

UN Global Compact
Communication on Progress 2011



Iceland Post

Company name	Iceland Post	Date	24 June 2011
Address	Storhofdi 29 110 Reykjavik Iceland	Membership date	20 July 2009
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Brief description of nature of business

Iceland Post is a profit stateowned limited company. Postal laws in Iceland, and the rules built on them, are based on European Union postal service directives.

Iceland Post offers service in the fields of delivery, communications and logistics solutions. For example Iceland Post can deliver items from small letters to heavy pallets, billing services from telegrams to registered delivery, and publicity and advertising services from targeted mail shots to mass marketing campaigns.

Iceland Post's staff handle some 350 thousand letters and parcels for Icelandic homes and businesses every single week day. The company has to maintain a regular postal service across the entire country by law and working licence, but the number of letters is falling.

Developments in electronic communications and the economic recession in Iceland since 2008 have both led to a significant reduction in postal volume. Between autumn 2008 and the end of 2010, the number of private letters sent has gone down by around 20%. At the same time as revenue from letters has dropped, the number of homes in the country has increased by around 3%. The cost of distribution has increased in accordance with that, as postal laws dictate that every house in the country must receive a postal service every working day of the year wherever possible. That type of postal service reaches 99.8% of all homes and businesses in Iceland.

It is predicted that the number of private letters sent will continue to fall in the coming years. Current predictions are that private letter volumes will decrease by as much as 25% by 2015; and when Iceland Post's legal monopoly ends in 2013, post volume at Iceland Post could drop by as much as 55% by 2015.

In recent years the managers and staff at Iceland Post have made various provisions intended to bolster and adapt the company's service and distribution network in accordance with changed postal volume and residential developments. At the beginning of 2011 the company introduced a new delivery system, which is one of the biggest changes the company has ever made to its distribution network. Preparations for the new system have been going on for some two years. This change will lead to significant cost savings, as well as allowing for the provision of different service levels within the letter distribution network.

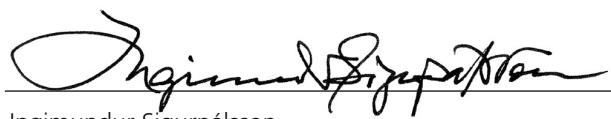
Statement of continued support

Since Iceland Post joined the United Nations Global Compact in 2009, work has been in progress to further advance the ten principles into the company's strategy and day-to-day operations. As an example of this, in 2010 an ***Equality Plan and Code of Ethics*** were developed and implemented and recently a working group handed in its suggestion on Iceland Post's policy on CSR.

Iceland Post is one of the biggest employees in Iceland and as such acknowledges its social responsibility and its wide impact in society. In relation to CSR the company puts emphasis in four main areas; human rights, environmental matters, humanitarian issues and righteousness in all our operations. In 2011 we will further develop our CSR with the ten principles as a support and encouragement.

Massive changes have been forced upon Icelandic companies over recent years. Iceland Post has not been immune to them. Changing external circumstances create new opportunities and Iceland Post is well positioned to exploit them. There are many interesting projects ahead which will lead to even better customer service, better working conditions for staff and strengthen Iceland Post's business focus in the years ahead. Iceland Post's staff members are ready for new challenges and their contribution is very valuable. We pledge that Iceland Post employees will, in the future just as in the past, take pride in ensuring we provide a reliable service of highest quality.

Iceland Post

A handwritten signature in black ink, reading 'Ingimundur Sigurpálsson', written over a horizontal line.

Ingimundur Sigurpálsson

Human Rights

- Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2:** make sure that they are not complicit in human rights abuses.

Our Commitment or Policy

Iceland Post respects and emphasizes human rights where equality and good ethics are the foundation. A positive working environment is considered important where safety, good health and general wellbeing of employees is in focus. Further more Iceland Post wants to be a popular and progressive workplace where employees have the opportunity to develop and fully use their talents.

A brief description of our Processes or Systems

At Iceland Post health and safety of employees is actively managed under the name Health Post. Two times pr. year, employees can have their blood pressure, BMI, blood sugar and some other health related factors measured at their workplace. In recent years between 35% and 40% of employees have used this opportunity for health check. Under the Health Post there are regularly planned walks, short walks as well as long hiking trips. Also employees are provided with information about maintaining a healthy lifestyle.

In 2010/2011 special emphasis was on the importance of healthy food. Expert advisors visited workplaces and gave lectures and advise on healthy food and food supplements. In 2011/2012 emphasis will be on the importance of relaxation and stressrelease.

Health and safety at the workplace is the responsibility of the Iceland Post Safety Committee in accordance with law on occupational health and safety. At all larger workplaces, a health and safety representative is elected by the employees and one nominated by the company. The Safety Committee tackles all kinds of health and safety issues every year and once a year it plans a *Health and Safety Week* for the whole company where the focus for one week is on health and safety issues as well as the making of a risk assessment in each workplace. In 2010 special emphasis was on the importance of cooperation in the workplace.

Bullying is not accepted in any form at Iceland Post. If there is suspicion of bullying a team of experts works to resolve it in full confidence.

Every other year an employee survey is done. The survey is done among all Iceland Post employees and there they can express their opinion on such matters as their job and working environment, attitude towards managers and the company in general, flow of information and education. The latest survey was conducted in May 2011, see results below. All employees get an introduction of the survey's main results and actions are taken in accordance with the outcomes in individual workplaces.

Every year all Iceland Post supervisors take an interview with their employees as a formal performance appraisal. The performance appraisal provides feedback to help improve performance and recognize weaknesses and offer information about the attainment of work goals. It is also an opportunity for employees to put forth their views about their work or the workplace in general and also their wishes on further development.

Actions implemented in the last year / planned for next year

2010	2011
<i>Code of Ethics</i> implemented	Further presentation of <i>Code of Ethics</i> among general employees
Health and Safety Week	Health and Safety Week
Policymaking for the <i>Health Post</i>	Employee Survey among all employees - reactions
Performance appraisals	Performance appraisals

Measurable Results or Outcomes

Occupational health and safety	2008	2009	2010
Number of accidents with more than one day off	80	67	55
Rate of accidents per 100 employees	NA	5,6	5,1
Sickness rate in %	6,6	5,6	5,4

Employee survey (participation 2011, 74%)	2004	2007	2009	2010
Overall I am happy in my work at Iceland Post (% that agree)	78	83	85	84
I am happy with my current working conditions (% that agree)	72	74	77	79

Labour Standards

- Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4:** the elimination of all forms of forced and compulsory labour;
- Principle 5:** the effective abolition of child labour; and
- Principle 6:** the elimination of discrimination in respect to employment and occupation.

Our Commitment or Policy

Union density is very high in Iceland compared to most countries, or around 88%. Over 95% of employees at Iceland Post are members of a union and large majority are members of the *Icelandic Postal Union*. The *Icelandic Postal Union* bargains directly with Iceland Post and current bargaining agreement is valid from June 1, 2011 to January 31, 2014.

Iceland Post respects the basic principles of ILO's declaration on Fundamental Principles and Rights at Work.

Iceland Post respects laws and regulations concerning workers minimum age.

A brief description of our Processes or Systems

In recent years the main focus of the Iceland Post bargaining agreement with the Icelandic Postal Union has been on raising overall minimum wages at Iceland Post.

Iceland Post representatives have regular meetings with representatives of the Icelandic Postal Union to discuss matters that are at hand and matters concerning the bargaining agreement.

Job related lectures and meetings as well as educational material is available to all employees through the Intranet on the PostTV.

Jobs within the company are advertised on the Intranet and advertisements are on information boards of every workplace to make them available for all employees to apply.

Communication within Iceland Post is characterized by respect and trust and emphasis is on family values and flexible working hours where possible as well as equality at all levels. Iceland Post's aim is that wages within the company are competitive and wages based on gender is not accepted. Every kind of discrimination is fought against with preventive measures in the form of information and training. Iceland Post offers extensive education and training for all employees for them to mature and grow in their work.

Actions implemented in the last year / planned for next year

2010	2011
<i>Equality Plan</i> implemented	
improvements and further development of <i>PostTV</i>	Improvements and further development of <i>PostTV</i>
<i>Code of Ethics</i> implemented	Further presentation of <i>Code of Ethics</i> among general employees
Collective bargaining	New bargaining agreement, valid from June 1, 2011 to January 31, 2014

Measurable Results or Outcomes

At Iceland Post	2008	2009	2010
Employees			
men (%)	31,5	32,2	33,4
women (%)	68,5	67,8	66,6
Managers			
men (%)	36,7	37,5	36,5
women (%)	63,3	62,5	63,5
Unionized employees (%)	96,5	96,3	95,5

Environment

- Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- Principle 8:** undertake initiatives to promote greater environmental responsibility; and
- Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

Our Commitment or Policy

Environmental matters are one of four main areas of Iceland Post's CSR. The company commits itself to minimize its effect on its physical environment and as a responsible part of the community, Iceland Post makes environmental demands according to laws and regulations.

A brief description of our Processes or Systems

Iceland Post's environmental committee regularly evaluates the companies position and possibilities concerning environmental matters in relation to efficiency and technical developments. Environmental demands according to law and regulations are considered minimal demands.

The main factor regarding Iceland Post's effect on the environment is related to its car fleet. In recent years Iceland Post has been developing delivery of letters and parcels by cars in the capital area; to companies during the daytime and private homes in the evening. During the daytime around 900 companies in the capital area are visited on scheduled routes for delivering and collecting mail. Furthermore the drivers visit companies in their area, who need unscheduled extra services. The drivers also empty about 80 mailboxes in the capital area. On average, 500 homes are visited in the evening to deliver parcels and any letters not delivered by mailmen.

In order to manage this service in the most efficient way possible and reduce environmental effects, Iceland Post has in recent years developed and implemented a fleet management system. The key factor in this system is that all cars are equipped with a tachograph from SAGAsystem. The main purpose is to reduce driving accidents, reduce fuel waste (e.g. decrease the number of cars parked with the engine running), reduce the release of carbon dioxide from the car fleet and to encourage more responsible driving in general that leads to fuel efficiency and lower car maintenance costs.

Palm computers were taken into service in 2008 so that all signatures and payments by customers are electronically registered in real-time, thus making customer service much more efficient and environmental friendly. Use of palm computers:

- supports safer and more accurate delivery of parcels and letters
- makes settlement of accounts faster and more precise
- makes information accessible in real time
- makes track and trace of delivery possible
- enables optimisation of routes
- enables elimination of paper
- offers information in real time on number of remaining deliveries to be made by each car.

Actions implemented in the last year / planned for next year

2010	2011
Partner in Post Europe's GHG - <i>We became partners in 2010</i>	Installing Post Europe's GHG measuring methods
In cooperation with SAGAsystem and the Energy Agency in Iceland, measure and decrease the number of cars parked with the engine running - <i>This was not done because of problems in software development</i>	Further development and formalisation of environmental issues within Iceland Post's CSR
Increase the number of methane cars by 10% - <i>The number of methane cars was increased by 10%</i>	Monthly measurements of carbon dioxide, and part of top management KPI
Measuring carbon dioxide coming from the exhaust of cars	
All printers at Iceland Post head offices, to be able to print on both sides of a paper - <i>All new printers have this feature, and older printers, where possible, print on both sides as a default</i>	
Look into the possibility of using electric cars - <i>Due to the economic situation the investment in electric trucks has been delayed</i>	
Code of Ethics developed and implemented	Further presentation of Code of Ethics among general employees

Measurable Results or Outcomes

At Iceland Post	2008	2009	2010
Methane cars (%)	8	8	14
Cars on studded wintertyres (%)	92	86	84
Cars with a tachograph (%)	83	100	100

Anti-Corruption

Principle 10: Businesses should work against corruption in all forms, including extortion and bribery.

Our Commitment or Policy

Iceland Post does not tolerate any form of corruption or other punishable behavior in relation to the company. It is considered highly serious if an employee misuses his position in relation to a customer in an impeachable/punishable manner. Corruption or other punishable behavior is dealt with, with resignation or expulsion.

A brief description of our Processes or Systems

In accordance with Iceland Post purchase policy, when purchasing goods or services of any kind, it shall be done with open invitation to submit tenders.

Employees or customers of Iceland Post who have suspicion of corruption in any form, misuse of position or that other punishable behavior has taken place in the company, can direct their suspicion to the Code of Ethics committee that looks into the matter.

Actions implemented in the last year / planned for next year

2010	2011
<i>Code of Ethics implemented</i>	Further presentation of <i>Code of Ethics</i> among general employees