

TPG's partnership
with the
UN World Food Programme

a case study
in
effective
corporate sustainability





Afghanistan - Albania - Algeria - Angola - Armenia - Azerbaijan - Balkans

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Cape Verde - Central African Republic - Chad - Colombia - Congo - Côte

Our story begins...

...at the end of 2002 with the launch of a long-term strategic partnership between the world's largest humanitarian aid agency and a leading international corporation.

The aid partner is the World Food Programme (WFP), the United Nations' front-line food aid agency. In 2003, WFP food aid reached 110 million people in 82 countries – the highest number in its 40-year history. The business partner is TPG. With 160,000 employees in 62 countries, TPG provides premium mail, express and logistics services worldwide under the Royal TPG Post and TNT brands.

But it was more than their three letter acronyms and the global scope of their operations that brought the corporation and UN agency together. This booklet provides a brief introduction to a unique partnership. Hopefully some of the insights and experiences from its first year may contribute to optimising the effectiveness of other corporate sustainability ventures.

d'Ivoire - Cuba - Djibouti - Dominican Republic - Ecuador - Egypt - El Salvador



On the front line in the global war on hunger

Eritrea - Ethiopia - Gabon - Gambia - Guatemala - Georgia - Ghana - Guinea



Guinea Bissau - Haiti - Honduras - India - Indonesia - Iran - Iraq - Jordan



An awful irony

Nowadays the only time we're likely to be confronted by hunger in the developed world is through images on our television screens. Those images become a rarity when pushed off the agenda by items considered to be more newsworthy. The awful irony is that while our memories of those images may fade and seem unreal, the global problems of hunger and malnutrition aren't fading – they are actually getting much worse.

In the course of the World Food Programme's 40-year struggle against hunger and malnutrition, it has grown to become the largest humanitarian aid agency

Kenya - Korea - Laos - Lesotho - Liberia - Madagascar - Malawi - Mali

in the world. In turn, it has also become the UN's logistics arm. To deliver food aid where and when it's most needed, WFP has turned the complex business of moving emergency relief into a fine art. In 2002 alone, they delivered 3.7 million metric tons of food by land, air and sea.

Yet it is still falling behind in the struggle to ensure that everyone has enough to eat. Even though WFP fed 110 million people in 2003, the fact is that this number represents less than 15% of the world's hungry. Of these, 170 million are children under five – a similar number to the combined populations of France, Italy and the UK. About a decade ago, WFP was able to use 70% of its food aid to help these children and other poor people like them. Today, because of the rising number of natural and man-made disasters, the agency must use 80% of its resources for emergency relief activities – just to keep people alive from one day to the next.

Recent demands made on WFP for emergency aid in political crises from Kosovo and East Timor to Afghanistan and Iraq have been unprecedented. Yet, while about 10 million people die each year from hunger and malnutrition, only 8% of them die in these kinds of high-profile emergencies – those that make the news, attracting government attention and financial support.

As a UN agency, WFP has traditionally relied on governments as their principal source of funding. This will probably remain true for the foreseeable future. But with world hunger on the rise and donor countries struggling with domestic budget deficits, assistance from the private sector is becoming increasingly important. Concrete expressions of corporate sustainability that are proactive rather than reactive can be even more useful.

Mauritania - Morocco - Mozambique - Namibia - Nepal - Nicaragua - Niger



Finding a better way
to make the world

a better

Pakistan - Palestinian Territories - Peru - Russian Federations - Rwanda



place

Sao Tomé and Príncipe - Senegal - Serbia and Montenegro - Sierra Leone



Creating the greatest value

There are very few major companies today with no policies or programmes in place with which to demonstrate their responsibility for improving society and the environment. In fact, more and more businesses are extending their corporate responsibility or sustainability activities far beyond their local communities.

In today's world the reputation and brand value play an increasing role in the success of companies. Whether their value grows or declines depends largely on how effectively the CEO and his management team handle their stewardship of these assets. Sustainability is an indelible part of this. Effective sustainability means engaging in a genuine dialogue with all stakeholders. When they are united in the support of a good and worthy cause, the 'bottom line' results of corporate citizenship are real.

Somalia - Sri Lanka - Sudan - Swaziland - Syria - Tajikistan - Tanzania - Uganda

Of the world's 100 largest economic entities, more than half are now corporations rather than countries. In this context it is no surprise that the UN Secretary-General, Mr Kofi Annan, has called on business to play a greater role in helping to tackle the global challenges of poverty, hunger and environmental degradation.

Much has been said about the business case for companies to actively support causes. While it's reasonable for businesses to derive benefit from doing good, truly strategic corporate sustainability ventures should deliver more than enhanced goodwill, positive publicity and boosted employee morale. By genuinely exploiting their core competences in a strategic partnership with a carefully selected cause, companies can achieve both social and business objectives. By focusing on areas where the business delivers unique assets and expertise, the company and the cause both benefit. The firm should ask "where can we create the greatest value through supporting causes in ways that no other company could match?" The connection between the company's business, core competences, products and services on the one hand and the activities, expertise, objectives and needs of the cause on the other should be strong, clear and specific.

Selecting the most appropriate cause partner; improving their performance and advancing knowledge and best practice all create both social and economic value. Effectively-run companies are well positioned to advise on innovative ways to improve productivity and services. This has just as much value for causes and their beneficiaries as it does for the business and its customers.

Yemen - Zambia - Zimbabwe - Afghanistan - Albania - Algeria - Angola



The greatest logistics challenge of all

Armenia - Azerbaijan - Balkans - Bangladesh - Benin - Bhutan - Bolivia

TPG expresses its approach to corporate sustainability on three levels. The first involves ensuring that it meets or exceeds universally accepted codes of conduct and standards that apply to companies in all industries. The second concerns TPG's support and initiation of corporate sustainability measures specific to the mail, express and logistics industries, striving to set social and environmental performance standards to which its peers will aspire.

The third level reflects TPG's unique characteristics and aspirations, addresses the needs of various stakeholder groups, and is represented by five corporate sustainability programmes. Four of these focus on corporate governance, care for the environment, employee satisfaction and a culture of excellence. The fifth is the largest philanthropic commitment TPG has ever undertaken: the company's partnership with the World Food Programme.

TPG strives to manage its business with respect for its impact on society and the environment in all the communities in which it operates. Ultimately, this means taking its share of responsibility by doing all it can to preserve and improve the world for future generations. The company already provides its services in over 200 countries, and the importance of its operations and markets in developing economies is growing. The partnership with WFP has become the cornerstone of TPG's commitment to corporate sustainability on a global scale. The company is counting on the proven dedication and enthusiasm of its 160,000 employees to take on the greatest logistics challenge of all: helping WFP to feed the world.

Burundi - Cambodia - Cameroon - Cape Verde - Central African Republic

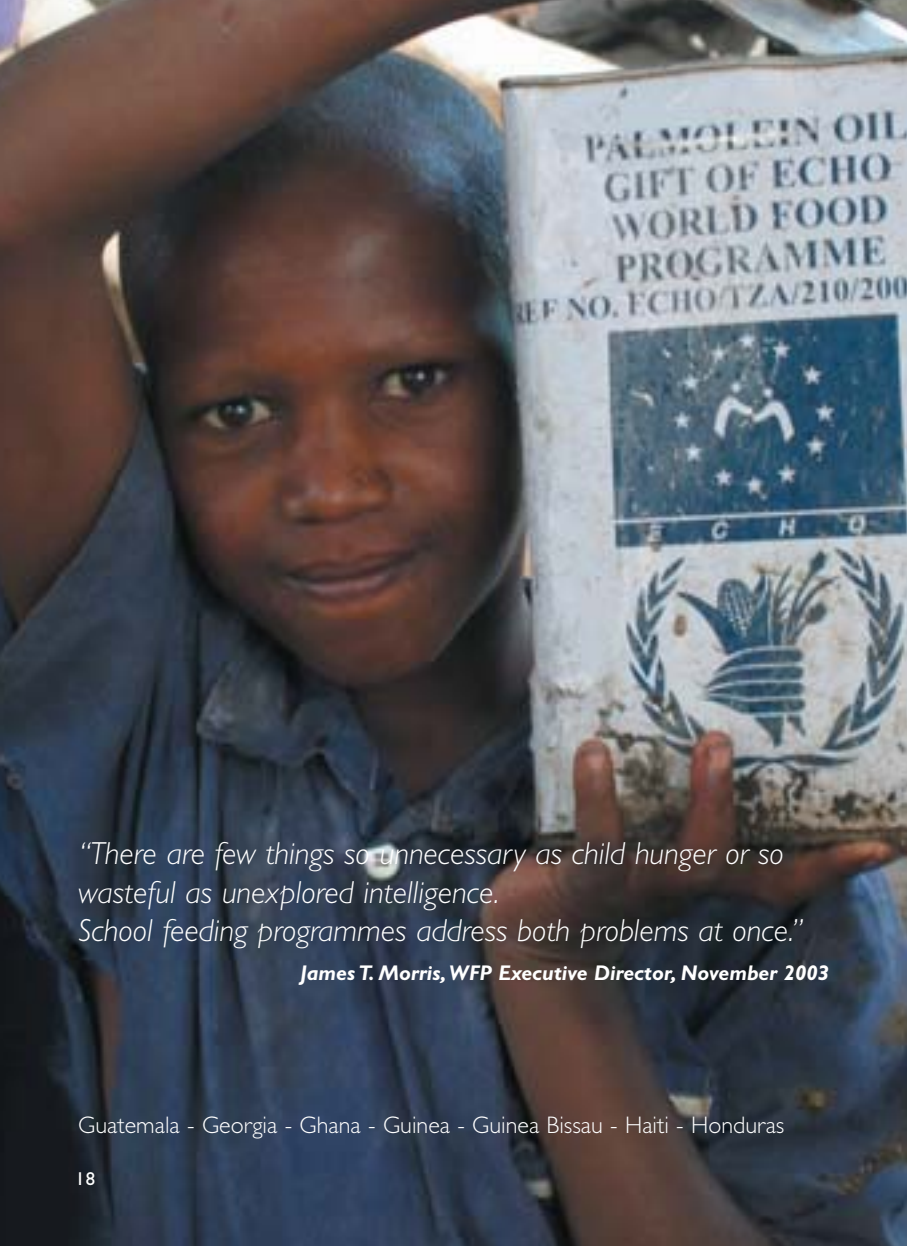
Hunger:



Chad - Colombia - Congo - Côte d'Ivoire - Cuba - Djibouti - Dominican

a logistical problem on a global scale

Republic - Ecuador - Egypt - El Salvador - Eritrea - Ethiopia - Gabon - Gambia



“There are few things so unnecessary as child hunger or so wasteful as unexplored intelligence. School feeding programmes address both problems at once.”

James T. Morris, WFP Executive Director, November 2003

Guatemala - Georgia - Ghana - Guinea - Guinea Bissau - Haiti - Honduras

James Morris became WFP's tenth Executive Director in April

2002. "I can't imagine any institution with a more important assignment," he says. "We are doing incredibly important work, with millions of people around the world depending on WFP's efforts." With 800 million people regularly facing hunger, he is only too aware of the scale of the challenge. Especially since both natural and man-made disasters are on the rise, while government budgets are getting tighter.

Morris recognises that seeking new sources of support from the private sector must become a priority for WFP. He believes that corporations have an important role to play, whether through providing cash donations or the goods and services the agency needs. "Appropriate partnerships with the private sector will ultimately help us do a better job of feeding the hungry poor, especially children," he stresses.

So when TPG first approached WFP, Morris was keen to explore the potential for collaboration. "International aid agencies, both large and small, share the goal of maximising the assistance they are able to provide for their beneficiaries," Morris says. "The partnership with TPG is one of the best things that could happen to WFP. Together I am sure we will be able to achieve truly great things – developing a powerful partnership leading to benefits for all concerned. I believe we are at the start of a great journey that will make a difference to hungry people."


India - Indonesia - Iran - Iraq - Jordan - Kenya - Korea - Laos - Lesotho

TPG's CEO Peter Bakker was reading an article while on a flight to Singapore in November 2001. It quoted a horrifying statistic: a child dies from hunger every few seconds. "It also noted that there was enough food in the world for everyone; it's just that we're not getting it to the places where it's needed most," says Bakker. "That got me thinking that essentially hunger is a logistical problem on a global scale. It seemed to me that TPG was in a unique position to be able to make a contribution to mitigating this problem. We could demonstrate our social responsibility as one of the world's leading logistics operations by making our know-how, expertise, people and assets available to help address the problem."

A few months later, Bakker began discussing with the World Food Programme how TPG could deploy these resources so they could be of most use to the aid agency. "We visited some of WFP's development and emergency projects and saw at first hand the incredible work they are doing," he says. "Together we agreed on a set of project initiatives and began to make plans to implement them."

By the end of 2002, WFP and TPG had arrived at the point where they were ready to launch their partnership and start putting those plans into action. "With the scale of the challenges facing WFP," admits Bakker, "we can neither expect nor claim that we can do more than play a relatively small part in addressing them. But by contributing in ways that match our competences with WFP's needs, we're at least ensuring that we're well-suited to the part we're playing."

Liberia - Madagascar - Malawi - Mali - Mauritania - Morocco - Mozambique



"By contributing in ways that match our competences with WFP's needs, we can play our part."

Peter Bakker, CEO of TPG, December 2002

Namibia - Nepal - Nicaragua - Niger - Pakistan - Palestinian Territories - Peru



Finding a more effective way

Russian Federations - Rwanda - Sao Tomé and Príncipe - Senegal



to make

more

of a difference

Serbia and Montenegro - Sierra Leone - Somalia - Sri Lanka - Sudan



Moving the World

On September 2nd 2002, during the World Summit on Sustainable Development in Johannesburg, WFP Executive Director James Morris and TPG CEO Peter Bakker signed a Letter of Intent that set out the objectives of the partnership between their organisations. That document established an initial five-year relationship. It was clear that maximising the effectiveness of this unique collaboration meant focusing on longer-term strategic objectives. Partnering closely over a period of years would facilitate knowledge transfer and genuine operational improvements.

While significant corporate cash donations would be committed each year, a major part of the investment was to be made through the strategic deployment of TPG's assets and expertise. The organisations devoted several

Tajikistan - Tanzania - Uganda - Yemen - Zambia - Zimbabwe - Afghanistan



months to deciding together on key areas that would provide the closest possible match between WFP's highest priority needs and TPG's global resources and expertise.

Each of the five initiatives they chose is led and executed by managers and specialists from both organisations. They are run like a business, with a focus on optimising performance and identifying the most effective ways to achieve results at the lowest cost. In fact, a number of initiatives would demonstrate that saving costs was, in practice, equivalent to raising new funds.

The partnership was officially launched on December 19th 2002 and the implementation of the five initiative plans began.

The following pages give just a taste of what each of them accomplished in their first year:

[Albania](#) - [Algeria](#) - [Angola](#) - [Armenia](#) - [Azerbaijan](#) - [Balkans](#) - [Bangladesh](#)

Strong links make strong chains

The Joint Logistics Supply Chain (JLSC) initiative leverages TPG's core logistics strengths to increase the efficiency and effectiveness of WFP's infrastructure. In practice, this means developing better located, managed and equipped storage locations and improved systems links between them, so that the aid organisation can more rapidly respond to emergency needs. The initiative has implemented various projects to help WFP optimise its warehousing facilities, select a new warehouse management information system, and improve its fleet management.

As the UN's logistics arm, WFP has responsibility for the management of the joint Humanitarian Resource Depot (UNHRD) in Brindisi, Italy. In addition to emergency food aid, the warehouse contains mobile cooking facilities, medicine, shelter materials, electric generators, water treatment systems and personal safety provisions. It is used by WFP, other UN agencies and non-governmental organisations (NGOs), and stocks can be immediately dispatched whenever crises strike.

Benin - Bhutan - Bolivia - Burundi - Cambodia - Cameroon - Cape Verde



One of the initiative's first major achievements was the development and implementation of facility improvements that generated savings for WFP equivalent to € 400,000 annually. They have also assisted WFP in making arrangements for its move to a more extensive site in nearby San Vito, and have applied their experience in Italy to optimise the agency's other major warehousing facility in Cambodia.

Another important project the initiative worked on in 2003 involved saving costs and introducing improvements to WFP's inland logistics supply chain in Mozambique. A third concerns the design and rollout of fleet management systems that have already realised efficiency improvements in WFP operations in Sierra Leone, Sudan, Pakistan and Afghanistan.

Central African Republic - Chad - Colombia - Congo - Côte d'Ivoire - Cuba



Feeding a brighter

Djibouti - Dominican Republic - Ecuador - Egypt - El Salvador - Eritrea



future

Ethiopia - Gabon - Gambia - Guatemala - Georgia - Ghana - Guinea



Helping to expedite emergency relief

As the frequency and severity of natural and man-made catastrophes show no sign of decreasing, much of WFP's work involves getting food to the hungry in emergency situations. WFP establishes emergency operations to address refugee crises, sudden disasters such as floods or earthquakes, slow-onset disasters such as droughts or crop failures, and complex emergencies such as conflicts. The initiative provides direct logistical support to assist WFP emergency operations, organisational expertise to enhance the emergency response business process, and practical training at TNT Airway's Liège air hub to help bring WFP's air operations up to FAA standards.

Guinea Bissau - Haiti - Honduras - India - Indonesia - Iran - Iraq - Jordan



The initiative has placed a dedicated Emergency Response Officer at WFP's disposal whose initial main task was to help build a knowledge base about how the agency tackles global emergencies. This enabled the identification of other areas where support could be provided in the longer term, and an emergency response trigger procedure was established.

Naturally, the geographical focus changes as rapidly as new emergencies arise. Soon after its launch, the initiative began providing express delivery services out of Dubai, in the United Arab Emirates, where WFP's Fast IT and Telecommunications Emergency Support Team – FITTEST – is based. An early focus was on Southern Africa, but later in the year they were heavily involved in Iraq and Liberia. In December the initiative organised a TNT Airways Airbus 300 to airlift 33 metric tons of WFP emergency supplies from the UNHRD depot in Brindisi to Sudanese refugees facing starvation in Chad. The flight was the first privately funded airlift in WFP's history.

Kenya - Korea - Laos - Lesotho - Liberia - Madagascar - Malawi - Mali

A photograph of two men in traditional red and black checkered shukas. The man on the left is smiling and looking towards the camera, while the man on the right is looking slightly to the side. They are standing in front of a brick building with a corrugated metal roof. The text "Bridging the distance" is overlaid in white on the left side of the image.

Bridging the distance

Mauritania - Morocco - Mozambique - Namibia - Nepal - Nicaragua - Niger



Pakistan - Palestinian Territories - Peru - Russian Federations - Rwanda

How a global workforce
helps WFP get children

into school and out of hunger

Sao Tomé and Príncipe - Senegal - Serbia and Montenegro - Sierra Leone

The other four initiatives draw in particular on leveraging the skills and experience of TPG's divisional and corporate specialists to assist WFP. To ensure that the company's 160,000 employees around the world were inspired by and involved in the partnership, another vehicle was needed.

The school meals provided by WFP school feeding projects encourage poor and hungry children to attend class and help them concentrate on their studies. The agency's Global School Feeding Campaign was the clear choice as the focus to inspire TPG employees to raise funds for WFP amongst their colleagues, families, friends, customers and suppliers. This initiative's ultimate goal is to raise enough funds for WFP each year to enable them to feed a child at one of their school projects for every TPG employee.

The initiative developed a volunteer scheme that each year offers 32 TPG employees the opportunity to work with WFP in school projects in the field in Tanzania, Cambodia, Gambia and Nicaragua. Both during their three-month assignments and following their return, the volunteers share their experiences with their colleagues back home and around the world. Their experiences provide focal points for local fundraising activities.

At the launch of the initiative a corporate donation was made to WFP's campaign and a scheme was devised that would double funds raised by TPG staff. Employees organised hundreds of events at local offices, at the business unit level and internationally. Fundraising activities from marathons and talent contests to walking the Great Wall of China enabled a further donation of a million euros by the end of 2003.

Somalia - Sri Lanka - Sudan - Swaziland - Syria - Tajikistan - Tanzania - Uganda



Freeing more funds to feed more of the hungry

Prior to the launch of the partnership, WFP indicated to TPG that a vital way they could be of assistance was in the areas of accounting, auditing, and human resource management. Both aid organisations and corporations are required to disclose detailed financial information regarding the sources and allocation of funds, programme statistics and accounting principles. TPG possesses a broad spectrum of skills and systems in this complex domain, and the Transparency & Accountability initiative is implementing a number of projects proposed by WFP to help them achieve their objectives in each area.

TPG has helped WFP to set up budget procedures using key performance indicators, enabling the agency to deliver budget proposals in its annual

Yemen - Zambia - Zimbabwe - Afghanistan - Albania - Algeria - Angola -



management plan using zero-based budgeting and results-based management procedures. TPG also performs an advisory role in WFP's internal audit procedures and the firm has assisted in a number of country audits. The need for WFP to call on external consultants has been avoided since the project began and reporting timelines have been dramatically reduced. A third project shares TPG's expertise in staffing and recruitment, performance management and career development with WFP.

The initiative's 'Project Closure' assists in freeing funds that remained earmarked in WFP projects that are no longer active so that the funds may be reallocated elsewhere. The team has been able to clear backlogs in hundreds of WFP projects, freeing up substantial quantities of cash and food and enabling them to be used where they are urgently needed.

Armenia - Azerbaijan - Balkans - Bangladesh - Benin - Bhutan - Bolivia - Burundi



Different companies bring

different strengths

Burundi - Cambodia - Cameroon - Cape Verde - Central African Republic

TPG is the first major international corporation with which WFP has established a long-term partnership. But the agency hopes to secure at least ten more corporate partners by 2008. In support of this goal, TPG is helping WFP identify potential corporate partners in other industry sectors, including information and communications technologies, business consultancy, food and fuel. In addition to providing new sources of direct funding, these new partnerships will also offer services or goods appropriate to WFP's needs and activities.

Within the first months of the initiative, The Boston Consulting Group joined the team and provided its services on a pro bono basis to help develop a strategic plan for corporate fundraising. By the end of 2003, the firm had also agreed to become a WFP corporate partner in its own right.

The initiative provided an example of how TPG could collaborate with its clients and suppliers to raise funds from the private sector for WFP. Together with a retail client of Royal TPG Post and other corporate partners, a successful campaign was organised in the Netherlands to recycle used mobile phones and donate part of the proceeds to WFP. The initiative is now encouraging TPG's business units to initiate similar campaigns that are sustainable and enhance their own business while generating cash and awareness for WFP.

Chad - Colombia - Congo - Côte d'Ivoire - Cuba - Djibouti - Dominican

More information on TPG's partnership with the World Food Programme can be obtained from:

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TPG N.V., with its two brands TNT and Royal TPG Post, is a global provider of mail, express and logistics services. The group employs over 161,000 people in 62 countries and serves over 200 countries. For 2002 the company reported sales of € 11.7 billion, an increase of 5% over the previous year. In the first half of 2003 sales have grown by 1%. TPG N.V. is publicly listed on the stock exchanges of Amsterdam, New York, London and Frankfurt.