



PROOF
OF DELIVERY

Urgent Couriers'
SUSTAINABILITY REPORT
2008

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Highlights

Urgent Couriers' approach to sustainability has evolved since the first report in 2001. In this time Urgent Couriers has tackled the keys issues of driver sustainability and its carbon footprint head on.

This report 'Proof of Delivery' details the sustainability initiatives that are core to Urgent Couriers, highlights our successes, reflects on the on-going challenges and firms up the targets for the future.



PART ONE: Vision and strategy

Picking up the major impacts

Urgent Couriers' strategic approach to sustainability

Within Urgent Couriers, sustainability is defined as a commitment to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life.

In short, Urgent Couriers focuses on People, Planet, and Profits. Our vision is to establish a company that:

- Trains and rewards all contractors and employees with the fairest and highest remuneration within the industry
- Provides consistent, efficient, and reliable services for all clients
- Procures products and services from efficient and environmentally friendly suppliers and pays them in a timely manner

- Leads the New Zealand courier industry in its impacts on the natural environment by changing to Low Emission Vehicles (LEVs) and using smart technology to improve efficiency
- Develops its team's understanding of their impact on the community
- Maintains a level of company profitability that allows shareholders to invest in growth to provide opportunities for employees
- Utilises e-commerce to future-proof Urgent Couriers and assist with building strategic partnerships in emerging areas of business.

People are at the heart of the business, and Urgent Couriers is focused on helping its staff and contractors achieve a good standard of living in a positive work environment.

By equipping our people with confidence through training and performance reviews, we aim to help them accept the challenge to go out of their way to help others. Our social commitment has grown over the years and has become an intrinsic part of the company culture. All members of the organisation are aware of the charities supported, and encouraged to participate. Social commitment is measured as part of the overall performance of an individual.

Urgent Couriers takes a holistic view of its operations and accordingly includes its customers in the organisational profile. Viewing customers as equally important as its other stakeholders has been an important foundation of client retention success.





Statement from the Managing Director

Welcome to our second sustainability report. Since our inaugural report in 2001, the New Zealand courier industry has changed dramatically on many fronts. Our business has kept ahead of a wide range of challenges, and heavily innovated along the way. The reality of our operating environment has meant that reporting has taken a back seat, while sustainable business practices has remained a driving force.

The good news is that, with many new innovations in place, we have a strong platform going forward. As you will see in the following pages, our dedication to best practice sustainable development is stronger than ever. As part of this dedication, I am very pleased to note my involvement with the Global Reporting Initiative (GRI) Working Group responsible for creating the Logistics and Transport Sector Supplement.

This report has been guided by the GRI Logistics and Transport Sector Supplement and will focus on Urgent Couriers' environmental, social and economic impacts since the inaugural report in 2001.

For Urgent Couriers, the evolution of the internet has been a mixed blessing. With the advancement of email use, document delivery jobs have reduced in volume. In general, a large percentage of our work has shifted from documents to parcels. This has meant that many of our deliveries previously handled by cycle couriers have been taken over by LEVs. Unfortunately this has occurred during a period of increased fuel costs.

In our first sustainability report one of the key issues identified was the financial viability of our courier contractors. Due to the previous 10 years of tough competition prices had not kept pace with inflation sector wide. We implemented a significant price increase strategy. We are pleased that our customers responded positively to this move and were unwavering in their support. We are also pleased that our competitors eventually followed suit. Contractor financial viability is central to the financial sustainability of the courier industry. Tracking progress along these lines will be at the core of our ongoing reporting.

Another key issue that has evolved in importance since 2001 is that of climate change and, more specifically to our industry, carbon emissions. We recognise we have an active part to play in this area, and have once again taken a leadership position. We have increased our fleet efficiency, reduced our emissions intensity, invested in LEVs, and become certified carbon neutral through Landcare Research's *carboNZero* programme. We were extremely proud to be the first transport company in New Zealand to be certified carbon neutral and view our ongoing participation in this programme as yet another way we can demonstrate leadership and innovation in the courier industry. As with the issue of the financial viability of our contractors, we appeal to our competitors to take

responsible action and follow suit with providing financial literacy assistance to their extended team members. All of these initiatives are detailed in the following pages.

In spite of these challenges, we believe that like never before, the courier industry has an important role to play in the future. There will always be a need to get physical items from point A to point B. Each day, our couriers enable many people to stay out of their cars and off the roads, even for the smallest errands. Our route planning and dispatch system now utilises GPS and as a result, our deliveries minimise unnecessary driving and maximise the amount of stops our couriers can make along their route.

Energy scarcity and climate change are issues that affect us all, and accordingly they are firmly on the radar. We believe that couriers will play an increasingly vital role by improving the efficiency of the society we live in.

While the internet has forced us to change the way we do business, we recognise that there are now new market opportunities available to us because of this shift in technology. With the growth of online retail purchasing comes an opportunity for Urgent Couriers to provide business to consumer services as an add-on to our successful business to business model. We have launched a new service – aptly named *Urgent Tonight* – in 2008 to take advantage of this evolving market.

As Urgent Couriers expands into new markets in the year ahead, we will not only continue to set the standard for the courier industry – we will serve as the vehicle for change and transformation. We will continue to be guided by input from our contractors and staff and by feedback received from our clients.

I trust you will find our 'proof of delivery' impressive, and indicative of our ambitions for the coming years.

Steve Bonnici
Managing Director
Urgent Couriers



Key impacts, risks and opportunities

Urgent Couriers' key impacts on sustainability and effects on stakeholders relates primarily to its vehicular carbon emissions impacting the environment and the financial success of its contractors.

The importance of our planet cannot be understated. Urgent Couriers has a strong system in place to manage its environmental impacts, and has placed emphasis on reducing and offsetting carbon emissions associated with its business operations. The company takes all economically viable steps to reduce its impact on the natural environment, and then takes ultimate responsibility for its unavoidable emissions by purchasing carbon credits.

No business stays in business without attention to profits. Urgent Couriers has continually improved its operational model to ensure that the company and its contractors achieve financial success. We must maintain a profit margin that will allow the business to expand and effectively participate in a highly competitive marketplace. Maintaining economic viability is intrinsically linked with the people and planet commitment. These linkages provide the impetus for our team's excellent service, which in turn enables financial viability.

As part of its annual business planning Urgent Couriers prioritises these challenges and opportunities and develops workable strategies for managing its impacts and leveraging the opportunities.

The main processes in place to measure Urgent Couriers' success in terms of managing its risks are its participation in the *carboNZero* programme to measure its carbon emissions on an annual basis. In terms of managing the financial success of its contractors Urgent Couriers assists with the provision of regular accounting services for its contractors and as required provides extra assistance to contractors who may need tax or budget management advice.

Using these guiding principles and practices, Urgent Couriers has maintained its position as a successful business and a sustainable courier industry leader.



PART TWO: Profile

The complete package

About Urgent Couriers

Urgent Couriers Limited is one of the largest specialised on demand courier services in New Zealand. Its headquarters are located in central Auckland.

Data on marketshare is not readily available in the courier industry. Based on the estimated fleet sizes of competitors compared to Urgent Couriers' fleet we believe we have between 20% and 25% of the Auckland fast-delivery market.

At inception Urgent Couriers had four employees and 13 contractors. Today it has 18 staff, and there are 74 contractors.

As one of the largest specialised on-demand courier services in New Zealand Urgent Couriers provides the following services:

- **On Demand Local (ODL)** – Services around the Auckland metropolitan area ranging from 15 minutes CBD deliveries to 3 hour Auckland wide and everything in between.
- **Road Run Same Day (RRSD)** – Dedicated couriers are available to drive your delivery to anywhere in the North Island.
- **Air Nationwide (AN)** – Consignments to and from all destinations around New Zealand serviced by a commercial airport.
- **Nationwide (N)** – Consignments to and from all destinations around New Zealand delivered the next business day.
- **International (I)** – Consignments to destinations worldwide.

History

Urgent Couriers is a privately owned limited liability company that was formed in 1989.

The founder and Managing Director, Steve Bonnici, is passionate about bringing service excellence to our customers. Having started in the industry in 1984 as a courier himself, Steve has vast industry experience and has a team of experts to support the company's goal of 'setting the standard for the courier industry'.

Below: the fleet in 1991



Stakeholders

A wide range of stakeholder interests are consulted for all pertinent issues of operation. This includes employees, contractors, customers, suppliers, and governmental entities. In a macro sense, we also consider the needs of the general public and the world at large.

Customers

Our customer base primarily consists of other businesses, though over time we are evolving to also include business to consumer services.



A customer delivery

Employees

We realised early on that as a service business our most important asset is our people. We invest heavily in the training of all team members to bring you consistently high levels of customer service. Having exceptional people on the road and in the office is one of the secrets of Urgent Couriers' success.



Contractor training

Contractors

A guiding principle of Urgent Couriers since its inception is to ensure its couriers are viable business people in their own right. Our contractors are the life blood of the company. They come from a diverse background of ages, genders, professions, countries, and walks of like. We acknowledge the importance of their involvement and do our best to ensure that their success and viability is carefully managed.

Our fleet today includes fuel-efficient Honda Jazz cars and bicycles.



Scope of Report

Approach to reporting

This report boundary covers Urgent Couriers' head office operations, company owned vehicles and all contractors who are collectively located in Auckland, New Zealand. Urgent Couriers has chosen to include the contractors in all of the measurement criteria as we did in our inaugural report in 2001, to provide continuity and credibility. This will provide us with comparable data and trends information. However, we have chosen not to report back against the challenges and goals from 2001 as they are now outdated and any differences would not provide meaningful insight to key challenges now faced by the business.

Data measurement techniques included a review of the financial accounts, HR system records and carbon related data was sourced from Urgent Couriers' participation in the *carboNZero* programme which is based on the GHG Protocol and ISO14064, which required independent verification.

The timeframe for the measurement of this report is for the financial year ending 31 March 2008.

The GRI indicators included in this report were deemed the most appropriate to and reflective of the operations of Urgent Couriers under the current business model. The indicators will be amended over time as changes and developments in operations arise.

As a best practice guide for sustainability reporting, the GRI indicators are very broad in scope. Some of the indicators covered in the GRI framework are entrenched in New Zealand law and as such they have not been included in this report. Other indicators have been excluded because they are not relevant to Urgent Couriers, or because the data required for reporting is not available.

Specific indicators that have not been included are social performance indicators LA16 and LA17; environmental performance indicators EN4, EN5, EN12, EN15 and EN22; L&T Sector indicators LT4, LT7, LT9, LT10, LT11, LT12, LT15, LT16 and LT17.

Objectives

- To report on the areas in which Urgent Couriers has made significant progress
- To identify areas that need improvement
- To benchmark future performance
- To provide a quantifiable, independently verified testament of Urgent Couriers' achievements to differentiate it in a competitive marketplace
- To honour Urgent Couriers commitments as a member of the New Zealand Business Council for Sustainable Development.

Goals

Walking the talk

Urgent Couriers' vision as stated is "Setting the Standard for the courier industry". To do this in the area of sustainability, Urgent Couriers must be prepared to confront the difficult areas outlined in this report. This report needs to provide independent verification that Urgent Couriers is attempting to walk the talk.

Adds value to what we do

Measuring performance using clearly stated criteria provides focus for Urgent Couriers, ensuring that it is not wasteful in any of its business practices. Savings made from smarter business practices allows Urgent Couriers to remain competitive without eroding contractor margin.

Performance improvement

By continually measuring our performance, we highlight changing needs and can identify where better management and improvement in social responsibility and environmental impacts are necessary.

Transparency

This report provides transparency with a "warts and all" view of the organisation's performance in all three areas. In order to challenge ourselves and continue to progress as an organisation, it does not allow glossing over of areas that need improvement.

Goals (continued)

Stakeholder relationship building

Urgent Couriers will use this report to communicate its sustainability commitment to its stakeholders with the following aims:

1. Improving the understanding of customers of the challenges facing the courier industry.
2. Exhibiting leadership for the rest of the transport industry.
3. Fostering greater loyalty, and commitment from contractors and employees to create a more stable workforce, that will continue to deliver a high level of service to customers.

Providing leadership through influence

Through Urgent Couriers' sphere of influence it wishes to lead the way towards lifting the sustainability performance of other individuals and organisations. By showing that sustainable management can add value to a transport organisation Urgent Couriers aims to improve the overall performance of its industry sector.



PART THREE: Governance structure and management systems

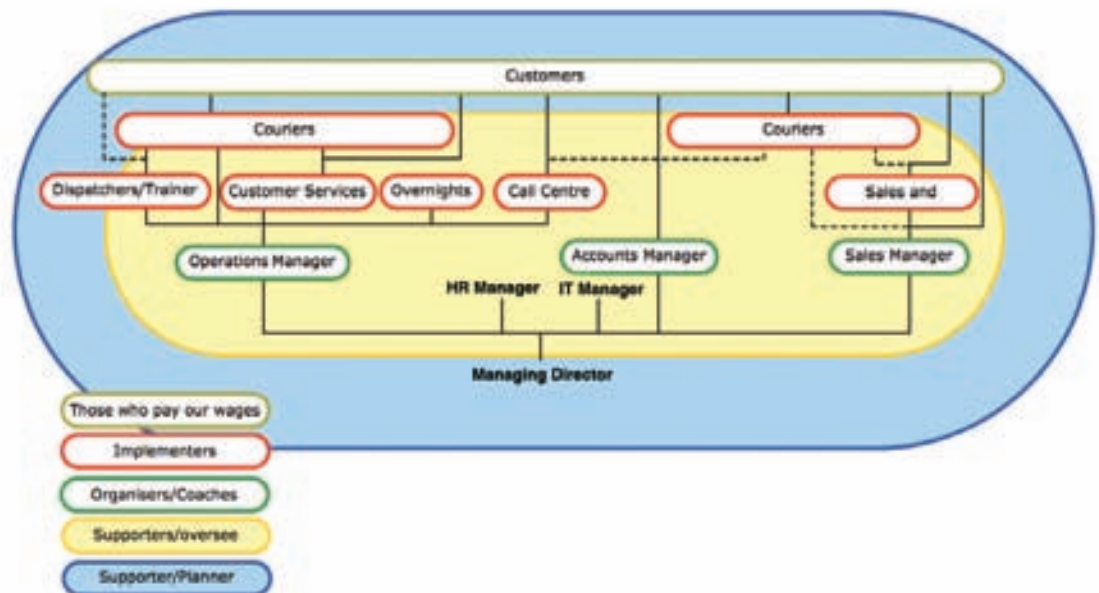
Route planning

Structure and governance

Urgent Couriers is privately held and co-owned and managed by its Managing Director. Company and sustainability strategy and policies are set in place in consultation with senior management and overseen by the Managing Director.

Through day to day management procedures we are able to identify and manage economic, environmental, and social risks and opportunities.

Urgent Couriers' Organisation Structure



Stakeholder engagement

Urgent Couriers identifies its stakeholders as anyone who can have a direct effect on, or be directly impacted by, our business operations. We make every attempt to take on feedback from all stakeholder groups, and are proactive in seeking feedback on a regular basis.

For employees and contractors, this takes place in the form of six-monthly performance reviews. We also undertake periodic climate surveys, which helps support information gathered from the performance reviews.

For our customers, consultation takes place through our account management processes. Supplier insight is sought through our sustainable procurement policy and with ongoing material orders and tenders. All pertinent laws, guidelines, and regulations produced by governmental entities are strictly obeyed. For the general public and the world at large, we are responsive to any incidents brought to our attention, as well as staying generally aware of key issues such as climate change.

As part of our people performance management system we survey selected clients every six months for each employee who has direct interaction with customers. The results of these surveys are conveyed to the individuals and used to assess overall satisfaction of our clients.



New Zealand Business Council
for Sustainable Development

Overarching policies and management systems

Urgent Couriers is a proud member of the Sustainable Business Network (SBN) and the New Zealand Business Council for Sustainable Development (NZBCSD).

As part of its procurement policy, Urgent Couriers has a 40 per cent weighting for sustainability measures, and a 30 per cent weighting for both financial and quality and service measures. Urgent Couriers takes a leadership position on sustainable procurement and is asking its existing suppliers to retrospectively fill out its sustainability survey.

Key strategies, programmes, and certifications include:

- Comprehensive recruitment process
- Initial staff training – to ensure employees and contractors are brought up to speed as they begin their positions
- Ongoing staff training - workshops and classes to increase the knowledge and opportunities for employees and contractors
- Internal 360 degree performance reviews – survey that seeks to capture the internal climate of the organisation
- Contractor performance reviews
- Exit questionnaires
- Public engagement opportunities (e.g. SBN breakfasts, NZBCSD board meetings)
- carbonZero certification
- Certified health and safety system
- A precautionary approach in regards to risk management, operational planning and the development and introduction of new products.

During the reporting period there were no changes to location or changes in operations.

PART FOUR: Performance indicators Track and Trace

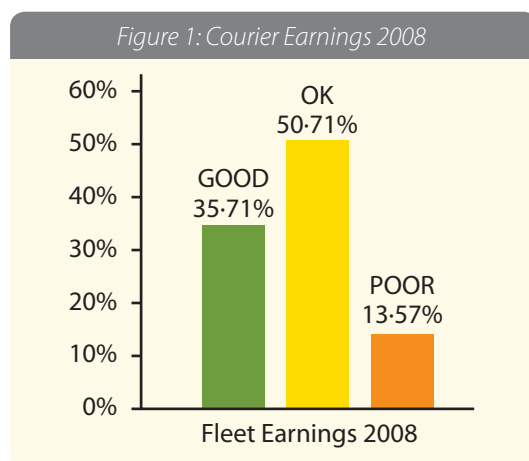
Helping our contractors and employees achieve success

Within the courier industry, financial viability of contractors is a critical issue. Many couriers are initially lured into the industry with the promise of high salaries and having a high degree of autonomy. Each year, many couriers are forced into bankruptcy due to low profitability, insufficient financial understanding and a lack of management skills.

While managing a small business does include a great deal of autonomy, it also bears a heavy responsibility that many have difficulty adjusting to. Others begin the job as new arrivals to New Zealand, many with borderline English capability and minimal understanding of the local business environment. Whether native born or new immigrant, new couriers encounter challenges with money management, planning for taxes, submitting GST and Tax returns, and maintaining the efficiency of their small business.

Historically within the courier industry there has been a high rate of contractor failure of which Urgent Couriers has not been immune. Since our first Sustainability Report highlighted this issue, we have taken a stand to improve courier viability. We were the first to increase rates in the industry, as well as building in flexibility around fuel costs. Integrity in our pricing structure has ensured that our contractors have a fighting chance.

The chart below titled "Courier Earnings" measures the financial sustainability of our couriers. Urgent Couriers and the industry at large still face a significant challenge in this area. Going forward Urgent Couriers will use the Good, OK and Poor earnings criterion to chart our progress.



The "Courier Earnings" chart is based on the table below with the fleet segmented into three areas which reflect differing overhead input costs. Each year going forward we will add inflation to the baseline daily earnings below and categorise our couriers accordingly and compare to this 2008 baseline data.

There is no industry standard for financial sustainability of contractors. The data below is based on Urgent Couriers' experience of the level of income required for a contractor to be financially viable. By adding annual inflation to the baseline data in the table below and comparing contractor gross earnings to this data Urgent Couriers should be able to measure the effectiveness of its strategies to improve contractor viability.

Baseline courier earnings 2008 financial year

Cycle	City	Main	Ranking
\$0-\$131	\$0-\$167	\$0-\$191	Poor
\$132-\$191	\$168-\$215	\$192-\$245	OK
>\$191	>\$216	>\$246	Good

Target

Our target for the 2009 financial year (1 April 2008 – 31 March 2009) is to have only 5% in 'Poor' no more than 30% in 'OK' and the balance in 'Good'.

Other measures to reduce contractor failure

Financial management assistance

While remaining focused on improving the income levels of our contractors, we have also moved on to provide improved support in areas of financial management.

Our initiatives have included the following:

1. Improved the accounts section of the training programme
2. Tax training seminars for our contractors
3. Implemented a unique tax trust savings account system.

These initiatives enable a better understanding of tax obligations, as well as structures for ensuring tax obligations are met on time without financial stress. Many of our contractors now participate in both initiatives and marked improvements in viability have been noted. Last year, the rate of contractor failure totalled three. Establishing this result as our base year, we will continue to include this as a key measure going forward.

Technology

As we worked through the contractor issues and generally noted positive improvements, some unexpected challenges emerged. Due to labour shortages, new immigrants have become vital to the courier industry workforce. Unfortunately there is often a language barrier to overcome. In several cases, we noted that radio dispatch proved difficult for some new contractors to comprehend. With the introduction of GPS tracking and GPRS Data communication, we were able to also identify many route inefficiencies experienced by the new drivers that affected the quantity of jobs they could take on, and hence efficiency.

To continually improve efficiencies, we are rolling out changes to enhance our dispatch system. Our target is to achieve in excess of 400 jobs per courier per month on average.

In the coming years, we anticipate this will further enable our contractors, especially the new arrivals, to better maintain their own viability. It is important also to note that we, like many other businesses, are affected by economic downturns and commodity prices.

Flexible training

Urgent Couriers focuses on thoroughness and flexibility of training, which for some couriers can take up to two weeks. Our view is that the better prepared and equipped they are the better their chances of success; and that our long term viability is dependent on theirs. This is how we approach each contractor relationship. This is an approach unique to Urgent Couriers in the New Zealand courier industry and we welcome any opportunity to communicate our progress and inspire others to act.

Employment and contractors

Workforce breakdown as at 31 March 2008

Employees

Position/role	Employment status	Region
6 management	FTE indefinite contract	Auckland
1 sales	FTE indefinite contract	Auckland
11 operations/training	FTE indefinite contract	Auckland

Contractors – self employed courier drivers

Position/role	Average count for measurement period*	Employment status	Region
Contractor	74	Exclusive contract FTE	Auckland

* Methodology

This figure is based on the total number of minutes that all contractors were logged in to Urgent Couriers' system for the measurement period. The total number of contractor days was then calculated using an average of 9.5 hour days. This figure was divided by 250 working days per year to give the average number of contractors for the period.

Job creation and average staff/contractor turnover

Job creation	2008	Turnover	2008
Employee	NM*	Employee	33%
Contractor	NM	Contractor	38%**

* Currently not measured

**Methodology Contractor turnover

There is no industry standard for measuring contractor turnover in the courier industry. Urgent Couriers has used the following guidelines to provide the above contractor turnover figure:

A count of all contractors that had a leaving date within the measurement period who had tenure in excess of 12 months.

The rationale behind this methodology was to exclude contractors who did part time stints for us on fixed term contracts and also to exclude contractors who after a probationary period decided not to continue.

This count was then divided against the average count of contractors for the measurement period

Urgent Couriers will use the same methodology going forward to provide comparability.

Bonus Scheme employees

Urgent Couriers' employees all receive a bi-annual bonus based on overall company performance/profitability. The total bonus amount is calculated based on set company performance criteria and then divided equally between FTEs regardless of tenure or position.

Contractor Bonus Scheme

The contractors all have the opportunity to earn an additional two per cent of customer revenue as bonus each month by meeting a predetermined and clearly communicated set of standards.

On average 95 per cent of contractors qualify for a bonus every month. The bonus criterion is set out in the couriers' training manual and any changes are made in consultation with the fleet.

The criterion includes the following performance aspects:

1. Vehicle presentation
2. Personal presentation
3. Customer relationships
4. Public relationships
5. Driving behaviour

Going forward, Urgent Couriers may introduce fuel use criteria as a way of incentivising good driving behaviour.

Monthly Fuel Variation (MFV) Pricing

In October 2005 Urgent Couriers introduced a scheme to compensate contractors for fluctuating fuel prices. The MFV is an additional percentage charge to customers set for the upcoming month based on the price of 91 octane fuel on the last day of the previous month. The MFV is calculated on a base price of \$1.20/litre for 91 octanes.

All of the MFV charged to the customers is paid directly to the contractors. Since the introduction, the scheme has been extremely well received by customers and meant Urgent Couriers has not had to try and predict the price of fuel to include in its annual price increase. Figure 2 maps the movements in MFV since introduction.

Sustainable pricing

In Urgent Couriers' 2001 sustainability report one of the key issues identified was income for contractors relative to other job opportunities. Effectively during the 1990s contractor revenue across the whole industry had not increased relative to inflation resulting in a high rate of contractor failure. This was due in part to negligible price rises between 1990 and 2000. To rectify this situation and ensure long-term contractor viability, Urgent Couriers took a leadership position and introduced a strategy to increase rates every year at a rate greater than inflation.

Figure 2: MFV History

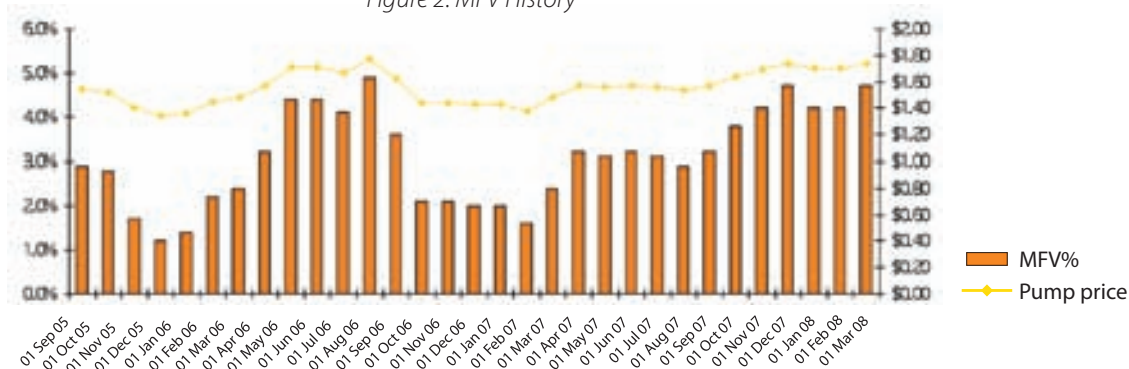


Figure 3: Job Value Increase vs Inflation

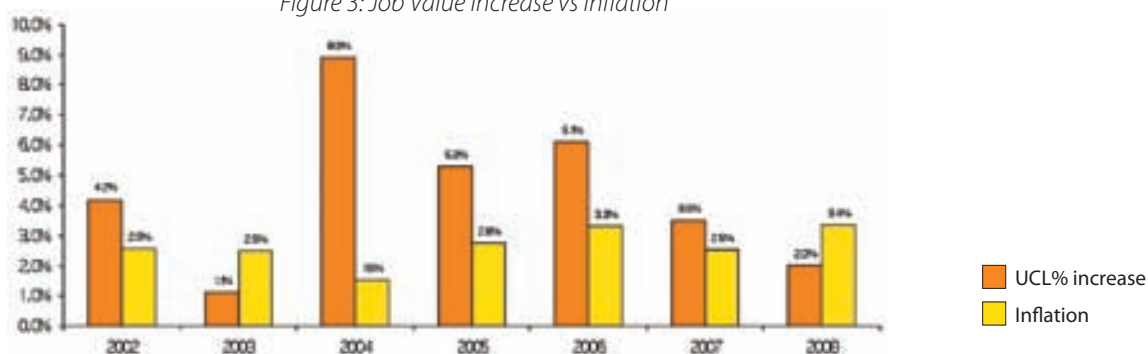




Figure 3 shows that since 2001 Urgent Couriers has increased Auckland point-to-point value per job by 31.17% while inflation has increased 18.65% during the same period.

The contractor response to the strategy has been positive and as indicated in the latest climate survey contractors are recognising Urgent Couriers' commitment to sustainable pricing.

Interpretation of office and courier surveys

Figure 4 displays an overall summary of the results of Urgent Couriers' climate survey. The scores allocated by the participants were averaged and are displayed as a percentage approval rating. Questions regarding the approval of the despatch system were only relevant to couriers and as such office staff statistics are not available.

An outstanding result of the survey is the noticeably positive response to all questions. In each category the approval rating is above 60 per cent, and office staff returned a 100 per cent response to questions about clients and visions and values.

Both couriers and office staff reported that their initial training was helpful to success in their respective roles and that they could ask for help when necessary.

Office staff also felt strongly that they had opportunity to learn new skills and are confident in their roles. In response on questions regarding support from the organisation both groups show they feel supported in their roles within business.

Of the two groups, office staff have a greater satisfaction with their earnings. Office staff also show a greater sense of belonging to the company culture. This may be because of the dynamics of working in close proximity to their colleagues as opposed to the couriers who

work individually or in very small teams. Overall the office staff responded more positively than couriers to the survey, demonstrating a strong allegiance to the company's policies, visions and values and systems.

Health and Safety

Urgent Couriers is committed to providing its office and courier staff and contractors with a safe place of work. In fact, Urgent Couriers has attained tertiary accreditation in health and safety; the highest level possible in New Zealand.

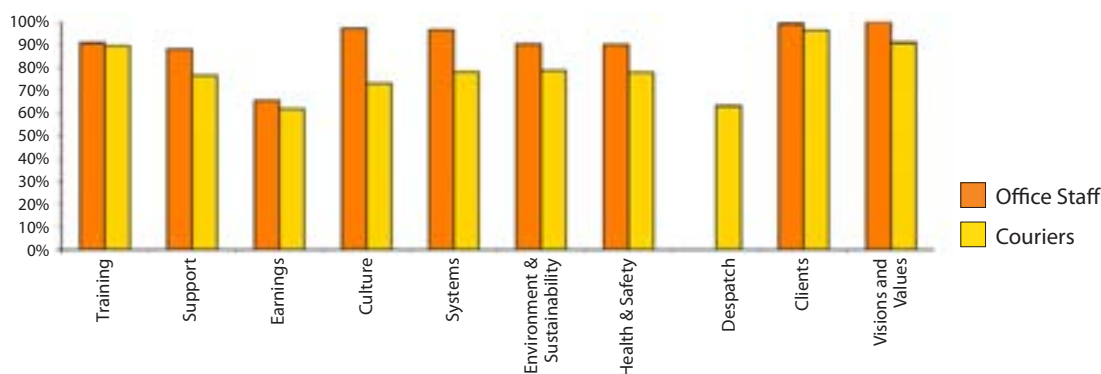
Safety Management System

Urgent Couriers has a Safety Management System which governs the safe methods, machines, buildings and equipment used in our business. The system enables us to quickly identify and manage potential hazards and ensure everyone understands their roles and responsibilities for Occupational Health and Safety. It provides a system to record and report incidents and injuries. The system is managed with the consultation and co-operation of employees.

Health and Safety Committee

Urgent Couriers has a Health and Safety Committee that meets on an as needed basis with employee and safety representatives to ensure continual improvement of its Safety Management System.

Figure 4: Overall Results



Occupational Health and Safety – couriers

Urgent Couriers trains all couriers in its comprehensive Health and Safety Manual. The manual contains a check list for drivers covering the state of their vehicles and all policies relating to the road code, insurance, WOF, registration, emergency kit, licences, etc.

The Health and Safety Manual also contains policies around the carriage of dangerous goods.

Potential hazards are identified on the job for car and van couriers and pushbike and motorbike couriers with advice on how to minimise these hazards.

All couriers take part of a step-by-step monitored training course that has been developed for the needs of couriers, including a pre-training ride with an experienced courier. On successful completion of training the courier is permitted on the road under supervision of the dispatcher who reports on the courier driver's progress. Ongoing training or re-training is arranged for couriers who require it in any area of their role.

New notices on health and safety issues are posted on the dedicated Health and Safety Notice Board at Urgent Couriers' depot in central Auckland which all courier drivers have access to.

Occupational Health and Safety – office based workers

Urgent Couriers has procedures in place for emergencies, accidents and near misses in its office environment. All incidents must be reported to the manager or supervisor immediately and must be recorded in the Accident Register.

Emergency evacuation procedures are clearly displayed for visitors to see and a secure sign in and sign out system is in place to ensure all visitors have name badges and are assigned to an Urgent Courier's employee's responsibility during their visit.

Health and Safety performance

Category	FTEs	Contractors
Standard Injury	0	8 (road accidents)
Absenteeism (days)	82.65	188
Work Related Fatalities	0	0

Training and education

As part of our standard driver training, Urgent Couriers' contractors receive instruction in the handling of dangerous goods as well as basic driving styles that encourage safety and efficiency. To support efficient driver behaviour we have initiated the capture of litres/km as a unit of measure.

Other business operations and HR training is carried out based on personal professional development plans, as required.

Training hours

Urgent Couriers has a comprehensive training programme for all employees and contractors. Unfortunately during this reporting period individual training hours for each employee were not recorded. The total number of training hours recorded below for contractors is for initial training only as this is based upon training days paid to new contractors. This total does not include on-going training of contractors.

The initial training hours column is the estimated amount of training each employee would receive in that particular position as part of their induction. This column is only recorded this year to give an indication of the comprehensive level of training that Urgent Couriers provides.

Urgent Couriers has implemented a system to record all hours of training going forward so it can accurately provide data of training hours in the future, including transport safety training as a separate measure.

Position	Department	Initial Training hours per person estimated	Transport Safety*	Annual Total Hours
Contractors	Transport	36	NM*	1449
Call centre	Operations	90	NM	NM*
Customer services	Operations	90	NM	NM
Dispatch	Operations	180	NM	NM
Management	Management	135	NM	NM
Admin, support and technical	Admin	135	NM	NM

*Currently transport safety training is not measured as a separate part of the training process.

Diversity and opportunity

Urgent Couriers does not have a formal policy covering equal employment opportunities but the breakdown of our workforce provides good indication of a willingness to employ a diverse range of people. Urgent Couriers hires on merit and promotes on attitude and performance. The total employee numbers in the diversity table below is higher than in the employment and contractor section above as it includes all employees and contractors full and part-time, whereas the tables above have part-time workers aggregated to FTEs.

Department	Male	Female
Transport	77	10
Operations	6	9
Management	4	2
Admin/Sales	1	0

Community

Urgent Couriers supports organisations that operate in our local community with a focus on sustainability, such as the Sustainable Business Network and New Zealand Business Council for Sustainable Development.

In 2007, Urgent Couriers was the proud recipient of the Sustainable Business Network's Trailblazer Award for the Northern Region.

We also organise Tree Planting Days for our staff and contractors. These are run in conjunction with Auckland Regional Council and other community organisations on an ad hoc basis.

Urgent Couriers' Deane and Jon collect the Sustainable Business Network Award at the Northern Region Awards event.





SOCIAL STAKEHOLDER INTERVIEW

Jenna Makgill, cycle courier

How long have you been riding with Urgent Couriers?

4 years. I'm quite lucky because I have only worked for Urgent Couriers which is one of the best cycle courier companies in the city.

What brought you to work for Urgent Couriers, and what encourages you to stay on?

I started because I wanted to race overseas and I needed to make money and stay fit at the same time. It was the best way I could do both and still be able to support my racing initiatives.

What do you enjoy about your job?

Just being out and about and not being stuck in an office all day. I have the freedom of not having to have a desk job while doing what I love: cycling.

What challenges do you encounter?

You won't know what it's like unless you do it. I carry 20kg in my bag and it's hard work. So, there are the physical hardships but it's really a mind game. We have to face all the elements - from weather to traffic. Well, traffic isn't too much of a challenge really. You need to have mental stamina. I start at 7am every morning and I'm done around 5.30pm.

How do you feel about the carbon neutral positioning?

I think it's awesome. I have always tried to ride my bike and not use my car. It's hard not to avoid the environmental issues that are currently surrounding us. Working with a company that is trying to be efficient towards the environment is actually quite cool. It's nice to know that Urgent Couriers is not excessively detrimental to the environment. At least I know that I'm doing my part.

How does Urgent Couriers support your cycling career?

Urgent Couriers has always been really understanding with me and the requirements of my race schedule, even though I'm not racing anymore. Last year I raced for an international team which was hard work but really great. I went to Toronto, Canada in June 2008 and I ended up winning and Urgent Couriers again gave me the time off.

What are your goals for the coming year?

I'd really like to go to the courier champs in Japan. I think I'd be really well organised and prepared for it. Internationally, cycle couriers are a large culture and I'm glad to be part of it.

What feedback would you like to provide Urgent Courier's management?

They are very understanding and approachable. I can't really think of any negative things. You can usually approach someone about something. The company itself offers a lot of support. They help with GST and taxes since we're all contractors and we need to do our own accounting. At the end of the month they give you your wages and help out where they can. The cycle couriers can order wholesale items for our bikes. They work out all the receipts and they try to make it really easy for us. Urgent Couriers are and always have been very interested in the welfare of the couriers.



SOCIAL STAKEHOLDER INTERVIEW Victor 'Tuck' Jackson, car courier

How long have you been with Urgent Couriers?

About six years.

How did Urgent Couriers help you become financially viable?

My situation illustrates what can happen in this industry. We are owner driver operators and so we are delivering the service everyday and at the same time managing a business. It can get overwhelming and that's what happened with me. Following a couple of difficult years I was declared bankrupt and my business had to go into receivership. I talked with the Managing Director Steve Bonnici – and he was happy to step in and help.

The first thing Steve did was to approach the receivers – he insisted the best option for debt repayment was to make my business viable again. They agreed. Urgent Couriers then arranged a rescue package that included a vehicle loan; trust accounts for tax and savings; access to a great accountant who has assisted on many fronts, right down to business administration and budgeting. My budgeting processes are so much more automated now, so I have much less to handle; I know the money is going where it needs to go. Meanwhile I'm learning a lot about business administration and I can concentrate on delivering the service.

What was the most significant part of how Urgent Couriers helped get you back on your feet?

Steve didn't require any guarantee from me. In fact, in six years here, I've seen that Steve will give everyone a fair shot. Sure, it's partly self interest because Urgent Couriers' success is based on our success as contractors – but I can tell you that he shows us, in the way he deals with us, what great, caring service looks like. And that culture goes through the whole company.

I recall a delivery I once made to Taranaki in the middle of the night. At 2am I was outside Stratford having delivered the parcel when I was involved in an accident. Stuck without cash, I was able to call Urgent Couriers for help. By 8am the same morning the operations team, in consultation with Steve Bonnici, had arranged a tow truck for my car and had me on a bus, heading back home.

How do you feel about your business now?

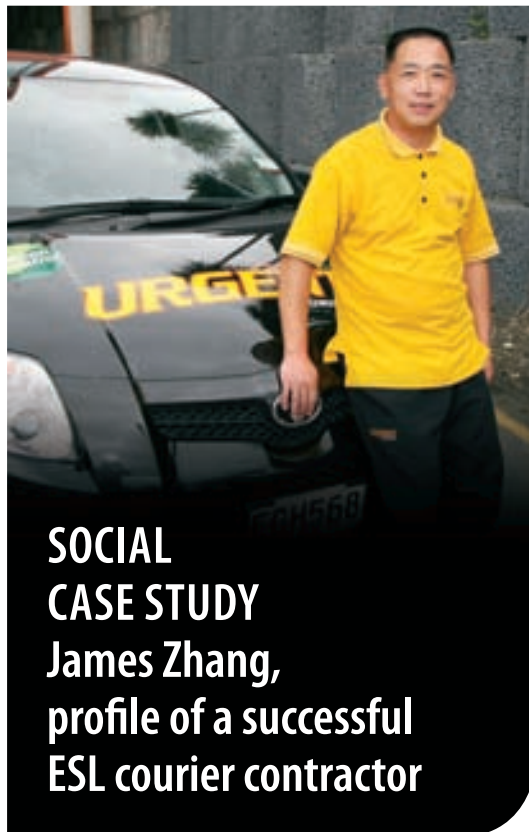
It's great to have a second chance at making my business a success. It's even better to have the help to do it. Right now business is being affected by the general economic downturn and price of petrol but that will pass – I have some clear goals and, with the business assistance I've got, I'm confident they are achievable.

What are your long term goals?

Over the next couple of years I'll have my nose to the grindstone. I'll continue to pay off my debts and put some money away in the bank. Within the next 3-4 years I'd like to be expanding my business and putting other contractors on the road.

Does your car have a carbon neutral label and have you had any feedback on it?

Yes. It's been great. People stop and ask me about it on the street, as well as the people I'm delivering to, when they see my badge. I'm proud of it and I think it's a pretty good direction Urgent Couriers has taken.



SOCIAL CASE STUDY James Zhang, profile of a successful ESL courier contractor

James Zhang came to New Zealand with his family in 2003. Originally from Zhengzhou, China, James had previously run an auto repair business and worked for 10 years in an Accor hotel. James recalls the hardships of his days in China.

"Running the car repair business was very hard and competitive. It was open 7 days a week. The only vacation was during the Chinese New Year period," he says. Such a busy schedule meant little time spent with his family. The difficult nature of business forced him to maintain the rigid schedule — if he closed up shop, his customers would simply go elsewhere and not return.

Coming to a new country was both a practical and pragmatic decision for James, his wife Lucy, and son Harry. "We came here for many reasons, but mainly for the natural environment. The air pollution is very severe in China, and here it is so much better." As the capital city of the Hunan province, Zhengzhou has over 7.2 million people concentrated in an area of 1,010km².

New Zealand was literally a breath of fresh air and a massive culture shift for James and his family. For the first time, James had time for a life outside of work. He quickly picked up gardening and fishing as hobbies, favourites of many kiwis in his new homeland.

But while there have been many positives, it has also been a challenge adjusting to a new way of life. "I have struggled a lot with my English," James says. "I need to improve it more, but I know I have made a lot of progress since I first arrived." As his first job, James worked as a subcontractor doing decoration work for Fletcher Construction. His career shift came after a few years and an interest in trying something new.

"I'm very grateful to Steve and Sue at Urgent Couriers for giving me a chance," he says. "My English was very poor when I started. They still let me try the job and now I have been a courier for one year." While language was initially a barrier, James says his experience from years in the service industry and running his own business proved invaluable.

"To be a professional courier, friendliness is very important. I try hard to be polite and treat customers well. I want them to be happy." James believes that all the couriers should receive customer service training as part of their induction at the company.

His attitude and professionalism has served him well in his role with Urgent Couriers. "James has bucket loads of enthusiasm for the job and is passionate about improving his performance. He is extremely well presented and fits in well with the team. James was awarded the most improved in his first year at Urgent Couriers," says Managing Director Steve Bonnici.

James is generally happy with his chosen profession. "My income is good, I have improved my driving skills, English is better, and I have developed patience. You have to be patient to be a courier. You can't get angry with little frustrations," he says.

Not long ago, James and his wife Lucy also had a daughter they named Rebecca. "She will be a bit different than us because she was born here," James says. "If I were still in China, because of the rules, I would only have one child. It is good that here I have the chance to have a son and a daughter. I'm happy that we have many good opportunities here." Seizing another opportunity, James' son Harry is on the verge of heading off to university for further study. James is pleased with his son's academic accomplishments.

The Zhang family also bought a house. Rather than doing it for a job, James now has a yet another hobby: home decoration. "I want to make it the best place it can be, and fix the garden up too." With the home as his castle, James has made yet another big adjustment to life in New Zealand.

Our environmental progress

Urgent Couriers is the first courier company in New Zealand to be certified carbon zero neutral. We are currently working towards a full conversion of our vehicle fleet to LEVs. Currently LEVs account for at least a quarter of the fleet.

From 2001 to 2007 Urgent Couriers revenue grew around 40 per cent but the emissions produced by our company grew only 5.2 per cent.

Materials

As a service provider Urgent Couriers requires very limited raw materials. Because our logistics business is centred on delivery of smaller packages and parcels, usually with local distribution, there is minimal existence of other materials (e.g. crates, pallets, packing materials, etc.) found in other transport and logistics companies.

Energy

Urgent Couriers largest emission source by a significant margin is fossil fuel consumption by our contracted courier fleet. Other impacts are associated with our head office mainly in the way of energy consumption and waste output. Both are carefully managed and monitored. We preferentially purchase electricity from a carbon neutral supplier for our corporate operations.

ENERGY SOURCE	TOTAL	2008 TOTAL TONNES CO ₂
Diesel	103,295 litres	273.08
LPG	17,258 litres	27.71
Petrol	347,248 litres	816.83
Electricity	67,708 kWh	14.88
Domestic air travel	980 pkm	0.28
International air travel	0	0
Air freight – long haul	3,161.44 tKm	3.02
Air freight – short haul	13,914.66 tKm	36.81
Road freight	18,783.26 tKm	2.60
TOTAL		1175.21

Waste

Packaging

Urgent Couriers took the unique approach of avoiding additional branded packaging for our deliveries within business hours. The only thing added to a delivery package is its self adhesive sticker identifying the item as an Urgent Couriers' delivery. No packaging means reduced waste. Where appropriate overnight delivery parcels are packed in used cardboard collected through our office waste recycling programme, which has been running since 1997. Nationwide and International deliveries of documents are repackaged into packaging provided by the subcontracting transport operators, where possible Urgent Couriers uses the cardboard data envelopes as opposed to the plastic satchels.

All waste including glass, plastic, aluminium cans and paper is carefully sorted on site and recycled.

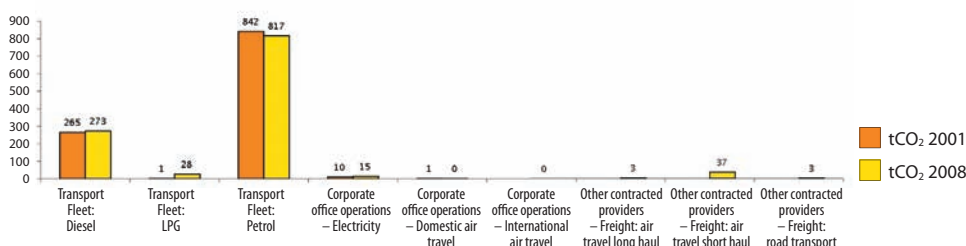


Products and services

Due to the nature of our business, our chief environmental impact is the carbon emissions from our courier vehicle fleet. In recent years, we have made strides to improve our fuel efficiency, measure and reduce our emissions, and most recently, offset them through Landcare Research's *carboNZero* programme, discussed in depth later in this report.



Carbon Comparison 2001-2008



Good transport choices

Managing energy consumption in a sustainably focused courier business is critical – to minimise our environmental impact and to enhance business success by driving costs down.

Urgent Couriers has evolved its vehicle fleet composition over the years to increase the number of low emission vehicles (LEV), which now make up around a 25% of the fleet. By December 2008 we aim to have increased this two-fold, to half the fleet, and by March 2009 we aim to have 60 per cent of the fleet in LEVs.

Contractor fleet

VEHICLE TYPE	EMISSION PROFILE	TOTAL	%
Hatchback	LEV	16	18%
Motorbike	LEV	3	3%
Pushbike	ZEV	7	8%
Van	LEV	1	1%
Hatchback		32	36%
Station Wagon		6	7%
Van		24	27%

Definition of LEV vehicles

1. Station wagons, motorcycles or hatchbacks that use less than 6 Litres/100kms or are 4.5 stars or more as defined by rightcar.co.nz
2. Vans that use less than 10 Litres/100kms as defined by rightcar.co.nz
3. Cycles are designated as zero emission vehicles (ZEV).

Company fleet

Beginning in 2003, our company-owned two litre vehicles were traded in for 1300cc Honda Jazz cars. By 2005, all our management and sales team had these more fuel efficient cars as company vehicles. .

Providing couriers with LEV options

Thanks to our long term arrangement with Honda New Zealand we are able to provide contractors who don't already have a suitable vehicle with an opportunity access a full service vehicle lease of the Honda Jazz range through Honda Lease New Zealand. Some of our couriers who prefer to own their vehicles have purchased second hand Jazzes.



HONDA JAZZ: VITAL STATISTICS

Safety

In Land Transport New Zealand's, ANCAP crash test results, the Honda Jazz scored 9-95 out of 16 in the offset crash test and 15-69 out of 16 in the side impact crash test. The overall result was four star rating out of a possible five. The results were for Honda Jazz 2003 models onwards.

Fuel emissions

Land Transport New Zealand's, RIGHTCAR website awarded the Honda Jazz four out of six stars for pollutants and five and a half stars for CO₂ emissions. For both of these ratings a greater number of stars represents a greater overall performance. For further information see www.rightcar.govt.nz

Fuel economy

In Land Transport New Zealand's, RIGHTCAR website the Honda Jazz scored five and a half out of six stars for fuel economy.

According to Honda New Zealand the Jazz 5 Door Hatch Manual gets 5.7 litres per 100km and the Jazz 5 Door Hatch CVT gets 5.8 litres per 100km.

Wider range of delivery speed options

To further reduce our impact on congestion and urban air emissions, Urgent Couriers has a broad range of delivery speeds to assist with couriers carrying more parcels per trip. We have also improved the systems used by dispatchers and couriers, with customised communications and information management.

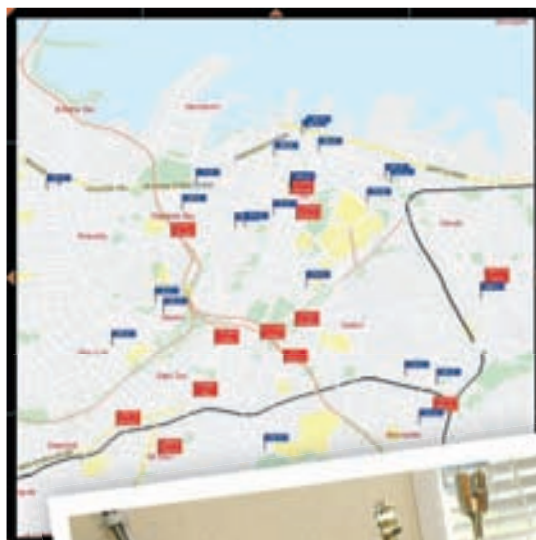
Smart Technology to reduce air pollution and congestion

Urgent Couriers developed an open source GPS system which allows its dispatchers to view an exact location of all couriers at all times in relation to deliveries pending. The results are significantly more effective use of the couriers, which will result in lowering the kilometres travelled, thereby increasing the efficiency of couriers' operations. This new system helps to reduce congestion and lower environmental impact, as well as saving time, money and fuel.

The system also provides a trail of driving history which is an invaluable component of our driver training programme. The Urgent Couriers driver training programme is thorough, promoting safe and efficient driving behaviour.

Cycle courier strategy

Urgent Couriers initially sought to increase the size of its cycle fleet, doubling numbers to a peak of 10 cycle couriers in 2004. In recent years however, the growth of secure e-mail has forced the balance of carriage from documents to parcels, which has meant the cycle fleet has shrunk back to five fulltime and 2 part time couriers as at 31 March 2008.





ENVIRONMENTAL STAKEHOLDER INTERVIEW

**Ann Smith,
Landcare Research**

What would you identify as the major environmental impacts of a company like Urgent Couriers?

Vehicle use and the emissions associated with that use is obviously the main impact. Given the nature of their business, there is no way around that although the use of cycle couriers helps to reduce emissions and is a great symbol for the company's climate change action.

How well do you think Urgent Couriers is addressing those key impacts?

Urgent Couriers have some great brilliant initiatives in place. When it comes to results, then we need to wait until the second year is measured. The proof in the pudding will be reporting emissions reductions in the second year.

In what areas might you for improvement?

I'd like to see Urgent Couriers continuing to invest in fuel efficient, lower emission vehicles, investigating lower emission fuel sources and driver training. Vehicle maintenance is also important – Urgent Couriers is well aware of that.

Up to 25% of vehicle emissions can be attributed to how the vehicle is maintained and used. It would be great to see more uptake of the cycle courier service by Auckland customers.

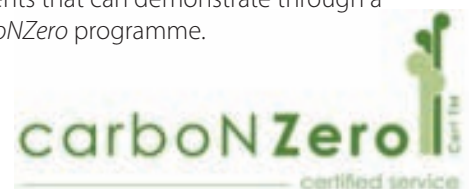
What general comments do you have around their involvement?

We are delighted with the commitment shown by Urgent Couriers in going beyond the requirements of the international standards. For a company whose very business relies on activities that create emissions, to tackle their impacts head on is clearly showing leadership. What we don't want is for companies to be scared that because they have high emissions it will be too difficult and expensive and so they don't take action. No matter what the nature of the business or the amount of emissions, reducing greenhouse gas emissions is just plain good business sense and it's good for the environment as well. Urgent Couriers' example should be an inspiration to other small businesses.

WHAT IS CARBONZERO?

The *carboNZero* programme is an internationally recognised greenhouse gas emissions management and reduction scheme offering optional mitigation strategies through the provision of credible and verified offsets or carbon credits. The programme encourages and supports individuals and organisations, to minimise their impacts on climate change by providing them with tools to measure, manage and mitigate their greenhouse gas emissions. Greenhouse gas emissions are a major contributor to climate change. *carboNZero* certification is available for organisations, products, services and events that can demonstrate through a third-party audit that they meet criteria set by the *carboNZero* programme.

For more information: www.carbonzero.co.nz





ENVIRONMENTAL CASE STUDY

our response to climate change

Our approach to tackling climate change has continued to evolve since 2001. As a courier company the basis of our business involves burning fossil fuels daily. So achieving *carboNZero* certification, through Landcare Research's *carboNZero* programme, is a unique example to be setting for the transport industry. Our achievement is significant when you consider only 12 of all New Zealand companies across all industry sectors had achieved *carboNZero* certification by the end of this measurement period.

Sales and Marketing Manager, Deane Tetley, says there's a growing demand from customers for companies servicing them to become more sustainable. "We've always listened to our customers and it's great that sustainability has been part of our business since 1997."

From an environmental sustainability point of view, Lloyd says that even for a smaller company, addressing climate change through their emissions shouldn't be put in the too-hard basket. "Working to limit damage to the environment should be a basic licence to operate and I hope more transport companies follow our lead." Lloyd says the transport industry needs to take responsibility for its part in reducing emissions.

Measurement

Urgent Couriers has measured its greenhouse gas emissions for two years running. Urgent Couriers measures the emissions from the following business units:

- Corporate office operations
- Transport fleet (ODL and RRSD services)
- Other contracted transport operators (AN, N, and I services)
- Urgent Couriers owned vehicles

Contracted vehicles including all modes of transport used for delivery services.

All GHG emissions were calculated using the *carboNZero* programme calculation tools. Total GHG emissions for Urgent Couriers were 1,176 tonnes of CO₂e for the 12 month period 1/04/2007 to 31/03/2008.

Petrol from the transport fleet is by far the highest individual emissions source.

Reduction

The first move Urgent Couriers made to reduce its emissions was to increase the number of cycles in its fleet, and their area of coverage. This approach proved short-lived as the rise of e-mail shifted the courier business from documents to parcels.

After that, company-owned vehicles were gradually replaced with smaller, more fuel-efficient vehicles, and encouraged their contractors to do the same. Measures were also developed to use the fleet more efficiently. The result has been a steady reduction in the carbon per head produced by the company. From 2002 to 2007 Urgent Couriers grew around 40%, but the emissions produced by the company grew only 5.2%.

Our vehicle GPS and dispatch system allows smarter, more efficient route and job planning, resulting in fewer kilometres travelled – saving fuel and money.

Mitigation

Urgent Couriers offsets the emissions it hasn't been able to eliminate by buying credits from Landcare Research's *carboNZero* programme. At around \$25 per tonne of CO₂ equivalent, this means an annual cost to the company of about \$30,000. Our carbon now represents a real cost to the company, so the incentive to control emissions is very real.

This financial cost has come with a positive side. Two new contracts picked up in 2007 were solely linked to the company's emissions initiatives. While this isn't yet sufficient to cover costs, ultimately the effort to curb our emissions is viewed as a way to inspire others in the industry.

Urgent Couriers is the first transport operator in New Zealand to have its entire operation certified *carboNZero*. We believe that including all of our contractors and operations in our greenhouse gas inventory is the most appropriate and transparent method. We encourage all other transport sector operators to pursue similar methods to avoid being misleading.

Keeping profitable in the courier industry

Competition is fierce in the courier industry. For more than a decade from the early 1990s, companies in the industry have competed on price. This resulted in substandard pricing structures designed to win the most customers. Contracted couriers faced a substantial disadvantage as this pricing structure kept wages low. While courier companies managed to largely stay in business, small owner operated courier businesses failed at an alarming rate. Urgent Couriers lead the industry in increasing prices to create economic sustainability not only for itself, but for its couriers.

Today, Urgent Couriers looks back on 2001-2008 as a period where we maintained our share of Auckland's fast delivery market. Retaining market share while implementing some challenging sustainability measures has been significant success in its own right. The two key challenges, our CO₂ footprint and contractor earnings identified in the 2001 report, have been faced head on. We have had some success in both of these areas while managing to improve overall profitability of the company by introducing efficiency measures across the business.

Customer service is key to achieving success and maintaining client relationships. We aim for the highest standard possible and strive to exceed customer expectations at all times. In regard to the quality of our service, and to ensure that we are consistently challenged, we maintain an open feedback form live on our website which enables all customers to leave their comments.

This section can be viewed at: www.urgent.co.nz/AboutUs/WhatOurCustomersSay.aspx

Customers

The results of the client survey undertaken for this report show that nearly 20% of our work comes from advertising and media businesses, 14% comes from the professional services, and a further 10% comes from the manufacturing industry. The remaining client base is spread over other industries including building supplies, commercial supplies, construction, local and central government, food and catering, medical, the motor industry, office supplies, printing, transport, retail, warehousing/logistics and wholesale.

Although these businesses and organisations work in very diverse fields, their responses to Urgent Couriers' efforts to be environmentally responsible and socially ethical are very similar:

- 65% rate Urgent Couriers' use of low emission vehicles as important or very important
- 61% rate Urgent Couriers' carbon neutrality as important or very important
- 63% rate Urgent Couriers' support of community organisations as important or very important
- 72% rate New Zealand ownership of Urgent Couriers as important or very important
- 91% see Urgent Couriers' commitment to sustainability as aligned to their own company's
- 67% of the company's surveyed are taking actions to become more sustainable
- 72% of the company's surveyed believe a suppliers sustainability performance is important or very important in their purchasing decisions
- 74% of the company's surveyed perceive that sustainability is an important or very important part of the Urgent Couriers brand
- 76% of the company's surveyed, for whom sustainability isn't currently important believe that it will be important or very important to their organisation in the future.

¹The client survey was undertaken outside of the reporting period in July 2008



CUSTOMER FEEDBACK

We have been approached several times by competing courier companies and declined to move as we have always been impressed by Urgent Couriers' fast, reliable and courteous service. Not to mention your reasonable prices and commitment to the environment.

Jane Hatfield, Inhouse Design

We have only been using your company a couple of months and we are very pleased with all aspects in particular the sustainability elements.

Nicky Wall, Leighton Contractors

I think Urgent's position on sustainability is admirable. I hope it stays a priority.

Jon Waters, Swoon Media

I think you guys are really on the right track with your business – you're fast, reliable and have integrity when it comes to your pricing and your community/environmental involvement.

Lisa Clarke, The Hyde Group

Financial and carbon results and targets

YEAR	00/01 ACTUAL	06/07 ACTUAL	07/08 ACTUAL	08/09 TARGET
Total Sales (\$000)	5,267	7,110	7,367	7,350
EBITDA (\$000)	520	785	863	620
Carbon (tonnes)	1118	1167	1176	1103
Carbon Intensity (grams/\$)	212	164	160	150

Urgent Couriers is predicting a decrease in turnover this financial year as economic conditions are predicted to worsen. Revenue should hold up because the Monthly Fuel Variation (MFV) is likely to remain high throughout the year due to high fuel prices. However the high MFV will have a significant negative impact on Urgent Couriers' EBITDA as the whole MFV is passed on to contractors.

"At Honda New Zealand we are committed to reducing the environmental impact of our products. There are several ways we are doing this, from low emission vehicles to native tree planting to restore bio-diversity. Honda New Zealand congratulates Urgent Couriers on their efforts towards sustainability and is pleased the Honda Jazz is their low emission vehicle of choice."

*Graeme Meyer,
Honda New Zealand Head of Marketing*

Suppliers

Urgent Couriers is committed to sourcing products and services from suppliers that are committed to sustainability. Our top 10 suppliers are:

SUPPLIER	CATEGORY
Shell	Fuel
Vodafone	Telecommunications
Air NZ	Airfreight
Sandfield	Software
NZC	Roadfreight
Delex	Roadfreight
Telecom	Telecommunications
Jupiter Air	International Airfreight
Sub 60	Roadfreight
Team Talk	Telecommunications

Other suppliers not in the top 10 but worth noting because of their selection due to their sustainability commitment are outlined in the table below:

SUPPLIER	CATEGORY
Fuji Xerox	Printing/photocopying
Honda NZ	Vehicles
Meridian Energy	Electricity

Support for charities not for profit

Urgent Couriers provides cash donations to charitable organisations that have a good strategic fit with our business.

The table below shows the donations that have been made in the last 12 months to community, civil society, and other groups broken down in terms of cash and in-kind donations per type of group.

ORGANISATION SUPPORTED	CASH	IN-KIND
Parents Inc		\$1,439.46
Muscular Dystrophy	\$20.00	
Westpac Rescue Helicopter	\$1,125.00	
Prostate Cancer Foundation	\$10.00	
Auckland City Mission	\$1,000.00	\$540.07
Cycle Action	\$75.00	
Auckland City 'Go By Bike Breakfast'	\$5,625.00	
Ponsonby Rugby Club	\$13,447.00	
Total	\$21,302.00	\$1,997.97
GRAND TOTAL		\$23,299.97

Taxation compliance

Urgent Couriers pays all applicable taxes in a timely manner and within the guidelines of the taxation laws. Further to this, Urgent Couriers recognises its responsibility in encouraging its sub-contractors to pay their taxation. Each contractor is given a monthly statement that indicates how much of their contractor earnings should be set aside for taxation. Urgent Couriers also includes a session on taxation as part of our contractor's training and induction process.

Indirect economic impacts

Urgent Couriers enables the movement of goods and plays an important role in facilitating trade and communication between people. We play a vital role in regional economic development, growth, and market efficiency.



ECONOMIC CASE STUDY Auckland City Mission Christmas Appeal

The Auckland City Mission provides unique and specialised health and social services to marginalised Aucklanders, helping them to move forward. They offer hope to individuals and families who may be experiencing a temporary set back or a long-term problem that needs expert attention.

In late 2007, Urgent Couriers provided a free courier pick up of items donated by its business customers across Auckland to the Auckland City Mission on Hobson Street. The company also enlisted the support of its business customers with this worthy initiative.

"As a business of our size, we don't have wads of cash to give away. What we have is our ability to deliver things and our relationships with our clients," says Steve Bonnici. "It's a matter of seeing what your strengths are as a business and how you can leverage them to provide support."

Every year, the Mission gives out 25,000 presents to children who would otherwise receive nothing

from Santa, and makes up Christmas hampers so families can celebrate Christmas at home. More than 40 of Urgent Couriers' business customers set up boxes to collect gifts for the initiative.

"Urgent Couriers have been longtime supporters of the Auckland City Mission. Last Christmas they took their support a step further and approached their customers to also support our Christmas Appeal.

We were delighted with the response they had from their customers which saw them donate 2,000 presents to the Mission. This helped us complete our mission of making Christmas happen for every Auckland child.

We appreciate the ongoing support we receive from Urgent Couriers and thank them for their invaluable support of our work and community."

Diane Robertson, Auckland City Missioner



ECONOMIC STAKEHOLDER INTERVIEW

**Lisa Philpott,
Operations Manager,
Kensington Swan**

What is Kensington Swan?

Kensington Swan is one of New Zealand's leading full-service commercial law firms, with offices in Auckland and Wellington. We are completely focused on the success of our clients' business endeavours and are continually seeking new challenges, new technology, and ideas to help us improve.

How long have you been a customer of Urgent Couriers?

Kensington Swan has been a client for 19 years.

What has kept you with them for such a long period of time?

Urgent Couriers are very good at what they do and we experience minimal problems. If any problems do arise, they are quickly resolved. The people are very nice and offer a family-like service.

How would you rate your experience as a customer?

Overall things are excellent! We are very happy.

Do you notice any differences between the Urgent Couriers that visit your offices and the couriers from other companies?

Urgent Couriers are always very responsive to calls, eager to please, and polite.

What would you identify as their key strengths as an organisation?

Their manner and the quality of service. Their people make the difference. If it is not the standard job, there are people higher up the chain that can handle anything which is logistically tricky. They alert us to any delays that might happen. They also let us know if prices might be higher than usual and check that it's okay to proceed.

Where would you highlight some areas for improvement?

We are generally very happy but as the business gets harder for us we would appreciate any reduction in price we could get.

Would you recommend the services of Urgent Couriers to other colleagues and businesses?

Oh yes, definitely. I would highly recommend Urgent Couriers and have done so recently.

Verification statement

ERM Independent Verification Statement to Urgent Couriers Limited

ERM New Zealand Limited (ERM) was engaged by Urgent Couriers Limited to provide independent verification of its Sustainability Report 2007/2008 (Report), to the scope of work outlined below.

Scope of Work

The Report covers Urgent Couriers operations for the 12 months to 31 March 2008, unless stated otherwise in the text. Data and statements outside of the reporting period have not been verified. ERM performed this work in accordance with ERM's verification methodology, which is based on the international assurance standards: ISAE 3000, AA 1000 AS and ISO 19011. ERM reviewed Urgent Couriers use of two of the AA1000 Principles, namely Completeness and Materiality, in reporting performance. To do this, ERM interviewed a number of personnel and reviewed relevant documentation at Urgent Couriers office in Auckland, New Zealand, regarding:

1. Data accuracy, including data trails from original site-based data retrieval to the final Report, for a representative sample of material parameters.
2. Robustness of data capture processes, including collation, transcription, internal reporting and controls in place, such as internal data verification checks.
3. Adequacy and relevance of key statements made throughout the Report, including cross-checking of reported data, for a representative sample of key statements.
4. Effectiveness of mechanisms in place for Report preparation.

The scope specifically excluded data and statements relating to the Company's financial information and greenhouse gas data.

ERM's Independence

Urgent Couriers was responsible for preparing the Report, including the collection and presentation of data and statements within it. ERM's responsibility was to express verification conclusions in line with the scope of work agreed with Urgent Couriers. The data and statements in the Report reviewed by ERM did not include any work with which ERM had been involved. The ERM team was not involved in the design or compilation of the Report (except by way of this independent verification engagement). ERM operates a strict conflict of interest check to ensure that the independence of the company and ERM personnel involved in the independent verification engagement are not compromised.

Our Conclusion

On the basis of its scope of work, and in consideration of the limitations of the verification engagement presented above, ERM concludes, in all material respects, that Urgent Couriers' Sustainability Report 2007/2008 appropriately addresses two of the AA1000 Principles, namely Completeness and Materiality, for the 12-month period to 31 March 2008.

Key Observations and Recommendations

Based on its scope of work, and without affecting the verification conclusion noted above, ERM provides the following key observations relating to good practice observed:

The Report delivers a consistent and clear picture of the key issues addressed in the past financial year, the challenges to be faced in the year ahead, the commitment to continual improvement and consideration for climate change and sustainability matters.

Urgent Couriers' involvement in the development of, and subsequent reporting against the Logistics and Transport Sector Supplement of the Global Reporting Initiative (GRI), demonstrates strong leadership across this sector.

ERM also provides the following key recommendations for improvement:

- Records of actions undertaken to implement Health and Safety policy and practices could be enhanced through system improvements.
- It is recommended that clear contributor guidelines be established in relation to data collection, for example staff turnover figures, to ensure consistency and accuracy for year-on-year comparisons.

ERM congratulates Urgent Couriers for the commitment to sustainability reporting, evident in the current Report.

ERM

ERM New Zealand Limited (ERM)
27 November 2008
Auckland, New Zealand

ERM is an independent global provider of environmental, social and corporate responsibility consulting and verification services. Over the past 5 years we have worked with over half of the world's 500 largest companies, in addition to numerous governments, international organisations and NGOs.

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How we are tracking

We have committed ourselves to making a range of important changes in 2008/09. These next steps will be the focus of our corporate responsibility work during the current year and we will report back on our progress in next year's report.

Specific GHG emissions reduction projects 07/08

OBJECTIVE	RATIONALE	ACTIONS	COMPLETION TARGET	RESPONSIBILITY	PROJECT STATUS AND NOTES	KPI
City pick up and drop off by Cycle Fleet	Cycle couriers have no emissions and are not held up by traffic therefore reduce emissions and provide efficiency improvements	Design and implement technology to pay cycle couriers for pick up and drop off for car couriers	May 07 not achieved	Warren Brewerton	IT project was incorporated into larger project due for roll out 2nd quarter 08/09 financial year	Number of jobs picked up by cycle couriers for cars as %
		Provide drop boxes for cycle couriers to leave jobs picked up for car couriers	May 07 not achieved	Deane Tetley	On- hold due to IT priority change	
		Build support for scheme from cycle couriers	April 07 not achieved	Wayne Williams	On- hold due to IT priority change	
Low emission vehicles, target 30% of the fleet by March 2008	To reduce carbon intensity of deliveries by using more efficient vehicles	Provide information about LEV vehicles at the interview for new couriers	On-going	Sue Bonnici-Carter	Achieved	% of fleet that is LEV
		Carry out case studies of existing LEV users to show savings with the aim of encouraging existing couriers renewing vehicles to change to LEV vehicles	June 07	Sarah McKinley	Project was put on hold as there was insufficient data due to contractors not recording kilometres	
Capture kilometre readings on Shell card	To measure individual vehicle efficiency and to identify inefficient driving	Provide financial incentives to couriers to record mileage	June 07	Steve Bonnici	Trailed intermittent rewards without any performance improvement	% of couriers recording kilometres in Shell card
		Provide case studies to couriers who record mileage to show the different levels of savings that can be achieved by changing driving behaviour	June 07	Steve Bonnici	Inconclusive data made case study un compelling	
Introduce smart technology to keep track of couriers and improve dispatch decision making	To improve fleet efficiency and therefore reduce carbon intensity	Improve mapping software to show destinations of couriers with work on board	April 07	Warren Brewerton	Achieved	
		Develop dispatch decision making software to improve dispatch decision making	April 07	Warren Brewerton	Achieved	



Specific GHG emissions reduction projects 08/09

OBJECTIVE	RATIONALE	ACTIONS	COMPLETION TARGET	RESPONSIBILITY	PROJECT STATUS AND NOTES	KPI
Audit Sub-Contractors for sustainability	To raise awareness of Urgent Couriers' GHG and sustainability position	Have the sustainability survey completed all 3rd party freight suppliers	October 08	David Halliday <i>Operations Manager</i>	Not started	% of surveys completed
Increase LEVs, 60% of the fleet by March 2009	To reduce carbon intensity of deliveries	Procure LEVs to on-sell to couriers with Urgent Couriers providing finance at competitive interest rates	On-going	Sue Bonnici-Carter <i>HR Manager</i>	First quarter 5 Jazzes added to the fleet	% of fleet that is LEV
		Update loan agreement to ensure Urgent Couriers financial risk is minimised	July 08	Sue Bonnici-Carter <i>HR Manager</i>	Complete July	New loan agreement signed off by MD
		Establish supply lines for second hand Honda Jazz vehicles	August 08	Warren Brewerton <i>IT Manager</i>	On-going, 3 Jazzes imported from Japan and 5 other procured through various means in NZ	% of fleet that is LEV
Capture Courier kilometres travelled	To measure individual vehicle efficiency and to identify inefficient driving habits	Get monthly odometer reading from each courier and record in a table to facilitate calculation against litres used from fuel data	On-going	Warren Brewerton <i>IT Manager</i>	Data captured since June 08	
Individual driving efficiency Reporting	To measure individual vehicle efficiency and to identify inefficient driving habits	Calculate litres per 100 kms using	September 08	Warren Brewerton <i>IT Manager</i>	Data being captured	
Implement Defined Vehicle List	To provide guidance to contractors about which vehicles have best economy and cargo capacity	Research vehicle efficiency and cargo space and produce approved list	April 08	David Halliday <i>Operations Manager</i>	Completed	Number of new vehicles entering the fleet that match the Approved vehicle list
Implement programme to encourage regular servicing	Well serviced vehicles run more efficiently	Contractors to save in trust set amount each month for vehicle servicing and Urgent Couriers to provide reminders based on mileage of when services are required	October 08	Sue Bonnici-Carter <i>HR Manager</i> Warren Brewerton <i>IT Manager</i>	Savings underway for some vehicles. Programme to create reminders yet to be implemented	% of contractors taking part in the servicing scheme
Economical driving education	Change in driver behaviour can make a significant difference to fuel use	Operations Manager to research and produce good driving practices leaflet for all contractors targeting those with poor results in driving efficiency reports	November 08	David Halliday <i>Operations Manager</i>	Not started	% of contractors taking part in the servicing scheme

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4.7	Processes for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	10
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GRI table

	2002 In Accordance	C	C+	B	B+	A	A+
Self Declared			<input checked="" type="checkbox"/>				
Third Party Checked			<input checked="" type="checkbox"/>				
GRI Checked					Report Externally Assured		Report Externally Assured



CONTACT US

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

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