

UN Global Compact
Communication on Progress 2010



Iceland Post

Company name	Iceland Post	Date	21 June 2010
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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.

Many demands are placed on Iceland Post. 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 and customers call for more efficient delivery solutions, lower prices and an ever widening product selection. At the same time the company must return profits from operations and investments to the state. In addition, Iceland Post's inland monopoly on letters under 50 g is due to be removed on 1st January 2011, which could mean massive changes to the company's working environment and organisational foundations.

To meet these increased requirements, Iceland Post has been putting even more emphasis on business development, product development and working processes. Over the last year many new business developments have taken place within Iceland Post, including increased concentration on electronic communication media, online stores and other innovations connected to current and future businesses.

Iceland Post offers service in the fields of delivery, communications and logistics solutions and therefore serves the nation's business community in a variety of ways. 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.

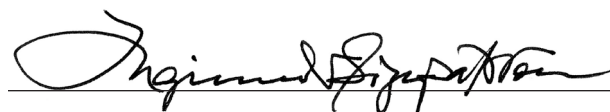
Iceland Post's delivery staff visit nearly every home in the country five days a week, that's 120.000 individual households. Just 156 customers receive a lesser service, which is only 0.13% of Icelandic homes. The company runs 74 service centres all over the country. 39 of these service centres are privately owned and 35 are run in co-operation with others, such as banks and shops. In 2005, the Board of Iceland Post took the decision to strengthen the company network in 16 locations across the country as well as conducting robust operations in the Reykjavik capital region. The interaction between these 16 powerful new centres, the transport network and the other smaller workplaces all over the country, means that Iceland Post can continue to be a robust and reliable delivery company benefiting everybody in Iceland.

Statement of continued support

Iceland Post joined the United Nations Global Compact in 2009, and we consider our support to the ten principles, to be a part of the company's strategy, culture and day-to-day operations. In the coming years, we intend to further advance these principles in the company's operations concerning social responsibility and obligations to stakeholders. The ten principles are an encouragement and a valuable support in our continuous effort and contribution to responsible business practices. Our participation in the Global Compact initiative, emphasizes our commitment to respect human rights and fundamental employment rights, to promote environmental protection and to work against all forms of corruption.

Our main focus concerning the ten principles, is on environmental issues, especially in relation to more environmentally friendly cars and more responsible driving on behalf of our drivers. In recent years we have taken large steps in the direction of monitoring our cars, e.g. with implementation of a tachograph in all cars. Environmental issues will play a larger part in other areas of our operations in the near future, as we strive to make the world a better place for future generations.

Iceland Post

A handwritten signature in black ink, reading "Ingimundur Sigurðsson", is written over a horizontal line.

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

At Iceland Post positive working environment is considered important and employees are encouraged to think of their health. Emphasis is put on health and safety and secure working conditions and each individual's rights in these matters.

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 to check their health. Under the *Health Post* there are regularly planned walks, short walks as well as long hiking trips. Furthermore, employees are provided with information about maintaining a healthy lifestyle in general. In the year 2009 the *Health Post* was awarded *Exemplary Workplace* by the *Administration of Occupational Safety and Health* in Iceland as part of the *Move Europe* initiative.

Health and safety in the workplace is the responsibility of the Iceland Post Safety Committee in accordance with laws 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* within 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.

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 confidentiality.

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.

Actions implemented in the last year / planned for next year

2009	2010
<i>Code of Ethics</i> developed	<i>Code of Ethics</i> implemented
Health and Safety Week	Health and Safety Week
Employee Survey among all employees	Policymaking for the <i>Health Post</i>

Measurable Results or Outcomes

Occupational health and safety	2008	2009
Number of accidents with more than one day off	80	81
Rate of accidents per 100 employees	7,3	7,4
Sickness rate in %	6,6	5,8

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

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 96% of Iceland Post's employees are members of a union and a large majority is a member of the *Icelandic Postal Union*. The *Icelandic Postal Union* is one of 27 unions that are a part of BSRB, *Federation of State and Municipal Employees*, the largest union of public employees in Iceland. The *Icelandic Postal Union* negotiates directly with Iceland Post and the current agreement is valid from February 1, 2008 to November 30, 2010.

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.

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 for wages within the company to be competitive and basing wages on gender is not acceptable. 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.

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 on the Iceland Post Intranet through the *PostTV*.

Jobs within the company are advertised on the Intranet and advertisements are on the information board of every workplace so all employees can apply.

Actions implemented in the last year / planned for next year

2009	2010
<i>Equality Plan</i> developed	<i>Equality Plan</i> implemented
Initiate <i>PostTV</i> on the <i>Intranet</i>	Improvements and further development of <i>PostTV</i>
<i>Code of Ethics</i> developed	<i>Code of Ethics</i> implemented
	Collective bargaining

Measurable Results or Outcomes

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

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

Iceland Post recognizes the importance of finding ways to minimize environmental pollution and considers it its duty to follow that through.

The company is determined to support the use of environmentally friendly sources of energy and the recycling of waste in a matter that is economically feasible.

A brief description of our Processes or Systems

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

All postal cars used in the capital area and larger towns, are equipped with a tachograph from *SAGAsystem*. *SAGAsystem* automatically calculates acceleration, deceleration and G-force in turns and how fast a car is going. With the help of *SAGAsystem*, use of gasoline, if a car is parked with the engine running, wearing and tearing of tyres and the car in general, is supervised.

Iceland Post is a partner in Post Europe's *Green House Gas reduction program* (GHG). The project's main goal is to reduce the release of carbon dioxide into the atmosphere. The amount of carbon dioxide coming from the exhaust of cars, is being measured and more methane cars will be bought.

Actions implemented in the last year / planned for next year

2009	2010
Trying bubbletyres and shelltyres as wintertyres for cars, instead of studded tyres, to decrease pollution.	Partner in Post Europe's GHG.
Goal oriented use of tachograph in cars to encourage more responsible driving and make driving more environmentally friendly.	In cooperation with SAGAsystem and the Energy Agency in Iceland, measure and decrease the number of cars parked with the engine running.
Reducing use of paper by using palm computers in driving and delivering parcels to customers.	Increase the number of methane cars by 10%.
Measuring carbon dioxide coming from the exhaust of cars.	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.
	Look into the possibility of using electric cars.
	Code of Ethics developed and implemented.

Measurable Results or Outcomes

At Iceland Post	2008	2009
Methane cars (%)	8	8
Cars on studded wintertyres (%)	92	86
Cars with a tachograph (%)	83	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 abuses his position in relation to a customer in an impeachable/punishable manner. Corruption or other punishable behavior is dealt with, with dismissal or firing.

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 invites for tenders.

Employees or customers of Iceland Post who suspect corruption in any form, misuse of position or other punishable behavior within the company, can report their suspicion to the *Code of Ethics* committee that looks into the matter.

Actions implemented in the last year / planned for next year

Code of Ethics developed in 2009 and implemented in 2010.