



URGENT COURIERS' Sustainability Scorecard 2010



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Introduction

Urgent Couriers is one of the largest specialised on-demand courier services in New Zealand. It has about 25 per cent of the Auckland fast-delivery market. It has 20 staff and 65 contractors.

In the 2009-2010 financial year the company turned over \$6m and handled (picked up and delivered) more than 385,432 parcels.

This scorecard shows how Urgent Couriers' sustainability performance is tracking since its last full Sustainability Report in 2008. It details the sustainability initiatives that are core to Urgent Couriers, and reflects on the ongoing and unique challenges faced by a courier services company.

The reporting period is 1 April 2009 to 31 March 2010, a year in which Urgent Couriers introduced several key initiatives, and put a real focus on supporting its fleet of drivers.

Urgent Couriers has decided to follow some of the world's most sustainable companies and shift to live website reporting of its sustainability initiatives. This will include commentary on key initiatives and sustainability news as it happens, as well as updates on how the business is performing against its key performance indicators.

This scorecard provides an interim update on how Urgent Couriers is meeting its most critical sustainability challenges:

1. carbon intensity

and

2. courier earnings.



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Statement from the Managing Director

Urgent Couriers has put a lot of thought into how we can best inform all stakeholders of our sustainability performance. We think this scorecard is a great way to bridge the gap between the last printed comprehensive Sustainability Report and our planned switch to online reporting. This is the key trend in overseas sustainability reporting, and we hope to have online reporting up and running by the first quarter of 2011.

The past year has been tough one for Urgent Couriers as the country struggled to come out of the recession, and customers sought ways to reduce expenses such as freight. Pleasingly, Urgent Couriers retained its market share and – crucially for its drivers' viability – its price integrity in the face of aggressive price cutting by competitors.

The company's courier fleet reduced by 25 per cent due to the tough times, but this increased profitability for each courier. The remaining fleet of 65 couriers has been used more effectively with an increase in average jobs per day per courier.

The introduction of Urgent Couriers' innovative new **Mobile AdVert** service also improved contractor earnings, providing an opportunity to earn additional income each month.

Full use of GPS and automatic dispatch helped the company reduce its carbon emissions further. Automatic dispatch was first trialled in November 2009 and was consistently used from the end of the first quarter this year, with 20 per cent of bookings processed this way.

As the economy strengthens, Urgent Couriers will be in a great position to take advantage through its innovative approach to sustainability, and a focus on sustainable business practices.

Steve Bonnici
Managing Director
Urgent Couriers



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Contractor earnings

The financial viability, and therefore survival, of contractors is a crucial component of a courier company's business. Financial viability of drivers is the number one threat to the fast delivery market, and with the tough economic conditions of the past two years, drivers have found it hard to earn a living.

In line with best-practice sustainability, Urgent Couriers places a major focus on the social impacts of its business – particularly in relation to the driver fleet, and how it can assist drivers to better cope with the difficulties they encounter. Initiatives to address these responsibilities include:

Financial management assistance

The company provides money management and tax training seminars to contractors, who often lack these small business skills. Last year, there was no contractor failure (bankruptcy), which is a statistic that Urgent Couriers is very proud of given the tough economic times.

Bonus scheme

Urgent Couriers offers contractors an additional 2 per cent of total customer revenue each month if they meet a clearly communicated set of standards, including vehicle presentation, personal presentation, customer relationships, public relationships and driving behaviour. On average over 90 per cent of contractors qualify for a bonus every month.

Vehicle loans

The company offers contractors who don't already have a suitable low emission vehicle a loan for the full cost of a new vehicle at competitive interest rates. Contractors save in a vehicle maintenance fund to ensure vehicles are regularly serviced.

Through a long-term arrangement with Honda New Zealand, Urgent Couriers contractors can access a full service vehicle lease of a low-emission Honda Jazz. Couriers who prefer to own vehicles have purchased second hand Honda Jazzes, which now make up 60 per cent of the fleet.



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Price integrity

Urgent Couriers is focused on maintaining pricing at a level that is fair for customers while providing contractors with the ability to make a living wage. In the face of fierce and unscrupulous price cutting during the recession, Urgent Couriers has been particularly focused on maintaining this price integrity. Urgent Couriers set a goal at the beginning of 2010 to increase contractor earnings to a level which will provide its drivers with a taxable income after expenses in the region of \$18-20 per hour.

A couple of new initiatives Urgent Couriers has introduced during the reporting period to improve contractor earnings include:

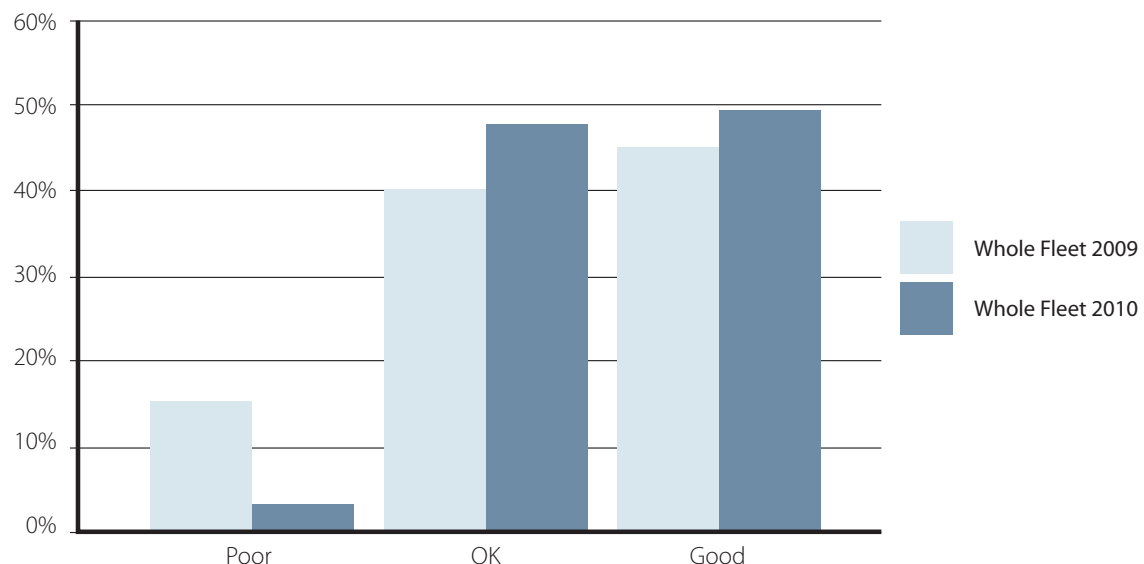
Technology – Automatic dispatch

Urgent Couriers has been developing a system of dispatching that uses complex mathematical algorithms to decide which job is allocated to which contractor. This system uses a range of data such as live GPS coordinates from the contractor, the time remaining on deliveries and destination of a new delivery to determine the most efficient route. This will provide the opportunity for contractors to carry more deliveries and therefore improve earnings. The system has been tested during this period and is showing promising signs, however, further development is being carried out before a full roll out is planned in early 2011.

The chart below titled 'Courier Earnings' measures the financial sustainability of Urgent Couriers contractors. Urgent Couriers and the industry at large still faces a significant challenge in this area.

The 'Courier Earnings' chart is based on the table below with the fleet segmented into three areas, which reflects differing overheads per contractor.

COURIER FLEET EARNINGS SUSTAINABILITY





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Mobile AdVert

Urgent Couriers launched *Mobile AdVert* in 2009. This allows its contractors with Honda Jazz cars and Hiace vans to earn additional revenue every month through selling media space on their vehicle.

In the 2009/10 year, 19 cars carried billboards, making this a significant income contributor for many drivers.



Baseline Courier Earnings

Cycle	City	Main	Ranking
\$0-132	\$0-173	\$0-199	Poor
\$133-192	\$174-223	\$200-253	OK
>\$192	>\$223	>\$253	Good

Urgent Couriers' target for the 2010 financial year (1 April 2010 – 31 March 2011) is to have only 5 per cent in 'Poor', no more than 35 per cent in 'OK' and the balance in 'Good'.

COMMENT FROM AN URGENT COURIERS' DRIVER

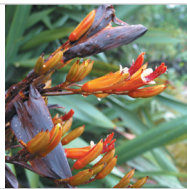


“ I have been in the courier industry for approximately 18 years. I recently joined Urgent after experiencing the effect that a recession coupled with a mismanaged team can have on a courier's earnings.

Urgent are dedicated to ensuring each driver is supported and challenged to earn to their full potential. I am earning substantially more than I did with the company I had previously contracted to for 7 years, and have felt more valued and appreciated in the process.

Steve Bonnici and his team are committed to providing a professional service and a sustainable income and longevity of career for their contractors.”

Grant Mitchell



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Carbon intensity

Burning fossil fuels is an unfortunate, but necessary, environmental impact of the courier transport business and a key part of Urgent Couriers' sustainability reporting. Urgent Couriers is certified by the *carboNZero*^{Cert™} programme (www.carbonzero.co.nz). As part of this, the company must measure, manage, reduce and offset all unavoidable carbon emissions.

Emissions from its vehicle fleet are minimised in the following ways:

Technology

GPS and automatic dispatch technology has improved the efficiency of the fleet in the reporting period, allowing smarter, more efficient route and job planning, resulting in fewer kilometres travelled on each job – saving fuel and money.

Low Emission Vehicles (LEV)

LEVs now account for 70 per cent of the Urgent Couriers' fleet with contractors opting for vehicles such as the Honda Jazz.

Carbon emissions

Urgent Couriers measures its emissions and has them independently audited. To demonstrate its commitment to accounting for its true environmental impact, the company purchases carbon credits to offset all remaining and unavoidable emissions. At about \$15-20 per tonne of CO₂ equivalents, Urgent Couriers' carbon now represents a significant cost to the company. Total GHG emissions for Urgent Couriers were 830.38 tonnes of CO₂e for the 12 month period 1/04/2009 to 31/03/2010.

Energy source	2008/09 Total tonnes CO ₂	2009/10 Total tonnes CO ₂	% Change	Change (tCO ₂ e)
Transport Fleet - Diesel	249.35	207.56	-16.76	-41.79
Transport Fleet - LPG	6.40	0.03	-99.56	-6.37
Transport Fleet - Petrol	676.64	555.96	-17.84	-120.68
Corporate office operations - Electricity	11.12	8.58	-22.88	-2.55
Corporate office operations - Domestic air travel	0.18	0.00	-100.00	-0.18
Other contracted providers - Freight - air travel long haul	3.94	4.49	14.01	0.55
Other contracted providers - Freight - air travel short haul	25.74	52.35	103.35	26.60
Other contracted providers - Freight - road transport	2.47	1.41	-42.86	-1.06
Total	975.85	830.38	-14.91	-145.47

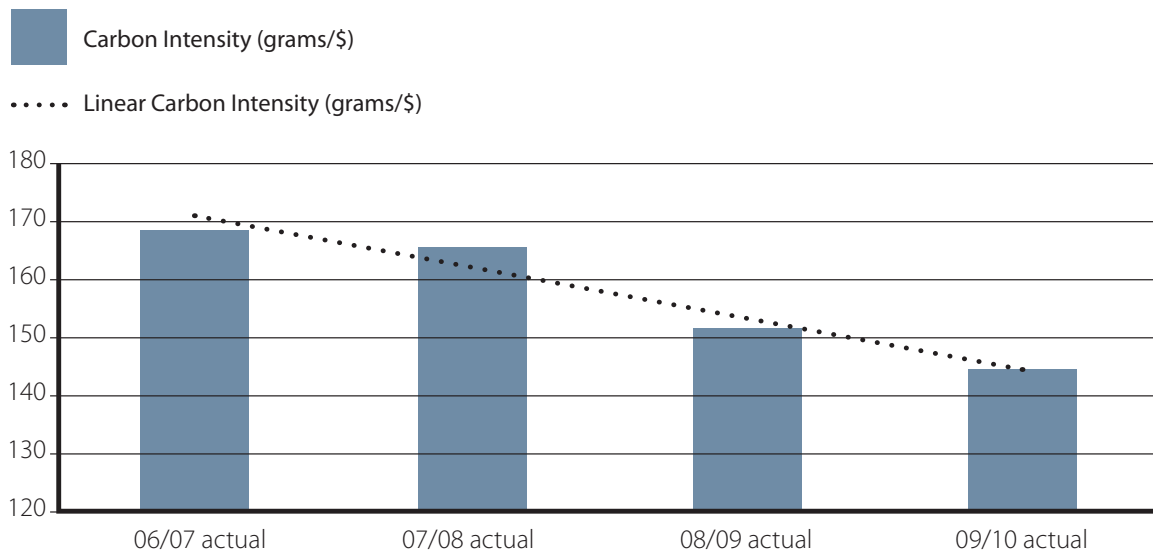


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Urgent Couriers has achieved an overall emissions reduction of 145 tonnes of CO₂e. But we would note that a significant proportion of this reduction is due to overall lower business activity because of the recession.

CARBON INTENSITY TREND



Urgent Couriers' main measure of its sustainability performance is that of carbon intensity. We've managed further reductions during the period as couriers replace their vehicles with low emission models and as our couriers become more efficient. The increased use of Low Emission Vehicles has reduced our carbon intensity (grams per dollar of revenue) from 151 grams/\$ to 144 grams/\$, for a 4.6 per cent efficiency improvement.

COMMENT FROM AN URGENT COURIERS' CUSTOMER

“ Many businesses are aware that their activities contribute to climate change. Fewer companies actively seek to reduce or minimise their emissions. Even fewer voluntarily offset their emissions to become carbon neutral. While others wait for leadership, Urgent Couriers demonstrate it every day: **commercial excellence underscored by a considered response to their social and environmental impacts.**”

Trevor Johnston
Sustainability Manager, The Warehouse Limited



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Contact us

We welcome feedback and suggestions on how we can improve our reporting.

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