

UN Global Compact  
Communication on Progress 2012



## Iceland Post

<b>Company name</b>	Iceland Post	<b>Date</b>	25 June 2012
<b>Address</b>	Storhofdi 29 110 Reykjavik Iceland	<b>Membership date</b>	20 July 2009
<b>Contact name</b>	Olafur Finnbogason	<b>Number of employees</b>	950
<b>Contact position</b>	Head of Training	<b>Sector</b>	Support services
<b>Contact telephone</b>	+ 345 580 1338		

### *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.

Considerable changes have taken place in the business environment of the postal service in recent years. Developments in electronic communications have led to a significant reduction in postal volume, although in many places across Europe this reduction can also be attributed to the economic recession of 2008. Between 2006 and late 2011, the number of private letters sent decreased by 30% in Iceland. It is predicted that the number of private letters sent will continue to fall and current predictions estimate that private letter volumes will decrease by as much as 10% by 2015. At the same time as letter volumes decreased in 2006-2011, the number of homes throughout the country increased by almost 10%. Postal laws dictate that every house must receive a postal service every working day of the year wherever possible and that level of service reaches 99.8% of all homes and businesses in Iceland. As a result of this as well as higher costs in Iceland due to an increase in wages and prices, the cost of distribution has expanded significantly in recent years, whilst letter volumes have dropped.

Considerable advances have been made by streamlining the management and services at the postal service; however, the decrease in letter volumes has been dealt with by increasing revenue in other areas of expected growth, and also by increasing postage. While it has been inevitable to raise prices, the cost of postage for private letters is the lowest in Iceland of the Nordic countries and among the lowest in Europe.

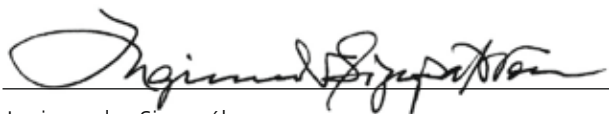
Several innovations are planned and will be introduced in the coming months. More streamlining is necessary in parts of the operation that are not cost efficient, as well as making advances in fields that can bring increased revenue within the constraints of competition rules. It is vitally important that this proves successful and the company will be able to respond swiftly to altered situations, for the benefit of its customers, staff, and owners.

### *Statement of continued support*

The role of Iceland Post is to offer reliable services for companies and individuals in the field of distribution, communications and logistics, as well as other areas that pertain to these activities. It is Iceland Post's vision statement to be a progressive and powerful company in mail and product distribution by providing a reliable and stable service around the country and the world, which is based on recognized quality standards.

Iceland Post is one of the biggest employers in Iceland and as such acknowledges its social responsibility and its wide impact in society. Since joining the Global Compact in 2009, the 10 principles have guided us in various important matters. In support of the principles we have e.g. formulated and implemented Code of Ethics, developed and implemented an Equality Plan and made considerable improvements concerning our car fleet with the main objective to reduce its negative environmental effect. The principles influence our business decisions and have helped us through recent turbulent times and will continue to do so as we state our continuous support.

Iceland Post

A handwritten signature in black ink, appearing to read '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. Furthermore 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. In the last 10 years or so, one or 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 close to half of employees have used this opportunity as a part of their 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 2011/2012 special emphasis was on the importance of healthy food, the importance of relaxation and positive thinking.

For years a team of experts within Iceland Post, deal with suspected bullying. As a result of the outcome in the employee survey 2011 on bullying, where 6% considered them to have been bullied in the workplace in the last 6 months, extra attention was raised and a new poster and brochure were issued focusing on the dangers of bullying. An answering machine employees can call anonymously, was introduced where the team of experts on bullying are presented and you can choose whom you talk to if you suspect bullying is in your workplace.

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 since 2006 an annual Health and Safety Week has been set up for the whole company where the focus for one week is on health and safety issues. In 2011 special focus was on accidents at the workplace and preventive measures. Workrelated accidents have been steadily declining in recent years.

Recently Iceland Post Safety Committee was responsible for the renewal of a risk assessment dateing from 2004 for the single largest workplace, the main Sorting Center. A risk assessment is an analysis of the risk factors at work and an assessment of the likelihood of an employee sustaining health damage or having an accident at the workplace. Risk assessments have been made for all the larger workplaces in recent years and various projects have followed concerning preventive measures.

The Safety Committee also started work on the making of evacuation plans for different workplaces in case of urgent evacuation. That work will be continued in the coming months.

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. The methods for the appraisal have been under continuous renewal and is now more focused on the specific tasks and requirements of each jobtitle than it was before.

*Actions implemented in the last year / planned for next year*

2011	2012
Further presentation of <i>Code of Ethics</i> among general employees	
Health and Safety Week	Health and Safety Week
Reviewing preventive measures considering bullying	New brochure and poster on bullying and new way to report suspected bullying
Employee Survey among all employees – reactions	Further reactions to outcome of Employee Survey
Risk assessment for the main sorting center	Continuous work on risk assessment
Evacuation plans for larger workplaces	Evacuation plans for larger workplaces
Performance Appraisals	Further development of Performance Appraisals

*Measurable Results or Outcomes*

Occupational health and safety	2009	2010	2011
Number of accidents with more than one day off	67	55	51
Rate of accidents per 100 employees	5,6	5,1	4,6
Sickness rate in %	5,6	5,4	5,7

Employee survey (participation 2011, 74%)	2004	2007	2009	2011
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
I have been bullied at my workplace in the last 6 months (% that agree)	NA	NA	NA	6

## 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 97% of all 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.

### *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.

According to current bargaining agreement, shop stewards are authorized to hold two meetings with all employees pr. year that last up to an hour, during working hours, without paydeduction. Shop stewards are also allowed to attend a seminar once a year that lasts up to a week without paydeduction.

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 informatin 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*

2011	2012
Improvements and further development of <i>PostTV</i>	
Further presentation of <i>Code of Ethics</i> among general employees	
New bargaining agreement, valid from June 1, 2011 to January 31, 2014	
	A new database on the Iceland Post website, to make it easier for applicants to apply for a job at Iceland Post and supervisors to find the right candidate for a certain job
	A new Intranet with e.g. extensive information for employees on their rights and duties

*Measurable Results or Outcomes*

At Iceland Post	2009	2010	2011
Employees			
men (%)	32,2	33,4	38,7
women (%)	67,8	66,6	61,3
Managers			
men (%)	37,5	36,5	38,0
women (%)	62,5	63,5	62,0
Unionized employees (%)	96,3	95,5	97,4

Employee survey (participation 2011, 74%)	2004	2007	2009	2011
Jobsecurity at Iceland Post is high (% that agree)	NA	NA	60	70
I am satisfied with Iceland Post's reactions concerning the economic crisis (% that agree)	NA	NA	51	62

# 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*

A new Environmental Committee was appointed in 2011 that will put forth ideas, projects and goals concerning what Iceland Post can do in relation to the preservation of the environment.

Continuous focus will be on carfleet management by using information from tachographs that have been installed in all Iceland Post cars. The main purpose is to increase efficiency in general, reduce fuel waste (e.g. decrease the number of cars parked with the engine running), reduce the release of carbon dioxide and to encourage drivers to drive responsibly in general that leads to better fuel efficiency and lower car maintenance costs. In relation to this, drivers at Iceland Post got training in eco-driving in 2011.

There have been trials of alternative vehicles, such as electrically powered scooters and Segways, in letter delivery. These trials will continue.

In 2012 the objective is to increase the ratio of methane cars in Iceland Post's carfleet from 14% up to 19%. This will decrease the proportion of emissions of greenhouse gases caused by Iceland Post and is considered an important part of the company's CSR.

In recent years Iceland Post has urged its employees to cycle to work. The company has taken part in an annual three week effort of the Icelandic Sports and Olympic Committee, called „Cycle to Work“ where Icelanders are encouraged to cycle to work and workplaces compete between them who cycles the most kilometers. Facilities for bikers has been improved in many Iceland Post workplaces where people can take a shower and keep their bikes in a safe place.

*Actions implemented in the last year / planned for next year*

2011	2012
	Ratio of methane cars in Iceland Post's carfleet from 14% to 19%
Installing Post Europe's GHG measuring methods	Continuation of the initiation of Post Europe's GHG measuring methods
Further development and formalisation of environmental issues within Iceland Post's CSR	More concrete ideas, projects and goals concerning what Iceland Post can do in relation to environmental issues
	Implement a motivational system to encourage drivers to drive responsibly
	Continuos trials of alternative more eco-friendly vehicles in letter delivery.
Monthly measurements of carbon dioxide, and part of top management KPI	
Further presentation of Code of Ethics among general employees	

*Measurable Results or Outcomes*

At Iceland Post	2009	2010	2011
Methane cars (%)	8	14	14
Cars on studded wintertyres (%)	86	84	83
CO2 pr. km (gr.) - average	NA	NA	229

## 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*

Iceland Post has a certified quality management system that complies with the requirements of the ISO 9001:2008 standard. All employees have access to Iceland Post's quality management manual and in the manual there are e.g. guidelines on how to purchase goods or services. Furthermore in connection to ISO 9001:2008 there are regular reviews of procedures, problem analysis and work towards improvement with the objective to constantly improve the company's performance.

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. All agreements concerning the company's operations are documented in written signed contracts.

Strict rules are in place concerning the processing of invoices and making payments where different individuals are responsible. A clear differentiation is between financial management and account services where the personnel of account services book invoices and the personnel of financial management pay the invoices. This is to ensure transparency and to rule out any kind of misconduct.

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*

2011	2012
Further presentation of Code of Ethics among general employees	