₂ /km)	♦ 345	0.6	343
CO ₂ efficiency large trucks (g CO ₂ /km)	♦ 720	(1.5)	731
CO ₂ efficiency buildings (kg CO ₂ /m ²)	♦ 25.0	4.2	24.0
Euro 4, 5 and 6 trucks and vans (% of total number of vehicles in EU countries)	82%	12.3	73%

¹ For comparative purposes 2012 numbers have been restated.

Figures with a ♦ fall within the reasonable assurance scope

In 2013, the total CO₂ emissions of TNT Express' own and subcontractor operations (Scope 1, 2 and 3 of the Greenhouse Gas Protocol) decreased by 0.3% to 2,346 ktonnes. The CO₂ emissions of TNT Express' own operations (Scope 1 and 2) increased in absolute terms by 3.1% to 1,078 ktonnes (2012: 1,046) as a result of higher air operation activity levels. CO₂ emissions of subcontractor operations (Scope 3) decreased by 2.9% to 1,268 ktonnes. In 2013, 54% of total CO₂ emissions was related to subcontractor operations.

The CO₂ efficiency of TNT Express' air operations, measured in CO₂ per freight tonne kilometre, improved in 2013 due to higher load factors and the use of relatively fuel-efficient Boeing 777 freighters throughout the entire year.

The CO₂ efficiency of large trucks, measured in CO₂ per kilometre, also improved due to the transition to newer fuel-efficient vehicles and focus on driver behaviour. TNT Express also took measures to improve the utilisation of its network (shorter routing and better load factors). The impact of these initiatives is however, not registered in the efficiency indicator used for vehicles, CO₂ per kilometre.

The relatively cold winter in Europe in the beginning of 2013 led to the reported deterioration of the CO₂ efficiency of TNT Express' buildings.

The number of own trucks and vans in European Union countries at Euro 4 or higher standards increased by 12.3%. Refer to chapter 5 for more information.

KEY INITIATIVES

Operations

Road

In all major markets, electric and low-carbon emitting vehicles and electric-assisted tricycles were tested and deployed, particularly for city deliveries. Operating units also tested fuel-efficient innovations such as telematics, fuel savers and aerodynamic vehicle equipment. With a partner, TNT Express developed on-board computer technology that calculates fuel efficiency and provides insights into driver behaviour and driving style. This innovation resulted in fuel and CO₂ efficiencies of between 10% and 15% in the pilot study conducted in the Benelux. To ensure maximum impact and scalability, best practices are shared and, where possible, replicated on a global scale, including subcontractors.

Air

TNT Express aims to constantly improve the fuel efficiency of its aircraft operations by applying best practices in network and flight planning, take-off, in-flight procedures and ground processes. In the years to 2017, a significant number of short haul aircraft will be replaced by younger, more fuel-efficient aircraft types.

Supply chain and innovation platforms

At the industry level, TNT Express participated in several of the European Union's 7th Framework Programme for Research (FP7) programmes (CITYLOG, STRAIGHTSOL, FREVUE) which aim to generate 'zero-emission' solutions for deliveries to city centres. In the FREVUE programme, TNT Express has committed to partner with the cities of Amsterdam, London, Madrid and Rotterdam. TNT Express is also co-founder of the Green Freight Europe (GFE) sector initiative which aims, amongst others, to reduce CO₂ emissions of the transportation sector by supporting its members through a standard methodology for monitoring and reporting on carbon emissions.

Customers

TNT Express actively engages with customers interested in climate change-related performance through a range of services:

- CO₂ Report: to track and analyse historical CO₂ emissions
- CO₂ Quote: to predict future CO₂ emissions
- CO₂ Scenario: to model and optimise CO₂ emissions in the transport supply chain
- CO₂ Neutral: to offset CO₂ emissions related to the transport of their consignments

People

Driver behaviour has a major impact on vehicle fuel efficiency. Therefore, TNT Express' drivers are trained in driving behaviour, which helps to reduce fuel consumption and improve safety. 'Eco-driving' is included as a standard requirement in driving courses in various locations and is also offered to subcontractors. In 2013, the 7th "Drive Me Challenge" edition was held at the Duiven road hub in the Netherlands. TNT Express' drivers and subcontractors from operating units worldwide competed in fuel efficiency, safety and customer experience.

OUTLOOK AND COMMITMENTS

The corporate CO₂ efficiency index and the related 40% overall improvement target established in 2007 have been replaced by measures and targets better aligned with TNT Express' core operational processes. Targets have been set for the main operating units, and are included in local carbon management plans in the coming years. These medium-term targets include:

- 100% of own drivers trained in eco-driving;
- 90% of own vehicles in the European Union at Euro 4 or higher emission standards;
- telematics applied to 50% of own road vehicles;
- 100% of own linehaul trucks and trailers equipped with aerodynamics; and
- 100% of BAe 146 aircraft replaced by newer, more fuel-efficient fleet.

Where possible, subcontractors will continue to be involved in initiatives and training programmes.

IV. SOCIAL AND ENGAGEMENT

Social and engagement performance KPIs

Year ended at 31 December	2013	variance %	2012
Investors in People (% of total headcount)	82%		82%
Employee engagement	67%	(5.6)	71%

EMPLOYEES

As a global service provider, TNT Express largely depends on its people to deliver the best possible service to customers. Therefore, TNT Express considers both employees and subcontractors to be vital assets and pursues a corresponding policy towards human resources management and people development.

TNT Express uses the Investors in People (IiP) standard to provide a consistent and structured approach to people management. The standard requires identifying and communicating clear business objectives to all employees and providing performance feedback, development plans and adequate training. The objective is to achieve and maintain IiP certification for all operations. In 2013, 82% of employees were working at IiP-certified sites (2012: 82%).

Training and other development actions are undertaken at all levels within the organisation. All global training-related development activities are centrally managed to ensure alignment with the company's values and strategic priorities. Implementation takes place at local level to ensure local cultures and languages are taken into account and to minimise cost of travel.

TNT Express places particular focus on identifying, recognising and developing employees with the potential to become leaders. Employees are encouraged to join talent pools to develop leadership capabilities and to ensure succession planning. Annual performance calibration and succession and talent reviews are conducted to discuss and assess employee performance results, and to guarantee succession planning of talents. In addition, TNT Express' global talent development initiatives are designed to train and prepare employees to take them to the next level in their careers.

Employee engagement is measured every year through the global engagement survey, *VOICE*. In 2013, TNT Express scored 67% on employee engagement (2012: 71%) a decline mainly due to a reported increase in workload. In 2014, management will pay particular attention to the areas highlighted by the engagement survey.

HUMAN RIGHTS

In 2013, TNT Express revised the TNT Express Business Principles to better align them with the specifics of its activities and the UN Guiding Principles for Business and Human Rights. The revised Business Principles provide more clarity and detail on specific TNT Express human rights aspects related to labour and employment, and replace the SA 8000 certification.

HUMANITARIAN PARTNERSHIPS

TNT Express provides expertise and capacity to selected humanitarian partners, often at the local level with a close link to the company's expertise, culture, employees and customers. Examples include the "Wooden Spoon" charity for disadvantaged children in the United Kingdom, the "Die Tafeln" food redistribution charity in Germany and Austria, and the "Kind Heart Foundation" for distributing medicine and medical equipment in Russia. These activities serve to engage and develop employees while delivering safe and efficient supply chain solutions for people in need.

TNT Express evaluated its "Moving the World" partnership with the United Nations World Food Programme in regards to its future potential and strategic, financial and cultural fit, and decided to discontinue this partnership by the end of 2013.

In 2013, at the request of the United Nations Global Logistics Cluster, trained TNT Express employees were sent to help ensure that critical relief supplies reached those affected by the Haiyan typhoon in the Philippines.

To ensure maximum impact for local partners and engagement of employees, TNT Express will continue to provide logistics supply chain solutions at the local level.