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La Poste, a multifunctional, local services group

In 2005, La Poste group, organised around four Divisions (Mail, Parcels and Express Deliveries, La Banque Postale and La Poste Retail Outlets), generated turnover of €19 billion and employed 303,405 people.* As the operator of the “universal postal service”, La Poste carries out its mission as a public service as defined by law. It is also venturing steadily into strongly competitive international markets. In this aim, the Group has launched a number of major modernisation projects over the last two years, in order to establish its position as a major European operator and to become the top French local brand name.

*In equivalent number of agents-per-year.

MAIL

In accordance with its obligations as a “universal service operator”, La Poste guarantees the collection, sorting, transport and delivery of mail six days per week, everywhere in France.

This business is facing a double change: the first being regulatory, with the progressive opening of the market to competition (as from 1 January 2006, objects weighing more than 50 grammes are subject to competitive tendering); the second being technological, with the increased use of technological media, which penalise growth in mail. In order to improve its performance and preserve its competitiveness, the Mail Division has undertaken a vast programme to modernise its organisation and its industrial equipment (“Cap Qualité Courrier” Mail Quality Project). To meet the new needs of its customers, it offers innovative integrated solutions throughout the entire mail value chain, from production to archiving and even recycling.

MAIL IN 2005:

100,000 postmen and women who collect and deliver mail six days per week.

19.5 billion deliveries sent (of which 1.8 billion are newspapers) and 9 billion un-addressed items.

39% of turnover realised in a competitive market (46% as of 2006).

85% of turnover from business customers.

LA POSTE RETAIL OUTLETS

A separate Division since 1 January 2005, La Poste Retail Outlets is the nationwide sales network of La Poste. It sells the products of the other Divisions and develops its own range of products and services. In 2005, the strategic project “Cap Relation Clients 2007” (Customer Relations Project 2007) was launched. This project aims at creating a modern, accessible “La Poste” brand name, that is more adapted to the expectations and way of living of its customers. The new post office will put an end to queuing and create a new reception service and shop area. In 2005, 24 pioneer offices were opened that are testing the main innovations to be deployed in 1,200 offices in 2006. This modernisation meets the postal coverage requirement and is accompanied by an ambitious social plan for training staff and improving their working conditions.

LA POSTE RETAIL OUTLETS IN 2005:

17,008 contact points.

2.5 million customers per day in the post offices.

KEY FACTS FOR 2005

2005 is a key year in this new economic and industrial strategy.

A CONSOLIDATED ORGANISATION

The Divisions completed the reorganisation of their operational and regional structures and will manage their own central functions, such as Human Resources, Purchasing and Property in 2006.

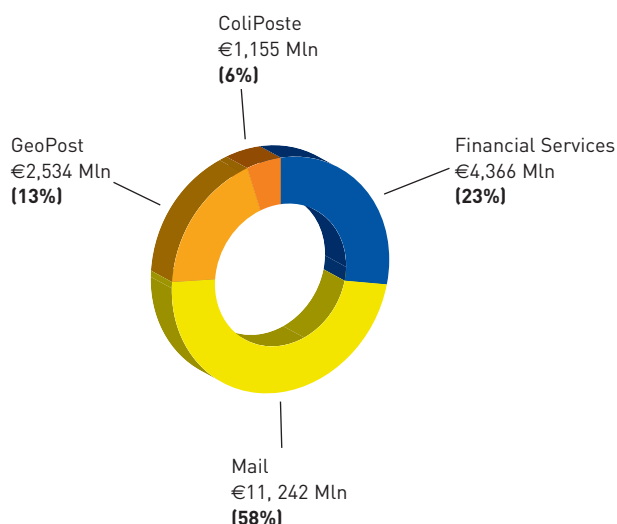
- The cross-divisional functions of the head office are refocused on the strategy and co-ordination of the Group policies.
- In order to guarantee the transparency of service exchanges, the financial and commercial relations between Divisions are set out in internal contracts.

A CLARIFIED LEGAL FRAMEWORK

The French Postal Sector Regulation Act, adopted in May 2005, laid down the conditions of competitive practices for the French mail-services market, set up La Banque Postale and defined the criteria for postal coverage throughout France. It also led to the setting-up of the ARCEP, the regulatory authority for postal and electronic communication.

Breakdown of Group turnover by Division

Turnover 2005: **€19,329 Mln**
of which 64.5% was realised in full competition;
of which sales achieved by La Poste Retail Outlets amounted to €5,426 Mln



PARCELS AND EXPRESS DELIVERIES

This Division combines the activities of transport and delivery of parcels and express deliveries in France and Europe. La Poste, through its subsidiaries in more than 30 countries, is the third largest European operator in this sector. This activity, which is presently growing, mainly thanks to the development of e-commerce, operates in an highly competitive area, which is currently being centralised at European level. ColiPoste has pursued the modernisation of its processing and transport network, by creating new sorting hubs and by concentrating its network of offices in big towns. GeoPost has strengthened its pan-European network, most notably by establishing itself in Eastern and Southern Europe. Its main subsidiary in France, Chronopost, is currently undergoing deep reorganisation: opening new sites, increasing the use of new technology, reshuffling its method of processing parcels.

PARCELS AND EXPRESS DELIVERIES IN 2005:

- 100%** of turnover realised in a full competition market.
- 710 million** parcels shipped by GeoPost and ColiPoste in 30 countries.
- 16** ColiPoste hubs in France and 40,000 business customers.

LA BANQUE POSTALE

On 1 January 2006, the Financial Services of La Poste became La Banque Postale, having a supervisory board and an executive board, and whose capital is fully owned by La Poste. This change of status became possible in 2005 by the adoption of the French Postal Sector Regulation Act and thanks to the approval reached by the Comité des établissements des investissements (CECEI, the French banking regulator). La Banque Postale is thus able to offer its customers a greater range of products and services and to develop new products and new ways of selling. It is subject to the regulation and prudential restrictions of common law and is monitored by the Banking Commission. Hence the year 2005 has been a full year of mobilisation around this project, which constitutes one of the major challenges in the modernisation of the Group. La Banque Postale intends to be part of a dynamic of commercial and financial progress, whilst serving its entire customer base by applying the fundamental postal values of accessibility, proximity and trust.

LA BANQUE POSTALE IN 2005:

- 28.9 million** customers.
- €230.2 billion** in managed assets.
- 11 million** postal current accounts.
- €4,366 million** net bank income.



La Poste, a key player in the development of society

For La Poste, being a “player in the development of society” means contributing to the well-balanced wealth creation across all the regions of France and at the same time playing a role in contributing to social cohesion through the Group’s values of openness, accessibility, proximity and equity. While preparing to rise to new challenges in the midst of an intense period of change and modernisation, La Poste intends to prove the reality and life-force of its values, which have always formed the basis of its development, through the everyday action of all postal workers for the benefit of the entire community.

THROUGH ITS PRESENCE AND DYNAMICS, LA POSTE CREATES REGIONAL WEALTH

Positioned naturally at the heart of communication and exchanges, La Poste and each of its Divisions, through the added value they create, provide the support necessary for the economic vitality of the country and for the dynamism of its regions. The Mail, Parcels and Express Delivery Divisions form a vital bond between businesses and are an indispensable link in the relationship between these businesses and their customers. All of the activities of La Poste, its Financial Services and its sales and distribution networks are present nationwide and facilitate the exchange of goods, information and financial flows. Moreover, the large long-term investment projects currently underway in all the Divisions bring direct benefit to the regions. They dynamise local activity and employment and are the driving force in a balanced approach to regional development issues.

THROUGH ITS PRESENCE AND PROXIMITY, LA POSTE CREATES SOCIAL BONDS

All the regions in France benefit from the presence of La Poste, notably in areas where certain populations are more vulnerable or isolated, be it sensitive urban areas, rural revival areas or mountainous areas.

The postman passing by daily, often bringing something more than simply a letter, the possibility of accessing a wide range of products and services in any postal contact point and the offer of non-discriminatory financial services are driving forces of regional social cohesion.

La Poste intends to leverage both its presence and its proximity to all types of customers, in order to develop services that satisfy new or specific needs, in partnership with other regional players.

Major investment projects

CAP QUALITE COURRIER (MAIL):

€3.4 billion
between 2004 and 2010

CAP RELATION CLIENT (LA POSTE RETAIL OUTLETS):

€770 million
between 2005 and 2007

INVESTMENTS (LA BANQUE POSTALE):

€742 million
between 2005 and 2008

TARGET FOR 2008 (COLIPOSTE):

€250 million
between 2003 and 2008

New industrial sorting hub of the Gonesse Mail Division.

Cash flows generated and redistributed by La Poste in 2005

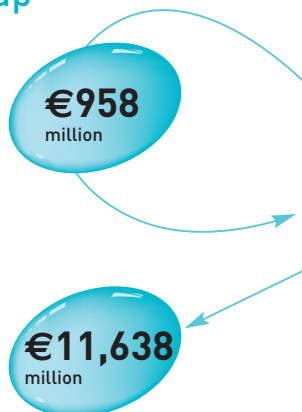
Flows redistributed to postal workers and the Group

INVESTMENTS

Tangible and intangible capital assets, external growth operations.

STAFF

Payroll, consisting of salaries paid and social security contributions.



Cash flows generated

CUSTOMERS

Turnover generated by the activities of La Poste and its subsidiaries



Cash flows redistributed to the community

SUPPLIERS AND SUB-CONTRACTORS

Purchases of consumables, service provisions, transport costs, rents, telecommunications, maintenance, etc.



STATE AND LOCAL AUTHORITIES

Contribution to national solidarity through payments in the form of VAT, corporate income tax and apprenticeship tax



INVESTORS AND BANKS

Financial charges on loans.



OTHER KEY FACTS FOR LA POSTE IN 2005:

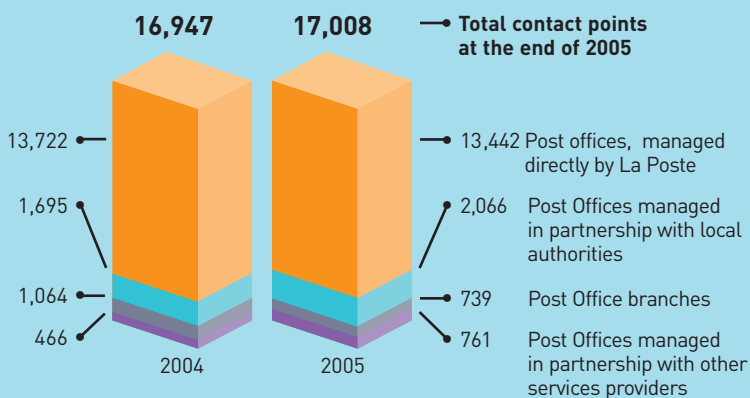
1,045 contact points serving sensitive urban areas and 4,389 contact points in rural revival areas.

6,700 recruitments, including 1,106 young people on apprenticeships, since "to be a player in society's development" means above all supporting the employment and integration of young people.

€114 million collected directly by or with the logistical support of La Poste, for the benefit of charitable organisations.



Postal presence in all its forms



98% of the national population lives within five kms of a contact point in accordance with the French Postal Sector Regulation Act.



The challenges: from diagnosis to commitment

Sustainable development is part of the continuing values upheld by La Poste and its Divisions. Through its size, visibility and status as a public company, La Poste wants to set an example and, in 2003, fixed a strategy of sustainable development based on the analysis of its top priorities in terms of human resources, the environment and the society in general.

This drive has led to the adoption of strong commitments, which structure the approach of the Group and are transposed directly into specific projects for each of the Divisions. Moreover, La Poste, which has been a signatory of the Global Compact since February 2003, actively participates in the work of the following organisations:

- ORSE (Study Centre for Corporate Social Responsibility),
- Comité 21 (French Committee for the Environment and Sustainable Development),
- Entreprise pour l'Environnement, (organisation entitled "Companies for the Environment")
- IMS-Entreprendre pour la Cité (organisation of companies promoting innovative projects for local communities),
- CSR Europe, of which La Poste is a member.

DIALOGUE AND CORPORATE GOVERNANCE

CONTEXT ANALYSIS

Because of its size, visibility, proximity to the public and the nature of its missions, La Poste has a duty to be exemplary in its internal processes and its dialogue and communication strategy, in the context of increased competition and the regulatory standardisation of its business.

COMMITMENTS MADE BY THE GROUP

Perform all activities following a transparent operating method.

Increase dialogue with customers and stakeholders.

Communicate regularly on results of actions taken and progress made on each commitment.

Participate in the fight against money laundering and the financing of terrorism.

CHALLENGES

- > GENERAL MANAGEMENT
- > LA POSTE RETAIL OUTLETS
- > MAIL
- > PARCELS/EXPRESS DELIVERY
- > LA BANQUE POSTALE

Comply with the rules and practices in force in the various business sectors in which La Poste operates, in order to abide by regulatory requirements.

Integrate customers, regional players, suppliers and NGOs early on in the processes and decisions, to create constructive, long-term partnerships.

THE MEN AND WOMEN OF LA POSTE

CONTEXT ANALYSIS

The performance of La Poste is upheld by the 300,000 postal workers, both men and women: their skills, the protection of their health and the wealth of their diversity. Moreover, the success of the approach to sustainable development relies on their participation and involvement. They have the key role in the internal success of the project and are instrumental in raising awareness of sustainable development among their families and friends, as well as their customers.

COMMITMENTS MADE BY THE GROUP

Implement, through improved social dialogue:

- a human resources policy based on consideration for individual human-beings,
- improved working conditions,
- skills development and rewarding of initiatives.

Implement an exemplary scheme that promotes gender equality.

Recruit and integrate disabled people.

Raise awareness of sustainable development among all staff and incite them to implement concrete actions every day.

CHALLENGES

- > HUMAN RESOURCES AND LABOR RELATIONS MANAGEMENT, SUSTAINABLE DEVELOPMENT DEPARTMENT AND GROUP COMMUNICATION DEPARTMENT
- > LA POSTE RETAIL OUTLETS
- > MAIL
- > PARCELS/EXPRESS DELIVERY
- > LA BANQUE POSTALE

Promote and adapt within each Division the shared aspects of the "Réussir Ensemble" (Succeeding Together) project, which is a vector of La Poste's aspirations of social modernisation and its values.

Implement measures to promote communication and awareness-raising.

Train staff in sustainable development.

BUILDINGS

CONTEXT ANALYSIS

In accordance with its obligations regarding local coverage, La Poste manages a property portfolio of 16,449 buildings for a total surface area of around 8 million m². Each site is a consumer of energy and water and the logistical activities of the Mail, Parcels and banking back office services produce considerable amounts of waste (palettes, plastic film, paper, cardboard).

The Divisions' projects currently in progress create opportunities during construction and renovation.

COMMITMENTS MADE BY THE GROUP

Reduce and recycle waste.

Reduce energy consumption by 5% per year and manage water use.

Integrate sustainable development criteria into new construction projects.

Facilitate access to sites for disabled customers.

CHALLENGES

> LA POSTE RETAIL OUTLETS

Manage a substantial property portfolio (over 14,000 buildings) with a minimum environmental impact on each site.

Integrate to the extent possible environmental and accessibility criteria when renovating offices.

> MAIL

> PARCELS/EXPRESS DELIVERY

Work on reduction at source to prevent waste production.

Evaluate the impact of automation and the current reorganisations on energy consumption.

Integrate environmental criteria into construction programmes.

> LA BANQUE POSTALE

Improve the environmental management of back-office activities at the Financial Centres, which are concentrated on few but big sites.

Integrate High Environmental Quality criteria into its new head office.

TRANSPORT

CONTEXT ANALYSIS

Every day La Poste collects and delivers mail and parcels throughout France. The 20 aircraft and 65,650 motor vehicles of its own fleet and those of its 850 subcontractors emit around 477,000 metric tons of CO₂ per year, which contribute to global warming and are sources of local pollution.

COMMITMENTS MADE BY THE GROUP

Reduce transport-related CO₂ emissions by 5% between 2003 and 2007.

CHALLENGES

> MAIL

> PARCELS/EXPRESS DELIVERY

Reduce the environmental impacts of its transport operations, whilst continuing to meet customer expectations in terms of delivery time and nationwide service.

Anticipate regulatory changes and plan for rising fuel costs.

Integrate sustainable development into the impact studies of large industrial projects.

PRODUCTS AND SERVICES

CONTEXT ANALYSIS

La Poste sells or uses a wide range of products and services, which it either designs itself or purchases. Its position at the interface between numerous supply and demand players enables it to take action to raise awareness among its customers, to help change their expectations and drive its suppliers to progress.

COMMITMENTS MADE BY THE GROUP

Integrate sustainable development criteria into products purchased and sold.

Commit to an eco-design approach to products.

Facilitate access for disabled customers to its products and services.

CHALLENGES

> LA POSTE RETAIL OUTLETS

Act in consistency with its position as a socially-responsible brand name and make the post office a place for raising public awareness of sustainable development.

> MAIL

> PARCELS/EXPRESS DELIVERY

Offer its customers products and services that are more respectful of the environment.

> LA BANQUE POSTALE

Develop the range of ethical financial products and guarantee access to its banking services for its more vulnerable customers.

ASSESSMENT AND PROSPECTS

Our ambition drives us to explore the force of action necessary to achieve our objectives and leads us to adopt a broader vision of our responsibilities and the challenges faced by our Divisions.

Our approach also highlights any contradictions that may exist between our objectives, our legal obligations and the expectations of some of our customers.

Our action aims to broaden the scope of analysis of our projects, in order to achieve a summary of sometimes contradictory expectations and to implement a system whereby we arbitrate in a way that is consistent with our commitments and our wishes.



2005: significant progress made, but efforts to be continued

In 2005, strategic decisions were taken by executive management to promote sustainable development. This heightened awareness of all that is at stake has led managers to take into consideration the analyses of the Sustainable Development Department. Nevertheless, sustainable development and its various components must be better integrated into the Divisions' strategic projects and addressed from the point of view of the opportunities or competitive benefits they generate. Moreover, the organisational and human resources allocated must be optimised more effectively to enable the implementation of projects.

CROSS-DIVISIONAL ACHIEVEMENTS THAT DEFINE THE APPROACH

The success of the approach is anchored on four fundamental principles: understanding of the main challenges, perception of the opportunities these challenges generate, willingness to act and appropriation of the methods and tools to be deployed to achieve the objectives.

The mission of the Sustainable Development Department, which reports directly to the Chief Executive Officer, is to develop strategy, to actively oversee efforts, to lead action to raise public awareness and to coordinate all the actions of the Divisions. In this respect, in 2005 it undertook to increase the awareness-raising actions of its managers and to build partnerships with key cross-divisional functions.

In 2006, the Sustainable Development Department carried out a survey amongst Group staff on their expectations and motivation with respect to sustainable development.

Response from the Audit Group

Integration of sustainable development into the 2005 assignments: review the processes for preparing reports and the reporting of strategic indicators. This work, carried out alongside the implementation of a tool for reporting the Group's non-financial data, was presented to the Executive Committee, which notably decided to set out the quantified objectives for each Division and to strengthen the reliability of the consolidated data.

Response from Purchasing Management

Decision to set out a global responsible purchasing strategy.

Response from Communication

Integrating the society responsibility of La Poste into the new positioning of the firm.

Response from the Group Human Resources Management

Setting out rules for the coverage, by the Divisions and entities, of the employer's share of transport costs in the scope of business travel plans.

Response from the Executive Management

Presentation of sustainable development in the training offered to "*Jeunes Potentiels*" ("Promising Young Talents").

DIVISIONS' RISE TO THE CHALLENGE

The Sustainable Development Department offers support to the Divisions and has the means and the authority to accompany them in the drawing-up of their strategies and the implementation of their projects.

In 2005, the Divisions showed how they adapted the initiative by reinforcing the teams in charge of sustainable development, generalising the deployment of priority projects, increasing the number of local public awareness-raising initiatives and actions, drawing up action plans for the 2006-2007 period and implementing actions that are consistent with the issues specific to the activities of each Division.

KEY FACTS FOR 2005

LA BANQUE POSTALE

- Launch of the ethical "Toniciel World Bank" deposit account.
- Creation of "Adispo Essentiel", a service offer designed for people in a financially vulnerable situation.
- 17 forums to raise awareness of sustainable development and presentation, by the Ministry of Ecology and Sustainable Development, of an award to the financial services back-office Centre in Nancy.

LA POSTE RETAIL OUTLETS

- Adoption of a Charter for Sustainable Development.
- Inclusion of criteria for sustainable development in all pioneer offices.
- Development of fair-trade commercial products.

MAIL

- "Year of Health and Safety in the Workplace" campaign.
- Design and commercialisation of the world's first stamp made from recycled paper (Charter for the Environment).
- Offer of a ladies' sleeveless top made from fair-trade cotton in the employee clothing catalogue.
- Analysis of the lifecycle of unaddressed advertising mail, in accordance with ISO 14040.

PARCELS/EXPRESS DELIVERY

- Implementation of "clean delivery" projects in urban centres (urban logistic areas).
- Commercialisation of an eco-design pre-paid parcel.

INCREASED MOBILISATION OF POSTAL WORKERS

The success of La Poste's sustainable development initiative depends on the participation and involvement of all of its 300,000 staff. These people have the lead role in the internal success of the group's responsible-business project and are equally the bearers of its image in raising awareness among their family and friends, as well as among customers.

Since the start of the initiative, the Sustainable Development Department, in conjunction with the Divisions and the cross-divisional functions dedicated to training and communication, has put in place dedicated tools and support systems.

Today, these efforts are proving fruitful. Mobilisation is growing and postal workers, who are adopting the overall concepts in increasing numbers, have themselves launched original initiatives, such as the many challenges for eco-citizen ideas within the scope of "Participatory Innovation".

15,000 staff, including 600 senior managers, made aware of sustainable development issues since 2003.

52 issues of the "*Lettre du développement durable*" (the Sustainable Development Newsletter) published on the Group Intranet every year since 2003.

Postal workers take up the "Challenge for Planet Earth"

Launched in May 2005 by the Nicolas Hulot Foundation and the French Government's Environmental and Energy Management Agency (ADEME), the "Challenge for Planet Earth" aims to encourage French citizens to adopt eco-citizen actions in their everyday life and thus to contribute to preserving the environment. Because the mobilisation of every postal worker is laid down in the ongoing commitment of the company, the Chairman, Jean-Paul Bailly, was the first to take up the challenge with the 60 main executive managers of La Poste, who invited all the postal workers to join them. Since then, almost 6,500 postal workers have pledged to do good deeds for the planet every day.

La Poste's Head Office postal workers' commitment to the "Challenge for Planet Earth".



HUMAN RESOURCES

**Giving shape
to our commitments
to succeed together**



ACHIEVEMENTS IN 2005

TARGETS FOR 2006-2007

COMMITMENT: Implement through improved social dialogue:

- a human resources policy based on consideration for people
- improved working conditions
- skills development and emphasis on initiatives

Human Resources Department	<ul style="list-style-type: none"> > Signed the Apprenticeship Charter. > Signed a national agreement on professional training and rewarding of skills. > Implemented the policy for fighting against lack of job security. 	<ul style="list-style-type: none"> > Negotiate an agreement on union rights. > Negotiate on promotion and staff benefits.
Achievements common to all the Divisions	<ul style="list-style-type: none"> > Implemented the policy for fighting against lack of job security. > Signed an agreement in each Division on professional training and rewarding of skills. 	<ul style="list-style-type: none"> > Continue the policy for fighting against lack of job security. > Implement the Divisional agreement on professional training and rewarding of skills.
Mail	<ul style="list-style-type: none"> > Adapted the Divisional social agreement ("Vaugirard Agreement") to local conditions. > Changed 5,000 fixed-term contracts into permanent ones. > Signed a Convention with the ANACT (National Agency for the Improvement in Working Conditions) and significantly increased investments related to health and safety. 	<ul style="list-style-type: none"> > Continue changing fixed-term contracts into permanent ones with a total aim of 10,000 contracts by the end of 2006. > Organise a national week for road safety. > Organise "The Great Mail Campaign for Health in the Workplace/Zero Accidents" and 40 meetings on health in the workplace. > Development of new functions dedicated to health and safety.
Parcels/Express	<p>ColiPoste :</p> <ul style="list-style-type: none"> > Signed two Divisional social agreements. > Implemented action plans for improving working conditions. <p>Chronopost :</p> <ul style="list-style-type: none"> > Organised an opinion survey to sound out its staff on social matters. 	<p>ColiPoste :</p> <ul style="list-style-type: none"> > Implement the Divisional social agreement. > Continue actions for improving working conditions.
La Poste Retail Outlets	<ul style="list-style-type: none"> > Adapted the 2004 agreement on fighting against lack of job security. > Signed a specific social agreement on the "reevaluation of the counter clerk profession". 	<ul style="list-style-type: none"> > Implement the social agreement. > Implement stress monitoring. > Increase investment for health and safety at work (26 million euros).
La Banque Postale	<ul style="list-style-type: none"> > Signed a specific social agreement including health and safety issues. > Implemented a training programme specific to the creation of La Banque Postale. > Implemented the annual cooperation vocational education programme for 500 financial advisors. 	<ul style="list-style-type: none"> > Continue the implementation of the 2005 social agreement. > Continue the training programmes specific to the creation of La Banque Postale. > Set the cooperation vocational education as a recruitment policy and continue the apprenticeship for technical supervisors "personal banking and customer relationship negotiation".

COMMITMENT: Recruit and integrate disabled people

Management of the National Diversity Project	<ul style="list-style-type: none"> > Participated in a forum dedicated to the employment of the disabled. > Made a film encouraging the recruitment of disabled people. > Participated in writing the guide for "polite behaviour for all". > Co-financed the "handi-management" programme. 	<ul style="list-style-type: none"> > Create a communication kit on digital accessibility. > Create a division-specific purchasing guide.
Mail Parcels/Express La Poste Retail Outlets La Banque Postale	<ul style="list-style-type: none"> > Adapted the 2004 national agreement on disability and incapacity: defined the Divisions' objectives and implementation of action plans. 	<ul style="list-style-type: none"> > Continue the implementation of action plans.

COMMITMENT: Implement an exemplary scheme promoting gender equality

Human Resources Department	<ul style="list-style-type: none"> > Signed the framework agreement on professional gender equality. > Carried out a survey on the perception of the place of women within the company. 	<ul style="list-style-type: none"> > Continue the implementation of the agreement on professional gender equality (monitoring commission).
Mail Parcels/Express La Poste Retail Outlets La Banque Postale	<ul style="list-style-type: none"> > Implemented a diagnosis and consultation process on the place of women in each of the Divisions. 	<ul style="list-style-type: none"> > Adapt the professional framework agreement on gender equality by specific agreements and/or action plans.



Improving the quality of work and diversifying recruitment

At the heart of society, carrying out various activities and with a nationwide presence, La Poste is a large employer, having recruited 6,700 staff in 2005. Its position and values entail responsibilities, including ensuring the safety of its staff, offering quality jobs from the outset, and participating in social cohesion by broadening its recruitment methods and profiling. By the same token, La Poste benefits from the varied backgrounds and skills of its postal staff. 2005 was a year of implementation by the Divisions of the commitments made in 2004 and of the contractual formalisation of issues such as continuous training and the return to work of the long-term unemployed.

FAVOURING PERMANENT EMPLOYMENT

Today, La Poste carries out business in competitive markets, which demand great reactivity. Its systems must also show flexibility, notably within the Mail and Parcels/Express Divisions, which are strongly susceptible to economic trends. Conscious that job security drives the quality of service and the performance of the business, La Poste has chosen to promote the adaptability of its working practices rather than the flexibility of contracts, which was a source of insecurity for its staff.

Therefore, in 2004, La Poste committed itself to reducing, throughout the company, the use of fixed-term contracts and to converting within two years 11,000 fixed-term contracts into permanent ones, as well as reducing the number of part-time permanent contracts. All the Divisions have made this shift one of the priorities of their social agreements.

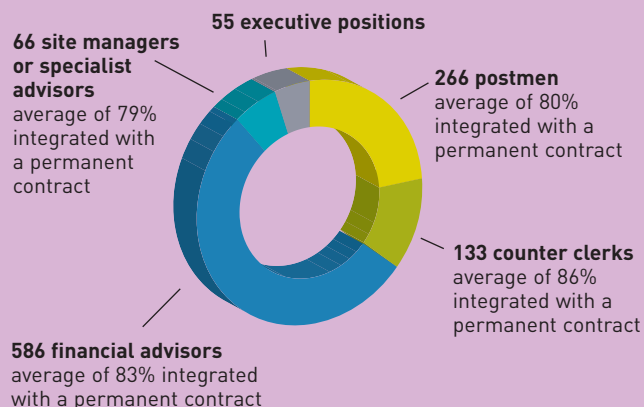
The Mail Division, which bears the most part of this objective, has carried out the promises made in 2004 and signed 63 local agreements on the subject. In 2005, 4,829 fixed-term contracts were converted into permanent contracts; the overall objective being 10,000 in two years. With regard to the reduction in the number of compulsory part-time permanent contracts, 12,000 staff (out of a total of 16,000) were offered full-time contracts in 2005 and 5,556 staff accepted the offer. So in one year, this measure has reduced the number of part-time staff by 35%.

FACILITATING THE ACCESS OR THE RETURN TO WORK

Through its nationwide presence and the diversity of the activities carried out in its Divisions, La Poste has advantages in being able to offer a chance to those who have had difficulty finding their first job or in getting back into the job market. For the company, it is a question of fully playing its part as social integrator, whilst responding to the needs of its Divisions.

Number of young people in cooperation vocational education training, by role

average percentage of integration with a permanent contract



In order to help young people get their first job and to smoothen their entry into the company, La Poste has, for more than ten years, implemented cooperative vocational education programmes and today intends to further develop this method of recruitment and qualification, which is already open to management positions. This commitment was put into action in May 2005 by the signing of the Charter on Apprenticeship, in partnership with the Ministry of Education, with the aim of increasing by 20% the number of apprentices by the end of 2006. By the end of 2005, more than 1,000 young apprentices had been trained as postmen, financial advisors and counter clerks.

La Poste also intends to help the reintroduction of the long-term unemployed. It was the fifth French company to sign an agreement with the Ministry of Employment, Work and Social Cohesion for the implementation of the CIRMA, the "introductory contract - minimum working wage" with the aim of assisting the return to professional life of those receiving the RMI (minimum benefits). Within this remit, La Poste pledged to recruit 800 people over two years and reached an agreement with the ANPE (National Agency for Employment), who will accompany them in this initiative.

5,965 fixed-term contracts
converted into permanent
contracts in 2005.
Target for 2005-2006: 10,000

119 disabled people
recruited.
Target for 2005: 122

CONTINUING EFFORTS FOR THE EMPLOYMENT OF DISABLED OR INCAPACITATED PERSONS

In 2005, the Divisions put into practice the agreement on disability and incapacity signed in 2004 and have carried out firm actions to approach the objectives outlined. For this, Management and Human Resources Department have been trained in sensitivity, the workplaces and premises of the people concerned have been adapted and targeted recruitment campaigns carried out, notably in the form of forum dedicated to the employment of disabled people.

The task is to do everything possible to make departments and buildings accessible, in order to accommodate disabled people and those postal workers whose incapacity has been generated by the difficulty of their position. All workplaces are to be examined with a view to their accessibility in order to be offered, after as much adaptation as is possible, to people who are disabled or incapacitated.

RESULTS AND PROSPECTS

In terms of quality of employment and diversity of recruitment, the results for 2005 prove that progress is possible without damaging the performance of the company.

To go beyond this and make these practices permanent, La Poste must demonstrate that it acts voluntarily by continuing to adapt its organisation and improve its managerial standards.



"Formaposte": training and integrating apprentices

"Formaposte" is the centre for the training of apprentices (CFA) of La Poste for the Provence-Alpes-Côte d'Azur and Languedoc-Roussillon areas. Fully financed by the apprenticeship tax of La Poste, this association acts in partnership with the Regional Council and education establishments. It manages the pre-recruitment of apprentices and offers paid cooperative vocational education in the professions of La Poste (postmen, counter clerks, financial advisors, etc.). At the start of the training period, La Poste offers the apprentice a permanent contract, conditional on the apprentice passing the diploma and validating his skills. Since its creation in 1994, almost 2,000 apprentices have been trained; their success rate in obtaining qualifications is more than 98% and the rate of integration into La Poste has reached 75%.

2005-2007 graduates - the apprentice financial advisors of the IUT in Montpellier.

Recognising the importance of women in the business

With a percentage of women employees greater than 50%, La Poste lies five points above the average for French companies and has no overall problem of inequality. Nevertheless, the situation changes from one Division to another and there is still room for progress to help women achieve positions of responsibility, to balance their professional and private lives in a better way and to aid the introduction of women into certain roles. The national executive agreement signed in 2005 outlines the major courses of action in this field and will be implemented in 2006 by the Divisions, which are currently performing studies on the issue.

HELPING THE INTEGRATION OF WOMEN AND SUPPORTING PROFESSIONAL EQUALITY

Negotiations started in 2004 led to the signing, in April 2005, of an executive agreement on professional equality by which La Poste committed itself to developing action in support of women, in order to take into account their skills and make their working life and professional career easier. Through this agreement, based on a study that came out of the two annual reports on gender equality within the company, La Poste committed itself to ensuring equal pay and to increasing the number of women in positions of responsibility and in management positions.

The situation is slowly changing: by the end of 2005, the percentage of women in senior roles reached 37%, compared to 36% in 2004. To go further, it is necessary to both ensure that the promotion procedures do not penalise some and at the same time help reconcile professional life and personal life. Moreover, in order to overcome certain cultural and psychological barriers, a qualitative survey held in 2005 analysed the viewpoint of 44 strategic managerial staff, both men and women, on the role of women at La Poste, in order to identify the principal obstacles to their promotion.

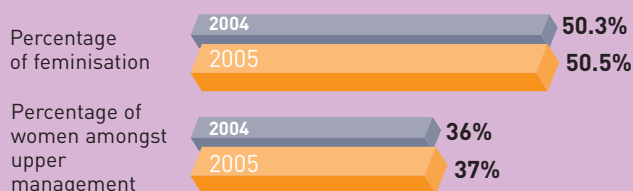
ENCOURAGING FEMINISATION

The issue of gender equality is not only about the access of women to higher positions in the hierarchy. Today at La Poste the number of women working in physical, sometimes difficult, jobs is constantly increasing. In 2006, women represent 46% of the mail distribution workforce and 27% of the logistical positions at ColiPoste (compared to 25% in 2005). However,

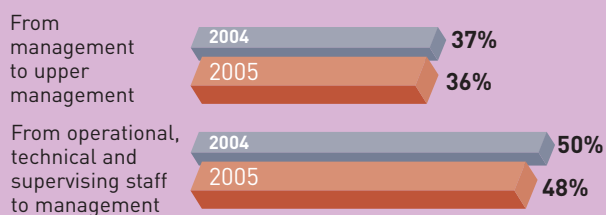
studies show that the health risks linked to this type of position are greater for women.

Though the change in working conditions has been slower than the progression of feminisation in its job roles, the Divisions are today taking concrete measures that men can also benefit from. After a trial period, new equipments incorporating innovation (ergonomic handlebars, electrical power), which ease the burden and help load carrying are included in the distribution equipment catalogue. By the end of 2005, 290 new trolleys and 3,000 new bicycles were in service at the different Mail Division sites.

The position of women in La Poste



Promotion of women



Developing and rewarding skills

Developing and rewarding skills, through training and recognition of the quality of work feature amongst the priorities of the “Succeeding Together” project. The 2005 framework agreement on training for postal workers, civil servants as well as private law staff was adapted through agreements within the Divisions, who now have their own training departments and programmes.

LA POSTE FINANCIAL SERVICES AND LA POSTE RETAIL OUTLETS: PREPARING FOR THE LAUNCH OF THE NEW BANK

In preparation for the creation of the new credit business, La Banque Postale, La Poste Financial Services and La Poste Retail Outlets gave priority in 2005 to training in banking.

All the staff concerned were introduced to the fundamental principles of a common banking culture. The 500 principal operational managers of the network and the back office managers at the financial centres benefited from a “banking regulation and environment” training module.

In parallel with this, all financial centres’ management and post offices directors of La Poste Retail Outlets followed this training programme through e-learning.

In addition, training in risk management and internal control was increased for operational banking inspectors and controllers, internal auditors, legal advisors and accountants. In total, 280,000 training days have been programmed over two years, of which 160,000 were carried out in 2005.

FACILITATING CAREER PROGRESSION THROUGH SPECIALLY ADAPTED MEASURES

Over and above professional training, all the agreements signed within the Divisions in 2005 placed emphasis on other levers designed to ease career development and support promotion.

In this way, the Divisions have promised to develop the Validation of Skills plan (VAE), which enables the recognition of experience, through training leading to a diploma.

ColiPoste is running a trial of VAE in Paris and the Paris region to allow parcel operators to obtain the “Sorting, Transporting, Distributing” CAP (Professional Ability Certificate) qualification.

La Poste Retail Outlets has put in place an “individual file on skills and qualifications” which enables each employee to give a value to his or her experience and build a professional plan. The agreement signed at the end of 2005 on the position of counter clerk envisages promoting 20,000 people over the 2006-2007 period.

The Mail Division, which evaluated the skills of 3,500 management staff, created for each of them an individual development plan, incorporating new training needs. Complementing this plan, the Mail Division will instigate an exchange plan amongst its staff, allowing them to build on each other’s experience.



Improving working conditions and guaranteeing the safety of postal workers

La Poste is aware that certain operations present risks for its staff and has thus made health and safety at work one of its priorities in the “Succeeding Together” project. In 2005, the risks on the roads, the dangers of goods handling, and managing rudeness and aggression were at the heart of the Divisions’ policies. The results of these actions must now be demonstrated in the improvement in postal workers’ working conditions and a fall in absenteeism rates.

MAIL: MAKING HEALTH AND SAFETY A PRIME OBJECTIVE

Considering the 2004 report unacceptable with 5 deaths and more than 13,000 occupational accidents, of which 7,500 involved time off work, the Mail Division made health and safety at work its 2005 national priority, with the aim of reducing the number of accidents by 25% in one year and reducing the level of seriousness. Now these considerations are incorporated on an everyday basis in the objectives of regional executive bodies nationwide, which are all involved in the global pilot-scheme. Each of the bodies has designed its own action plan and laid down its objectives, putting the emphasis on preventative action. The results of these action plans are communicated and analysed each month, site by site.

Acknowledging that the lack of management involvement, lack of knowledge of the regulations and unsuitability of work areas represent the main source of risk, the Mail Division concentrated on educating and training its managers and organised a week dedicated to road safety at all its sites, as well as a national convention on health and safety, which has since been expanded nationwide. Important financial support has been released to realise these measures: in 2005 health and safety expenditure represented close to 14 million euros, a rise of 78% compared to 2004.

The first report at the end of 2005 showed a rise in the frequency rate of occupational accidents, because measures for raising postal workers’ awareness on health and safety issues led to an increase in the number of declarations, but also to a fall in seriousness, proving that prevention is starting to bear fruit.

LA POSTE RETAIL OUTLETS AND LA BANQUE POSTALE: INVESTING TO IMPROVE ERGONOMICS AND TO FIGHT STRESS

Health at work, already laid down amongst the prime themes of negotiation in the social agreement of December 2004, was put at the heart of the new agreement concluded at the end of 2005 on the role of the counter clerk.

This agreement plans investing 13 million euros per year in 2006 and 2007 (compared to 3 million in previous years) to improve the ergonomic design of workstations, the ambient temperature of its offices and even the lighting in its rest rooms.

ColiPoste: load-bearing apparatus to reduce handling of goods

In 2005, the ColiPoste office in Paris-Bercy tested a prototype “load-bearing apparatus” which allows a reduction in the number and difficulty of stages of goods handling. Parcels are stored in large metallic cages on wheels, which are wheeled up to the back of a vehicle and are then pushed onto the floor of the van on specially designed rails.

Other apparatus have been tested throughout the year, all of it aiming to reorganise and simplify the goods handling cycle.

Part of the equipment at the ColiPoste office in Paris-Bercy

Already, ergonomic design has been incorporated into the refurbishment of the 24 pioneer post offices.

In addition, conscious that counter clerks in contact with the public sometimes become involved in difficult situations, La Poste Retail Outlets has paid particular attention to the question of stress. An objective was fixed to triple from 2006 the number of people trained in stress management (249 trained in 2005) and to create a stress monitoring service across the occupational health network.

From now to 2007, more than 1000 customer service positions are to be created, notably in post offices in very busy areas and in sensitive urban areas. This step will benefit both counter staff and customers.

As part of the social agreement of January 26, 2005, the Operations Department of the Financial Services has led major actions to improve security and working conditions. In 2006, more than 1,000 days of training on prevention and security in the workplace will be delivered.

12,315 postal workers
have attended courses
on risk prevention
on the roads in 2005

22,438 traffic accidents

PRIORITY ACTION: FIGHTING AGAINST POOR ROAD SAFETY

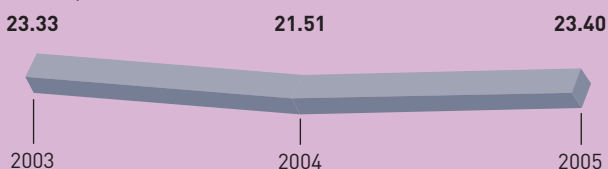
With a total fleet of more than 55,000 motor vehicles and 100,000 drivers, La Poste is one of the most represented French businesses on the roads. This position creates risks for postal workers, as well as for other road users. In 2005, postal workers were involved in more than 22,000 road accidents, of which 70% affected staff in the Mail Division, who drive the most kilometres and are the most exposed to risks.

To protect their drivers, all the Divisions stepped up their prevention campaigns in 2005. The Mail and Parcels Divisions were active on many fronts, increasing first of all prevention: in 2005, 12,315 postal workers went on courses for the prevention of road risks. In addition, a check on the drivers' abilities has been implemented, to allow business managers to verify, through medical advice and a practical driving test, that a postal worker is capable of driving safely. Finally, a number of information campaigns were held (distribution of leaflets, information days) on wearing a helmet on two-wheeled vehicles, responsible driving and on the effects of alcohol.

Taking into account the high visibility of La Poste's vehicles, drivers have a duty to demonstrate in their behaviour, exemplary standards and company responsibility.

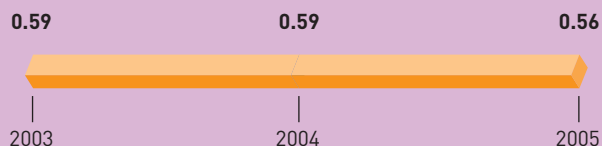


Frequency rate of occupational accidents at work in La Poste (number of work days lost as a result of accidents at work per thousand hours worked)



Seriousness rate of occupational accidents at work in La Poste

(number of work days lost as a result of accidents at work per thousand hours worked)



Social dialogue: a new dynamic implemented at all levels

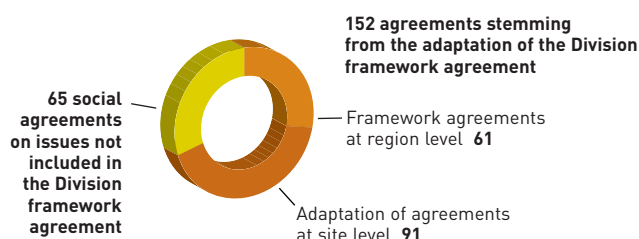
The practice and quality of social dialogue form the keystone of the “Succeeding Together” programme, the project of social modernisation of La Poste. Only in a climate of transparent listening, negotiating and contracting, in a word, spreading the culture of agreement through all levels, will the targets set for 2007 be reached. The national framework agreement of 21 June 2004, laid down the bases of a social dialogue, which is richer in its content, decentralised, involves more trade union partners and leans on new internal structures dedicated to information, consultation and follow-up action. In 2005, 12 national agreements and 450 local agreements were signed.

MAIL

The vitality of social dialogue was particularly noticeable in 2005. This was reflected in the number of agreements reached (more than 200 nationwide) and in the richness of the subjects tackled, sometimes going beyond the initial scope of issues defined in the Mail Division framework agreement of 2004 (“Vaugirard Agreements”), dealing with, for example, the work status of the employees and clothing issues. This dynamic is the result of new practices put in place and of the strong involvement of managers who have been specially trained to be more open to discussion and to gaining support. This training programme, coming up to a strong expectation, targeted 1,000 managers, of whom 700 had already been trained by the end of 2005, and the remainder by mid 2006.

The proof of a good climate of negotiation is that 60% of the agreements were signed either unanimously or with a majority. In 2006, the Mail Board of Directors is continuing efforts in training managers in social relations and is taking the necessary measures to fully ingrain the new practices for dialogue at shop floor level.

Report on social dialogue in 2005 in the Mail Division



PARCELS AND EXPRESS

In 2005, the Parcels/Express Division laid down the bases of a new method of dialogue. In the spirit of the national framework agreement of 21 June 2004, a social agreement was reached at ColiPoste in May. Designed to involve all staff in the success of the Division, it outlined the framework for a renewed social relationship allowing rapid advances in matters of employment, recruitment, training, health and equality in the workplace. This divisional framework agreement was quickly followed by the signing of a specific training agreement.



GeoPost, the holding company of the Parcels/Express activities at La Poste, reached an agreement on the principles of social dialogue. By creating a forum dedicated to social dialogue, GeoPost allows all of its subsidiaries in France and Europe to benefit from the methods implemented by La Poste.

Symbolic of this dynamism are the 1,500 and more meetings between operational departments management and trade union organisations, which took place in 2005 within La Poste Retail Outlets.

LA POSTE RETAIL OUTLETS

2005 was marked by the signing of a major social agreement: "The December Agreement". This ambitious social agreement re-evaluates the role of the counter clerk, anticipating an increase without precedent in the sums allocated to improving working conditions in post offices and guaranteeing the presence of an advisor in 11,000 post offices.

In addition, 2005 was also the year for implementing an agreement on "fighting lack of job security", signed in 2004.

More than 169 local agreements have been signed in almost 80 départements (administrative unit smaller than a region) on this major issue.

LA BANQUE POSTALE AND LA POSTE FINANCIAL SERVICES

2005 was a key year for La Poste Financial Services, as much for the strategy as for the social dialogue, each aspect being critical for the success of the new bank, scheduled for 1 January 2006. The Financial Centres adapted the June 2004 framework agreement of the Group to their staff. The social agreement signed in January 2005 opened five large negotiation workshops: re-evaluation of the Divisions, promotion and recruitment, training, professional equality and health in the workplace. The first tangible application was a specific agreement on professional training, concluded in July 2005.

In total, 24 local agreements were signed in 2005 in the Financial Centres.

12 national agreements
signed in 2005

405 local agreements
signed in 2005

At the Financial Centre in Rennes, local services improve the quality of life of postal workers

In order to help postal workers, and more particularly female workers, to reconcile their professional lives with their private lives, the Financial Centre in Rennes has, in accordance with the application of the social agreement signed in January 2005, led a joint study with trade union organisations, which resulted in the creation of a large range of local services: ironing, gardening and maintenance work, after-school childcare, loan of bicycles, etc. These measures do not only improve the quality of life of postal workers, but they also address a social issue, since some of these services are provided by a Work Aid Centre or by an association helping the unemployed. At present, the Financial Centre is carrying out a study on the adequacy of these services in terms of the expectations of postal workers, so that they can be developed accordingly.

Ironing of laundry by an association helping the unemployed is one of a number of services put in place by the Financial Centre in Rennes.

SOCIAL RESPONSIBILITY

Strengthening the links
and communication
between us and
our customers
and partners



ACHIEVEMENTS IN 2005

TARGETS FOR 2006-2007

COMMITMENTS: Integrate sustainable development criteria into products purchased and sold
 Require suppliers and sub-contractors to respect these criteria

Sustainable Development Department Purchasing Department	<ul style="list-style-type: none"> > Organised an awareness-raising convention for suppliers. > Continued training for buyers and responsible purchasing campaigns. > Increased awareness among transport subcontractors of La Poste's sustainable development scheme. 	<ul style="list-style-type: none"> > Formally adopt an overall responsible purchasing policy. > Implement tools for piloting the scheme. > Roll out the responsible purchasing policy.
Mail	<ul style="list-style-type: none"> > Approved first clothing made of fair-trade cotton available in the catalogue for postmen and women. 	<ul style="list-style-type: none"> > Widen the range of fair-trade clothing to all cotton garments (8 items). > Increase the use of sustainable development clauses in specifications.
La Poste Retail Outlets	<ul style="list-style-type: none"> > Approved and marketed a range of fair-trade products in 20 shops. 	<ul style="list-style-type: none"> > Achieve 150,000 euros in turnover from sales of fair-trade products. > Run an awareness campaign about fair-trade among the public and postal workers. > Approve the new fair-trade cotton uniform for counter staff.
La Banque Postale	<ul style="list-style-type: none"> > Created a new ethical financial product, "Toniciel World Bank". > Created the "ADISPO Essentiel" account, which provides a range of banking services to financially vulnerable people. 	<ul style="list-style-type: none"> > Increase turnover from ethical financial products.
All Divisions and all cross-divisional functions		<ul style="list-style-type: none"> > Create a "green" range of environment-friendly products and services.

COMMITMENT: Increase dialogue with customers and stakeholders

Sustainable Development Department Mediation Management	<ul style="list-style-type: none"> > Adapted the Charter for local dialogue at the départements level (administrative unit smaller than a region). > Reformed the mediator's referral procedures. > Held more meetings with consumers' associations. 	<ul style="list-style-type: none"> > Continue the roll-out of the Charter, plus sign agreements with local authorities. > Organise local meetings with consumers associations.
Mail	<ul style="list-style-type: none"> > Set up a dialogue with elected representatives about the "Cap Qualité Courrier" project. > Created the Mail Club. 	<ul style="list-style-type: none"> > Create a Customer Relations Department.
Parcels/Express	ColiPoste : <ul style="list-style-type: none"> > Carried out a survey on 1,200 customers . Chronopost : <ul style="list-style-type: none"> > Carried out a business-customer satisfaction survey. 	ColiPoste : <ul style="list-style-type: none"> > Renew the existing survey. > Produce a satisfaction questionnaire aimed at parcel recipients.
La Poste Retail Outlets	<ul style="list-style-type: none"> > Organised public debates on public rudeness. > Trained staff on the Charter for local dialogue. > Held national meetings with consumers' associations. 	<ul style="list-style-type: none"> > Train managers on the new local issues (Agenda 21). > Pursue the annual, national and local meetings with consumers' associations.
La Banque Postale	<ul style="list-style-type: none"> > Organised two national meetings with consumers' associations. > Created a permanent customer satisfaction survey, "The Client's Way". 	<ul style="list-style-type: none"> > Continue meeting with consumers' associations.

COMMITMENT: Promote access for disabled customers to sites, products and services

National Diversity Project Management		<ul style="list-style-type: none"> > Drawing up of a communication kit on digital accessibility.
La Poste Retail Outlets	<ul style="list-style-type: none"> > Rolled out the "Access" project, aiming to improve accessibility to the busiest post offices for disabled customers. 	<ul style="list-style-type: none"> > Systematically take account of accessibility issues in post office renovation/construction projects.



Respecting customers and consumers

Every day, La Poste deals with many and varied customers, all of whom expect to see a responsible and civil behaviour on the part of the Group and its staff. La Poste provides them with products that meet their ethical expectations and pays particular attention to the most vulnerable types of customers, by offering specially adapted and accessible services. In 2005, La Poste redefined the way it consults with consumers' associations.

GIVING TO ALL CUSTOMERS THE BROADEST POSSIBLE ACCESS TO OUR NETWORK, PRODUCTS AND SERVICES

Ever faithful to its belief in accessibility, proximity and quality of service, La Poste ensures that all types of customer are properly welcomed to enjoy access to all its products and services.

As part of its public interest remit, La Banque Postale plays a major role in the fight against banking exclusion. It is committed to welcome every customer, regardless of their financial positions and difficulties, and to offer them solutions adapted to their financial situation, in order to help them rebuild normal banking relations. Thus, in June 2005, La Banque Postale launched the ADISPO Essentiel account, which provides a range of banking services to financially vulnerable people. In April 2006, 215,000 had already signed up for it. It also signed an agreement with the National Union of Communal Social Action Centres (UNCCAS), to help with banking rehabilitation for people in difficult financial situations.

In 2005, La Poste Retail Outlets carried out many initiatives concerning physical accessibility to its network of offices and the conditions in which customers are welcomed. Following a diagnostic phase that started in 2004, roll-out of the "Access" project began in 2005. It consists in identifying the post offices most used by customers with disabilities, and fitting them out with specially adapted equipment.

In 2005, La Poste Retail Outlets decided to tackle the growing problem of rudeness in post offices, affecting both counter staff and customers. A debate on this issue was held in 2005 in the Bas-Rhin region. The proposals gleaned through this were used to draw up a "postal workers' white book on rudeness", which analysed the phenomenon and put forward tools to anticipate and reduce rudeness.

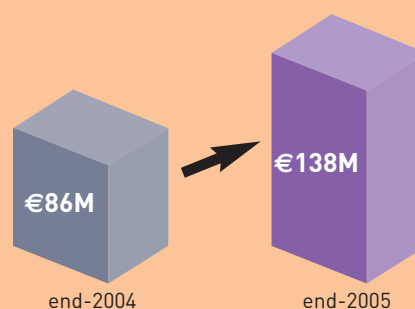
OFFERING PRODUCTS CARRYING OUR CUSTOMERS' VALUES

The increasing support for the values of sustainable development within the society is finding a growing echo in the expectations of La Poste customers. Every Division within the business is meeting this demand by developing responsible products, which act as vectors for awareness and new commercial opportunities.

In line with the "Sustainable Development Charter" for new post offices, La Poste Retail Outlets has chosen to direct its responsible products policy towards the promotion of fair trade, with a target of 150,000 euros of turnover for 2006 (stationery, drinks and sweets).

Range of ethical investments

- Total funds invested in socially responsible investment



- 30 million euros collected in 2005 in "Toniciel World Bank" accounts, and allocated to the World Bank projects.

For its part, in 2005, La Banque Postale continued the development of its range of ethical financial products.

In the field of socially responsible investment, Sogeposte, a subsidiary of La Banque Postale, offers the "Invest Differently" range of mutual funds (OPCVM), made up entirely of ethical investments, the management of which is based on assessments by specialised agencies using environmental and social criteria. In 2005, it also created a socially-supportive and original financial product, the "Toniciel World Bank" deposit account, which offers customers the opportunity to support World Bank projects in developing countries, as all funds placed in these accounts are allocated to these projects.

STRENGTHENING THE BODIES DEDICATED TO DIALOGUE WITH CONSUMERS

Relations between La Poste and consumers' associations have been revitalised after the signature, in October 2005, of a new protocol on mediation, following a work-group with consumers' association representatives who were involved in writing the agreement. This agreement enables the customers to address directly the mediator, and still entitles them to get assistance from a consumers' association.

The importance of local consultation was reaffirmed, resulting in the organisation of at least one meeting with local consumers' association representatives per year in every département (administrative unit smaller than a region). These meetings – the first of which took place in 2006 – provide an opportunity for La Poste to discuss projects in progress, new products, developments in services offered and the Group's sustainable development approach.

In June 2005, La Poste distributed the first edition of *Postéo Conso*, aimed at all local and national consumers' representatives. This magazine provides news on mediation and consultation within La Poste, as well as information on all Group projects of interest to consumers.

9 meetings for national consultation with consumers' associations (8 in 2004)

2,819 mediator referrals including 1,578 judgements given (1,744 in 2004 with 963 judgements)



"Bonjour Facteur" ("Hello Postman"): where postmen keep an eye on the elderly

With its 100,000 postmen throughout France, La Poste and the Mail Division have a unique local network that they intend to put to use in the local community by creating the "Bonjour Facteur" service. Every day the postman visits elderly people living alone and notifies a pre-arranged contact if there is a problem. The first agreement was signed in 2005 in the Seine-et-Marne area. This service is now available nationwide. It is part of the Mail Division strategy, that aims at developing new human services and services at home, such as bringing medicine or reading gas meters.

A postman delivers a meal to an elderly person at home.

Involving regional players and elected representatives in every stage of our modernisation

In order to adapt to an increasingly competitive environment, La Poste is going through a phase of profound change that will have a direct impact at regional level. Conscious of its role in employment and social cohesion, La Poste is modernising whilst still taking account of its legal obligations and the challenges in terms of local development in each region. Therefore, the Divisions have set up the measures required to listen to and bring together those involved at the regional level and elected representatives at a very early stage in the decision-making process. The aim is to reach shared, long-term solutions that ensure a local balance.

MAKING USE OF DEDICATED TOOLS THAT STRUCTURE DIALOGUE

In order to ensure that it has the tools necessary for a concrete and constructive dialogue, La Poste completed two parallel and complementary projects.

The first concerns the setting up of an institutional dialogue scheme, for which the principles and operational methods are laid down in the Charter for local dialogue, presented in late 2004 to the Association for French Mayors. It draws up La Poste's new scheme for dialogue with local communities, which is based on transparency, the anticipation of needs and the search for shared solutions.

The second project, related to the regional and divisional reorganisation that the Group has been rolling out since 2004, provides the opportunity to set up a tighter managerial structure, better suited to the application of the Charter for local dialogue. This organisation, which is based on increasingly decentralised decision-making and greater responsibility for local managers, gives them the necessary legitimacy to be the direct and preferred contacts for local authorities. In order to gain a better understanding of the communities and the challenges facing elected representatives, the 150 Managers of the Mail Division and La Poste Retail Outlets were trained on these problems in 2005 and 5,200 post office managers will be between now and 2007, as part of an agreement signed in 2006 with the national centre for regional public services.

LA POSTE RETAIL OUTLETS: CONTRACTUALLY FORMALIZING LA POSTE'S LOCAL PRESENCE

All over the country, people are very keen to have a post office close to their homes. The presence of postal services is thus today one of the central themes of the dialogue between La Poste and local authorities, especially town councils.

La Poste Retail Outlets has 17,008 points of contact across the country and already meets its obligations concerning its presence on French territory as defined by law. In order to honour this commitment and to retain the proximity that distinguishes it, whilst adapting to demographic changes and evolutions in lifestyle (seasonal migration, new needs, etc.), it explores a wide range of solutions. The local presence of La Poste is often strengthened, especially in urban environments, and it is sometimes re-organised, in particular through partnerships with other service-providing businesses, retailers or local authorities.

These changes take place after consultation with those involved at regional level. Discussions mostly take place at département level (administrative unit smaller than a region), within the Departmental Commissions on Local Postal Presence (CDPPT), which are made up of elected representatives. The consultation leads to a "Regional Protocol" agreed between the local La Poste managers and the local authorities, in which the signatories agree on an economic and social report on the region and set themselves the target of finding joint solutions. The application of these protocols results in annual regional conventions concerning the deployment of La Poste facilities, access to the postal service, the widening of the range of services offered, the financing and the pooling of resources.

Thus, all proposed changes to the network of outlets are discussed fully with the CDPPTs.

MAIL:

ANTICIPATING WITH ELECTED REPRESENTATIVES THE REGIONAL IMPACT ENTAILED BY THE "CAP QUALITÉ COURRIER" PROGRAMME

Because it affects the whole French territory, the "Cap Qualité Courrier" programme is distinct from other local industrial restructuring schemes. Although the overall meaning of this project is to be found at the national level, it only becomes acceptable when each of the many, specific regional impacts is taken into account. This is why each of the roll-out projects is dealt with on a case-by-case basis and is only triggered on the basis of very precise feasibility factors: technical and economic feasibility, availability of land, optimisation of return on investment, local social consensus, especially in terms of employment. Upstream of these projects, La Poste is involved in a dialogue with key regional players (elected representatives, customers, regional and local authorities) in order to anticipate possible sticking points and to correct the initial project if necessary, in order to reach a shared solution with the widest possible support.

277 meetings of Departmental Commissions on Local Postal Presence (CDPPT) in 2005 (115 in 2004)

17,008 La Poste outlets in France

RESULTS AND PROSPECTS

Positive initial feedback concerning the dialogue schemes put in place by La Poste, 45% of mayors questioned at the end of 2005 said they were currently satisfied with the way in which La Poste was modernising, which is 2 points higher than in 2004. This figure nevertheless shows that local representatives' fears are still significant, especially in rural areas, where the provision of postal services always raises very high expectations. La Poste intends to continue including a regional dimension in its decisions in order to best meet the needs for local contact and preserve the social link.

The re-conversion of the Mail Processing Centre at Meaux

The transfer of activities from the Meaux Processing Centre (in the Seine-et-Marne département) to the one in Lognes brought about the signing of an agreement convention between La Poste and the Meaux and district authorities. As part of the industrial recovery scheme for the site, La Poste financed a study aimed at identifying the various possibilities for re-conversion, based on a diagnosis of the area. The study's conclusions were shared with local officials who benefited from working in a productive partnership. The common long-term objective was to not leave an industrial wasteland and to recover either the site or the land.

Postéo, the La Poste newspaper for elected representatives.



Working with our suppliers and sub-contractors towards a global approach to sustainable development

With nearly 4 billion euros of purchases in 2005, La Poste is a very big customer and intends to use this as a lever to speed up the spread of sustainable development values and principles. In order to achieve this, it has been working directly to develop a responsible purchasing policy (inclusion of social and environmental clauses in specifications, choice of particular supply lines, etc.) and more indirectly by raising the awareness of its main partners, suppliers and sub-contractors to the challenges of sustainable development.

GUIDING OUR SUPPLIERS TOWARDS A MORE RESPONSIBLE APPROACH

In 2004, La Poste achieved the first phase of its responsible purchasing scheme, by raising the awareness of Group buyers and decision-makers through the "Guide to Responsible Purchasing". This work to raise awareness allowed the scheme to become firmly rooted in La Poste's practices. In 2005, it went further, inviting suppliers to share its values.

In order to encourage suppliers to move forward on the theme of sustainable development, La Poste introduced social and environmental criteria into a growing number of standard contracts and specifications. This desire to bring the Group's concerns into its supplier requirements is well illustrated by the example of Local Mail Hubs. When the specifications for building or renovating Local Mail Hubs were to be redefined, as part of the "Cap Qualité Courrier" programme, the Property Department consulted the Group Sustainable Development Department and the Mail Division in order to include sustainable development criteria in both the general recommendations and technical specifications.

These criteria covered three main themes: respect for the environment, accessibility for disabled people and quality of working conditions.

In 2005, La Poste sent out its Sustainability Report to its transport sub-contractors along with a questionnaire, designed to get a better idea of their position with regard to sustainable development, understand their practices and be able to estimate their greenhouse gas emissions. This was the first

phase of an in-depth dialogue with a target group of strategic suppliers and concerning a key challenge. La Poste will be continuing this type of discussion in 2006 with suppliers who are involved in areas connected with strategic sustainable development commitments.



SUPPORTING ETHICAL SUPPLY

By giving greater place to more responsible suppliers wherever possible, La Poste is making a choice that has a direct and immediate impact on its stakeholders. It is also an important lever for strengthening internal support for the Group's values of solidarity.

By setting up a long-term fair-trade partnership with uniform supplier Armor Lux, the Mail Division is providing a large and sustainable outlet for a product obtained through fair trade. In 2005, the uniform catalogue for postal workers included for the first time a garment made from fair-trade cotton, obtained from producers in Mali. It is a women's tank top, 70,000 of which were ordered and delivered in 2006. This order provided 400 local families with a way to earn their living, and funded the construction of a school and of several buildings for storing cotton. In 2007, the fair-trade cotton alternative will be extended to the whole range of cotton clothing offered to postal workers, a total of 8 products.

Elsewhere, La Poste Retail Outlets, has chosen to direct its responsible products policy towards the promotion of fair trade, through the sale of fair-trade products in post offices: sweets and hot drinks sold in vending machines, as well as post cards and stationery products. This scheme will be promoted in 2006 through internal and external awareness measures. Furthermore, training will be provided to managers of post offices selling the products and a partnership has been concluded with a fair-trade association in order to organise special interactive events promoting fair trade and raising customers' awareness.

RESULTS AND PROSPECTS

In 2005, La Poste's responsible purchasing policy made strong progress, but it must now be harmonised and formally laid down. In 2006, following a survey of best practices and an analysis of priority needs, special tools will be designed and offered to buyers whose sustainable development training will be reinforced. The Sustainable Development Department will be setting up awareness campaigns for order-placers and establishing a pilot social audit scheme at a supplier's site.

85,000 tank tops and t-shirts,
made from fair-trade cotton,
bought in 2005

8 garments, made from fair trade cotton,
offered to postal workers
in the 2007 uniform catalogue

Report from two post women who went to Mali in 2005 to witness the impact of fair trade on local development

"When we went to Mali, we were able to see that schools and storage warehouses had been built thanks to the money earned from fair trade. The benefits derived from fair-trade related practices are clearly visible, in everything from children's education to the quality of village life. I was genuinely touched by the part played by my company."

Véronique Matton, post woman from the Var département.

"I think that we give an unnecessary humanitarian dimension to fair trade; it's a simple matter of honesty. I would emphasise the excellent quality of the cotton that postal workers can now wear. I think that La Poste's commitment to fair trade and the setting up of concrete initiatives will have major repercussions for these local communities: it's a useful and important purchase."

Brigitte Patenotre, post woman from the Eure département.

Véronique Matton shows the fair trade cotton tank top to Soloba Mady Keita, Chairman of the Kita producers' union in Mali.

Co-operating with other postal operators

Postal operators have always shared their expertise and best practices in various fields, including recently that of sustainable development. La Poste actively contributes to international workgroups in order to promote the common interests of postal operators and to jointly develop sustainable development strategies.

ENCOURAGING THE SHARING OF EXPERIENCE BETWEEN EUROPEAN POSTAL OPERATORS

La Poste plays an active part in discussions on corporate social responsibility, within PostEurop, an organisation bringing together 40 European postal operators. The Social Dialogue Committee of this body aims notably to advise the European Commission on initiatives and developments relating to social policy that could have an impact on the postal sector and associated services. It encourages and promotes social dialogue within the sector in order to increase employment and improve staff working conditions. It discusses suitable structures to enable negotiations between partners within the postal sector. The discussions and debates are centred on the major challenges facing postal operators such as equal opportunities, training and the development of skills, and occupational-accident prevention. At the end of 2005, in Rome, this process enabled the construction of a Charter for corporate social responsibility within the postal sector.

In the same way, from an environmental point of view, discussions have been organised in 2006 between postal operators' environment and sustainable development managers. The aim is to share experience gained and to build joint thinking on priority problems.

PROMOTING SUSTAINABLE DEVELOPMENT AMONG OPERATORS OF DEVELOPING COUNTRIES

Being a member of the Universal Postal Union, France chairs a workgroup on sustainable development. The first objective of this workgroup is to promote the emergence of a worldwide sustainable development strategy for postal operators. In order to encourage the involvement of all postal operators – especially those in the southern hemisphere – this should involve a virtuous circle of taking account of the economic, social, socially-responsible and environmental challenges facing their business. After defining a common sustainable development approach the work focuses on providing tools suited to individual national circumstances in order to assist with the roll-out of measures. This work group is a place for exchanging best practices and for optimising the actions taken by each postal operator. It is chaired by the La Poste group Sustainable Development Director.

Providing help to the Postal Service in Mali

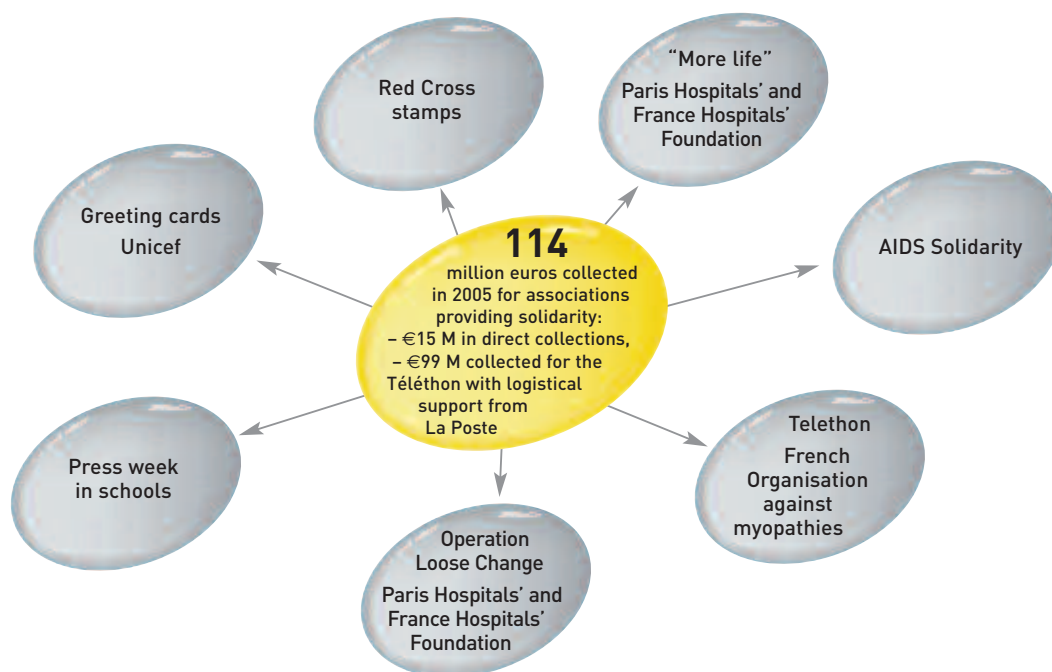
Following a visit to the post office in Bamako by a postal worker from the Orléans sorting centre, the Regional Mail Operational Department in Beauce-Sologne provided a postmarking machine to replace the Mali sorting office's sole machine, which had broken down.

The machine provided is robust enough to withstand the extreme conditions (44°C in March). This local, and at first, individual initiative, has now been taken up by La Poste which works in an overall partnership with the West African postal operators in order to improve their postal infrastructure and service performance.

Providing support to associations offering solidarity and to NGOs

Beyond its own activities, La Poste underlines its commitment to solidarity through ad-hoc or long-term partnerships with NGOs, supporting or funding humanitarian projects helping disadvantaged groups.

La Poste Foundation supports letter-writing and words in all their forms: written, read or sung.



An institutional and historic partnership with the French Red Cross

In 1914, Raymond Poincaré created the first additional-charge stamp, in recognition of the service provided by the three associations that would merge in 1940 to form the French Red Cross.

In 1952, a decree granted the French Red Cross, in its role as an auxiliary to the public authorities, the exclusive right to postal supplements. Every year since, La Poste has issued two sets of supplementary-charge stamps, of several million copies each, one in the summer and one at Christmas. Today, the sales of these stamps account for 6% of the French Red Cross budget and enable it to fund its day-to-day solidarity initiatives: assistance to the homeless, emergency housing, healthcare for the most disadvantaged, etc.

Selection for the Red Cross stamp "Draw me a wish for the children of the world".



THE ENVIRONMENT

Making daily life
better can be
an environmental
issue



ACHIEVEMENTS IN 2005

TARGETS FOR 2006-2007

COMMITMENT: Reduce transport-related CO₂ emissions by 5% by end 2007

Sustainable Development Department and cross-divisional functions	> Carried out a survey among subcontractors to assess their CO ₂ emissions.	> Identify levers for reducing sub-contractors' green house gases emissions.
Mail	> Rolled out clean vehicle development programmes: "new generation" electric vehicles and "innovative vehicles for postmen". > Tested 8 electric vehicle prototypes in Paris and Bordeaux. > Tested electric delivery tricycles for distributing advertising to letterboxes.	> Continue clean vehicle development programmes. > Obtain new rail connections from RFF and SNCF to increase the share of train in transportation of mail. > Roll out eco-friendly driver training policy.
Parcels/Express	ColiPoste: > Started roll-out of bulk heavy goods vehicles (HGV) loading. Chronopost: > Created new Urban Logistics Areas, and rolled-out Chronocity electric trolleys.	ColiPoste : > Continue roll-out of bulk HGV loading. Chronopost : > Set up single rounds for deliveries and collection. > Implement measures aimed at reducing the role of aircraft from 20 to 5% of Chronopost transport.
La Poste Retail Outlets	> Raised managers' awareness of urban and business travel plans.	> Review and diagnose vehicle fleet. > Roll-out training in Eco-friendly driving.
La Banque Postale	> Implemented business travel plans: agreements were signed in 5 Financial Centres.	> Implement business travel plans: signature of agreements in 7 Financial Centres.

COMMITMENTS: Reduce and reclaim waste
Implement an eco-design scheme

Sustainable Development Department and cross-divisional functions	> Created a "Green Range" and formally laid down a "responsible use of paper" policy. > Continued distribution of the eco-design guide to buyers.	> Commercial development of the "Green Range" in partnership with the Divisions. > Roll out the "responsible use of paper" policy within the Divisions.
Mail	> Designed and sold the world's first recycled-paper stamp. > Carried out the life cycle analysis of un-addressed advertising in partnership with the ADEME (French Government's Environment and Energy Management Agency) and the Carrefour Group. > Signed the paper mail media Charter and participated in initiatives to promote eco design approach within the Mail Club.	> Continue roll-out of the "waste management" scheme. > Draw up new eco-designed products and services.
Parcels/Express	ColiPoste: > Completed the "waste management" diagnosis phase on all platforms. > Eco-designed the packaging of Colissimo. Chronopost: > Marketed an eco-designed pre-paid package.	ColiPoste : > Implement the "waste management" scheme on all platforms.
La Poste Retail Outlets	> Completed a waste management test at ten pilot sites.	> Develop a policy for reducing waste at source .
La Banque Postale	> Rolled-out the "waste management" scheme in 20 Financial Centres out of 23.	> Assess the "waste management" scheme and set up a waste reduction at source scheme.

COMMITMENTS: Reduce energy consumption by 5% per year until end of 2007 and manage water use
Integrate sustainable development criteria to new construction projects and during renovations

Sustainable Development Department and cross-divisional functions	> Purchased the Panorama tool from EDF, in order to monitor electricity consumption site-by-site. > Distributed the "Guide to Water and Energy Savings" to 2,000 operational managers.	> Write and distribute a guide on sustainable construction. > Acquire or develop tools to enable precise monitoring of water and power consumption and waste production.
Mail	> Included 10 "sustainable construction" criteria in the specifications for new Mail platforms of the "Cap Qualité Courrier" programme.	> Draw up a simplified environmental management system for sites. > Set up an ISO 14001 certification scheme for the Phil@poste printers. > Carry out a test for implementing HEQ criterias (High Environmental Quality) on a site. > Implement sustainable construction criteria on all new Mail buildings.
La Poste Retail Outlets	> Launched a major construction/renovation programme including environmental criteria, for 1,400 post offices. > Inaugurated the Paris Bourse model post office, which integrates 7 HEQ (High Environmental Quality) criteria.	> Continue construction/renovation programme with inclusion of additional environmental criteria. > Fit 100 post offices with solar panels.
La Banque Postale	> Completed specifications for the future Postal Bank Head Office, including criteria from the HEQ system of reference.	> Continue construction of the new head office, including HEQ references.



Reducing pollution related to our transport activities

The Mail, Parcels and Express Divisions deliver and collect 29.2 billion items per year 6 days a week, which makes transport one of La Poste's core activities and a fundamental environmental challenge. Aware of its responsibilities and anxious to limit the pollution that it generates, La Poste has set itself a target of reducing its CO₂ emissions by 5% between 2003 and 2007. Three types of measures are being implemented to achieve this objective: improving the means of transport, optimising logistical organisation and changing the behaviour of drivers.

REDUCING OUR CO₂ EMISSIONS

Since 2003, La Poste has reduced its overall CO₂ emissions by 2.2%.

In 2005, Europe Airpost lowered its CO₂ emissions by 12.9%, in particular through a reduction in the number of flights, choosing more efficient aircraft for the longest flights, and the introduction of pilot-assisting software to optimise fuel consumption on take-off and landing.

CO₂ emissions related to road transport have increased by 3.3%, as the distance covered rose by 1.4%. Indeed, evolutions in settlement and the urban spreading call for the use of motor vehicles rather than bicycles on certain rounds, to prevent deterioration in postmen's working conditions. More numerous working days (+4 in 2005), and the putting into service of vehicles more spacious and ergonomical, but more fuel-consuming, also have a significant impact.

Furthermore, the fleet of clean vehicles of the Group is ageing and decreasing, and can only be renewed from 2008 onwards, when the new generation of electric vehicles, actively developed by La Poste, will be available.

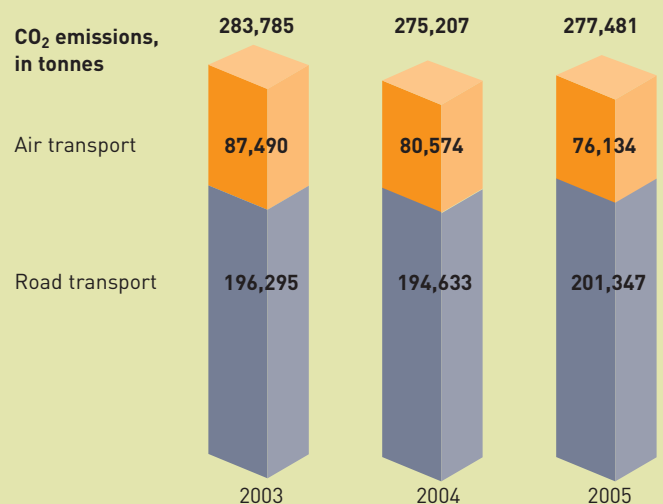
MAIL: IMPROVING VEHICLE PERFORMANCE AND RAISING DRIVER AWARENESS

With a fleet of 41,339 light vehicles, 14,676 motorcycles and 460 heavy goods vehicles (HGVs), the Mail Division emits the most greenhouse gas within La Poste. Its efforts have and will have a direct effect on the Group's performance.

To reduce the impact of local transport (collection and distribution), the Mail Division is seeking to equip itself with clean vehicles. To achieve this, it has embarked on research pro-

grammes in order to make up for the lack of vehicles meeting its specific needs on the market. Begun in 2004, the "Postelec" programme has entered its testing phase: 8 prototype electric cars ("Cleanova La Poste") are currently being used in real-life situations by postmen in Paris and Bordeaux. If the technical and financial results of these tests are satisfactory, these vehicles could replace up to 90% of La Poste's vehicles currently in service from 2008 onwards. But, as La Poste is convinced that cars are not the only effective means for the distribution of mail and parcels, it has also invested in research programmes that aim to combine performance in distribution with suitability to urban locations and respect for both the environment and working conditions (IVP or Innovative Vehicles for Postmen). Thus postmen can currently choose an electrically-assisted bicycle or take part in the test phases for electric scooters and quads.

Emissions generated by La Poste's fleet



Whilst waiting for the technical solutions that would enable it to reduce its polluting emissions to become more widespread, the Mail Division is working on the behaviour of postmen behind the wheel: trials in eco-friendly driving have been carried out, in particular in Lyon. Over a 6-month period, this training reduced fuel consumption by 7% and the number of accidents by 50%. The Mail Division expects complete roll-out of the eco-friendly driving scheme (to around 60,000 drivers) before the end of 2007.

PARCELS AND EXPRESS: TAKING ACTION ON OPTIMISING LOGISTICS THROUGH THE USE OF NEW TRANSPORT EQUIPMENT

Following positive results from tests carried out in 2004, ColiPoste extended its new bulk truck loading method in 2005. Containers were removed to increase the volume of parcels carried and reduce the number of kilometres travelled, which by 2007 should lead to the phasing out of 70 road links, or a distance of 70,000 km per day. Aware of the potential impact on working conditions, ColiPoste ensures that all trucks concerned are fitted with conveyor belts for unloading, to avoid increasing the number of handling operations.

For its part, Chronopost has been continuing its efforts aimed at local transport and has tested a new collection and distribution system in Paris and Toulouse based on establishing Urban Logistics Areas. Set up in city centres, these parcel storage areas eliminate the need for vehicles to return to the Chronopost offices, which are generally located on the outskirts, thus reducing distances covered. Chronocity electric trolleys, currently used in more than 10 cities, are systematically linked to this scheme. At the Paris Concorde office, the Urban Logistics Areas-Chronocity combination has enabled 17 traditional vehicles to be replaced by 10 electric vehicles and 2 Chronocity trolleys.

DPD, the German subsidiary of GeoPost, has set up this system in Nuremberg and Hagen, thereby becoming the only transporter authorised to drive in the city centre, and thus proving that taking environmental impact into account can also provide a competitive advantage.

INCLUDING SUBCONTRACTORS IN THE SCHEME TO REDUCE EMISSIONS

Beyond its efforts with its own fleet, La Poste intends to involve its transport subcontractors in its commitment to reducing CO₂ emissions. In 2005, this led the Sustainable Development and Purchasing Departments to launch a survey of the Group transport suppliers in order to collect qualitative information on their fleets and gather the necessary data to estimate their emissions. For the first time, this enabled a figure to be put on the impact of La Poste's indirect emissions: in 2005, these were estimated at 220,000 tonnes of CO₂. This survey also marked the first step of a dialogue that should lead to an integrated and broader approach, enabling the inclusion of all transport activity.

RESULTS AND PROSPECTS

La Poste's commitment to reducing its CO₂ emissions is a long-term approach. The most concerned Divisions are currently in a phase of investment and innovation, which should lead to significant results in the near future. The challenge in the future will be to succeed in the industrial production of vehicles and to change the fleet over to them, as well as refining the measurement of subcontractors' emissions.



Business travel plans: Financial Centres make a commitment alongside local authorities

As early as 2004, Financial Services started a partnership scheme with local authorities in order to develop business travel plans. Currently, 5 out of 20 Financial Centres have signed agreements and 7 others are engaged in negotiations, which will enable the postal workers concerned to benefit from reduced prices on public transport, and will give the local authorities an opportunity to improve the use of public transport, and the environment. The success of the plans currently in operation and the clarification of the means by which La Poste handles the finance should allow the scheme to spread rapidly. A guide to drawing up business travel plans is being prepared, and will facilitate the suitability of the scheme to each Financial Centre, by building up on plans currently being implemented.

Cleanova II La Poste, new generation electric vehicle being tested in Paris and Bordeaux.



Strengthening and expanding the range of environmentally-friendly products and services

The volume and diversity of products sold and distributed by La Poste

(envelopes, parcels, cheque books, bank cards, etc.) as well as products purchased for internal use are behind environmental impacts such as the consumption of natural resources and the production of waste.

La Poste has embarked on a cross-departmental scheme that aims to develop green products and services, by promoting eco-design, helping customers to reduce their own impacts and extending its responsible purchasing initiative.

PUSHING FORWARD THE ECO-DESIGN OF PRODUCTS AND SERVICES IN ALL OUR DIVISIONS

Set up by the Sustainable Development Department in 2004, the eco-design scheme was rolled out in 2005 and is beginning to produce results. The distribution of the "Eco-design guide" made the production of several eco-designed products and services easier, proving that the Divisions are gradually including the environment in the development phase of products.

Chronopost launched a pre-paid parcel in 2005, whose design included two environmental objectives: reducing the environmental impact of the material used for the packaging and the number of handling operations (returning the package to the post office in cases where the recipient was absent), which create additional vehicle journeys and thus greenhouse gas emissions. This can be awarded a positive report after a year on sale: the handling rate for this product is 15% lower than for the other products in the same range.

The Mail Division has developed Maileva, a service aimed at businesses which makes it possible to avoid the long-distance transport phase. Mail is digitised and sent electronically, then printed at dedicated facilities (one in the Paris area and three in French overseas departments). Especially useful in reducing the environmental impact of mail sent overseas, this system has enabled 8.5 tonnes of mail to be carried on long haul flights over a 17-month period of operation.

In partnership with the ADEME (French Government's Environment and Energy Management Agency) and the Carrefour

Group, Mèdiapost has initiated a life-cycle analysis of un-addressed advertising in order to measure its environmental impact at each stage and identify ways to improve it. These measures are presented in a leaflet on "eco-design for un-addressed advertising" which is systematically distributed to existing and potential customers.

The efforts made by the Divisions occasionally come up against obstacles linked to the nature of their business, such as in the manufacturing of cheque books. Thus La Banque Postale undertook a feasibility study in 2005 that will be continued in 2006, resulting in the environmentally-responsible manufacturing of cheque books that will nonetheless comply with the most drastic technical and security standards.

MAIL: HELPING CUSTOMERS IMPROVE THE ENVIRONMENTAL QUALITY OF THEIR CORRESPONDENCE

La Poste is using its technical expertise to turn mail into an environmentally-friendly means of communication.

In 2005, within the Mail Club (body that puts together professional organisations, manufacturers of the mail industry and major clients), the Mail Division has worked with the Stationery Articles Federation and the ADEME, and signed the "Paper mail media Charter", in which they jointly commit to improving the quality of the entire mail processing chain – from the sender to the recipient. The first sign of this commitment

was the sale – during the Sustainable Development week – of series of envelopes that meet the standards for the NF-environnement eco-label or equivalent. The Mail Club has also published a “Guide to clever direct marketing” aimed at small and medium-size mail senders. This informative and educational guide promotes eco-design and the use of “green” products, and helps businesses to better define their marketing target, thereby avoiding paper being wasted on account of advertising that is thrown straight in the bin because it is poorly targeted.

Elsewhere, the Mail Division has continued marketing “Alliage”, a service created in 2000 and aimed at businesses carrying out mass advertising mailshots (mail order sales, for example). It enables the number of items returned to sender through being Not Known at This Address to be reduced, by helping these customers to update their address files, which reduces the quantity of mail produced. Furthermore, those returned are not delivered to the customer anymore, but kept by La Poste, which ensures that they are recycled.

DEVELOPING THE INTERNAL USE OF ENVIRONMENTALLY-RESPONSIBLE PRODUCTS

Aware of the influence its buying-power affords it, and as part of the overall responsible purchasing scheme, La Poste buys an increasingly large proportion of environmentally-friendly products. This scheme is particularly advanced on paper, a product that is symbolically placed at the heart of La Poste’s activities. The Supplies Department (DAPO) thus lists in its catalogue – itself printed on recycled paper – packs of NF-environnement approved paper and envelopes, used for all internal uses and expects to expand the range for 2006. Similarly, many communication tools are printed on recycled paper, such as the 2004 annual report, the sustainable development reports and the “Postéo” and “Forum” magazines. The target set by the Group is to extend the use of recycled paper by end-2007 to all media (magazines, packs of paper, headed paper, envelopes, business cards, etc.) for which this is technically possible.

5 million

**stamps, made from recycled paper,
sold in 2005**

122

**tonnes of recycled
paper and envelopes used
internally in 2005**

RESULTS AND PROSPECTS

The promotion of more environmentally-friendly products, both internally and externally, is only in its infancy, but since 2004 it has been based on a structured system and properly put forward by the Divisions. Now, the challenge is in extending it to more and more products, in order to provide a genuine range of high-environmental quality goods internally and externally. To make this scheme a real vector for the Group’s sustainable development values, La Poste must be committed to ensuring its visibility to postal workers themselves, to customers and to suppliers.

La Poste develops its “Green Range”

The decision to create a “Green Range” of products was made in 2005, in order to raise the visibility of La Poste’s overall commitment to the environment in the eyes of postal workers and customers. Wishing to ensure the environmental performance of its products, La Poste asked the ADEME to validate its performance assessment system. Consumers’ associations will be brought into the process and all products aimed at the general public will bear a special sign. Initial assessments on product life-cycle are in progress and the aim is to market several products from the “Green Range” before the end of 2006.

Colissimo: Colissimo packaging made from recycled card.



Limiting the environmental impacts of our sites

In order to honour its commitments as regards energy and water consumption and waste production, La Poste has focused on two areas: improving the day-to-day environmental management of existing sites, with targets and action plans for each Division, and including sustainable construction and renovation schemes in the modernisation of the Mail and Retail Outlets Divisions. These plans must take account of environmental issues upstream of site design and covering the whole life-cycle of the buildings.

REDUCING WATER AND ENERGY CONSUMPTION

Action was taken in 2005 to improve equipment and reduce consumption with the help of the "Guide to water and energy savings", published in 2004 and distributed in 2005 to more than 2,000 operational managers.

La Poste Retail Outlets, which launched the ROSA plan in 2004 (replacement of defective equipment to avoid excessive water consumption), is currently focusing its action on the theme of energy, setting itself the target of equipping 100 post offices with solar panels by 2007. In the Mail Division, the drawbacks associated with logistics buildings (poor insulation) as well as increased automation due to modernisation make reducing energy consumption difficult without harming working conditions for postal workers. Nonetheless, an energy reduction campaign was carried out in 2005. In total, 400,000 euros were invested on fitting taps with aerators and replacing all light bulbs with low-energy models.

The Financial Centres have implemented a participative innovation scheme to involve their staff in this challenge. 790 ideas have been collected, 390 of them have been put into practice.

To meet its commitment of reducing energy consumption by 5% per year between 2003 and 2007 and taking control of its water consumption, La Poste must overcome the difficulties in measuring this data, as the large number of contracts throughout the country and the sharing of the same building by several Divisions cause problems in setting up a reliable indicator. The Purchasing Department has thus acquired the Panorama tool from EDF, which enables real-time monitoring of consumption on each site. The tool, which was deployed at 60% of the sites by the end of 2005, will make it easier to establish diagnostics and take targeted corrective action.

ADOPTING AN INTEGRATED APPROACH ON CONSTRUCTION AND RENOVATION PROJECTS

With the "Cap Qualité Courrier" and "Cap Relation Client" programmes, La Poste's Mail and Retail Outlets Divisions are in a modernisation phase, involving the construction of numerous sites for the former and renovation programmes for the latter.

The Mail Division operates logistics facilities for which there is currently no HEQ (High Environmental Quality) reference due to the specific issues of this type of building. Against this background, the Mail Division has set up a proactive scheme and is including 10 of the 14 targets suggested by the HEQ in the specification for future buildings, in particular those with regard to saving water and energy, comfort, air quality, etc.

Energy consumption (electricity, gas and heating oil)

Consumption in kWh/m²



Total consumption in Gwh

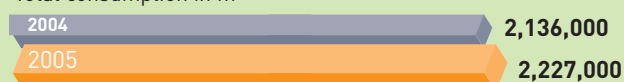


Water consumption

Consumption in m³/m²



Total consumption in m³



In 2006, La Poste is joining forces with Afnor and the Scientific and Technical Centre for Construction in order to establish the French standard NF Logistics Building – HEQ scheme.

As part of its modernisation, La Poste Retail Outlets is reviewing the design of its post offices, turning them into an area for citizens and a showcase for the Group's sustainable development commitments. The pilot for this scheme – the post office at Paris Bourse – includes 8 HEQ criteria among the 14 of the reference. Between now and the end of 2007, 2,400 post offices will be partially or fully renovated with these environmental concerns taken into account.

Elsewhere, La Banque Postale is currently building its future head office in one of its former buildings, implementing a HEQ scheme and aiming for certification for the project by 2009.

CONTINUING THE RESPONSIBLE WASTE MANAGEMENT SCHEME

Despite the specific nature of the challenges they face, which depend on the number and type of sites managed as well as

the type of waste produced, all the Divisions of La Poste have committed themselves to a voluntary scheme for the responsible management of their waste.

They have all now identified their issues and needs and have established a plan and a schedule for action, but the progress of their schemes depends largely on the suitability of waste collection and treatment services offered by providers for the specific needs of the business. Indeed, although sorting sites can be regarded as being similar to industrial sites due to their size and activity, the other sites of the Group (post offices, distribution centres) have difficulty in finding effective collection services, as they are very numerous and produce a low volume of waste per site. Tests are currently underway in 10 post offices and Parcels facilities in Tours and Erstein, the results of which should enable a particular purchasing policy to be preferred.

20 Financial Centres out of 23 have completely rolled-out the waste management scheme: selective sorting of waste has been implemented, and new demands concerning collection and recovery have been included in contracts with suppliers.

RESULTS AND PROSPECTS

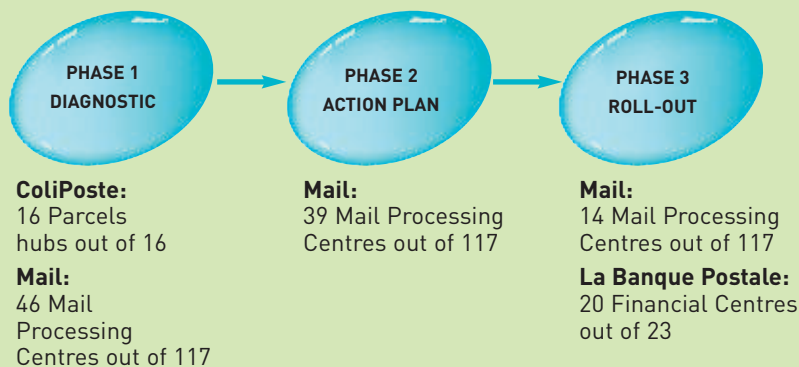
Two challenges are emerging for the years ahead: first of all, the development of a scheme for sustainable construction and renovation, overcoming the economic restraints on these projects (slow return on investment), then developing reliable monitoring tools for water and energy consumption and waste production in order to make a better assessment of the effectiveness of actions taken.

7,949,862 m² of building
floorspace (7,939,873 m² in 2004)

2,000 tonnes of obsolete forms
collected and recycled as part
of the creation of La Banque Postale

Progress of roll-out of waste scheme

Three Divisions with industrial-type sites produce the highest volume and the most concentrated waste.



Solar panel on the Saint Aygulf post office (Var region).



INDICATORS

Scope:

The indicators presented in this report cover the scope of the La Poste parent company. Subsidiaries are excluded from the scope of the reporting with the exception of a few indicators for which the information is specified in the tables.

Methodological details:

Social indicators come from La Poste social reports. The collection and consolidation of the social indicators were carried out by the Human Resources Department.

The collection of environmental indicators was carried out by the Property Management Department and the Technical Department of the Mail Division. The consolidation of this data was performed by the Sustainable Development Department.

The collection and consolidation of social responsibility indicators were carried out by the Sustainable Development Department. Economic Indicators were collected by sustainable development managers within the Divisions and subsidiaries.

The method of calculating greenhouse gases emissions by the La Poste's fleet was refined in 2005, thanks to a new model created by the ADEME (French Government's Environment and Energy Management Agency) and Entreprises pour l'Environnement.

The direct use of fuel consumption rather than the number of kilometres per type of vehicle make the calculations more reliable. Furthermore, this model provides an official method for calculating emissions from air transport. The data for 2003 and 2004 were recalculated using this method. Concerning air transport, verification on the data for 2003, 2004 and 2005 has enabled to include only transport performed by Europe AirPost on behalf of the Mail and Parcels and Express Divisions and to exclude transport performed on the behalf of third parties businesses.

Type of information

ECONOMIC

Customer satisfaction	Mail	
	La Poste Retail Outlets	
	Chronopost	
	Cross-Divisional	
Socially responsible investment	La Banque Postale	
Responsible innovation	Mail	
International presence	Cross-Divisional	

SOCIAL RESPONSIBILITY

Postal presence	La Poste Retail Outlets	
Dialogue with stakeholders	Cross-Divisional	

Indicator	Unit	2003	2004	2005
Measurements of performance and results				
Quality of service: universal next-day postal service, all types included	%	65.7	75.7	79.1
Quality of service: universal postal service Tempost 2-day delivery (Transport G2)	%	86.6	93.4	94.1
Quality of service: universal postal service Tempost 4-day delivery (Transport G4)	%	85.9	96.3	96.4
Quality of service: universal postal service Tempost 7-day delivery (Transport MD7)	%	96.1	98.2	97.7
Urgent press (magazine press) distributed next day	%	84.9	86.8	89.8
Customer satisfaction (% of satisfied people)				
• Quality of human relations (politeness, attention, presentation)	%	/	88	86
• Quality of advice (understanding of needs, clarity of explanation, staff involvement)	%	/	91	90
• Friendliness	%		89	97
• Waiting time	%		57	54
Customer satisfaction (% of people giving a score between 7 and 10)			77	80
Mediation				
Requests recorded by the Mediator	U	1,983	1,744	2,819
of which direct referrals	U	/	1,276	2,207
of which referrals via consumers' associations	U	/	322	381
of which referrals via other channels (elected representatives, authorities, lawyers, etc.)	U	/	146	231
Volume of outstanding investment in ethical financial products	€M	66.6	84	136
Tonnes of paper recycled as part of the Alliage service	Tonnes	584	868	ND
Share of Group business activity carried out abroad	%	12.7	14.1	15.2
Total number of outlets	U	16,992	16,947	17,008
of which post offices and local post offices	U	14,104	13,722	13,442
of which post offices in partnership with local authorities	U	1,407	1,695	2,066
of which post office branches	U	1,331	1,064	739
of which post offices in partnership with other services providers	U	150	466	761
Number of Departmental Commissions on Local Postal Presence meetings	U	/	115	277

INDICATORS

Type of information	Indicator
ENVIRONMENT	
La Poste Sites	
General Information	Number of buildings used by La Poste (owned and rented)
	Total surface area in m ²
Environmental aspects	
Water consumption	Total water consumption
	Water consumption per employee
	Water consumption in m ³ per m ² of surface area
Energy consumption for premises	Total energy consumption
	of which electricity
	of which gas
	of which heating oil
	Energy consumption per employee
	Energy consumption per m ² of surface area
Waste	Waste management costs
	Total electrical and electronic equipment waste (WEEE) collected
Transport	La Poste motorised vehicle fleet (Motorcycles/mopeds, light/heavy goods vehicles)
	Aircraft (Europe Airpost subsidiary)
	Trains (High Speed Train carriages)
	Bicycles and trolleys
	Number of kilometres covered by La Poste motorised vehicle fleet (Motorcycles/mopeds, light/heavy goods vehicles)
	Number of kilometres covered by aircraft fleet (Europe Airpost subsidiary)
	Number of kilometres covered by trains
	Number of kilometres covered by bicycles
	Number of kilometres covered by postmen on foot
	Total number of vehicles within the fleet using alternative energy
	of which electric vehicles
	of which LPG vehicles
	% of 4-wheeled motor vehicles complying with Euro I standard
	% of 4-wheeled motor vehicles complying with Euro II standard
	% of 4-wheeled motor vehicles complying with Euro III standard
	% of 4-wheeled motor vehicles complying with Euro IV standard
Fuel consumption for air and road transport	Total fuel consumption
Air pollution from road transport	Tonnes of CO ₂
Air pollution from air transport	Tonnes of CO ₂

Unit	2003	2004	2005
U	17,157	16,792	16,449
m ³	8,063,383	7,939,873	7,949,862
m ³	2,276,000	2,136,000	2,227,000
m ³ /employee	7.42	6.96	7.35
m ³ /m ²	0.28	0.27	0.28
GWh	1,632	1,732	1,775
GWh	575	661	685
GWh	714	770	802
GWh	343	301	288
kWh/employee	5,320	5,645	5,857
kWh/m ²	202	218	223
thousands of € (all tax included)	7,322	4,796	5,603
t	670	554	802
U	65,900	65,366	65,651
U	20	20	20
U	3	3	3
U	around 30,000	around 30,000	around 30,000
km	889,320,184	879,990,418	892,668,124
km	6,556,634	6,479,619	6,282,033
km	1,057,400	1,020,600	1,062,825
km	66,700,000	65,500,000	65,000,000
km	12,200,000	9,500,000	9,781,000
U	1,617	1,092	303
U	462	307	219
U	1,155	785	84
%	10	0	0
%	51	49	41
%	39	51	59
%			0
m ³	109,431	105,921	106,553
Tonnes	196,295	194,633	201,347
Tonnes	87,490	80,574	76,134

INDICATORS

Type of information	Indicator
HUMAN RESOURCES	
Number, levels, status and movements of staff	Total staff of La Poste parent company
	of which senior executives
	of which executives
	of which operational, technical and supervising staff
	Number of fixed-term contracts (in agent-per-year equivalent) and % of total APY
	Number of permanent contracts among contracted staff (in agent-per-year)
	% Full-time permanent contracts
	Departures (resignations, retirements, dismissals, removals, etc.)
Wages and social protection	Staff costs (wages, bonuses and allowances, pension contributions, social contributions, social support action, other staff contributions)
	of which total social benefit (excluding 1% housing)
Health and safety	Number of fatal accidents
	of which accidents at the workplace
	of which accidents on journey to/from work
	Number of workplace/commuting accidents requiring sick leave
	of which commuting accidents requiring sick leave
Social relations	Number of national agreements signed
	Number of strike days per employee
Diversity	Women
	Percentage of women in total staff
	Percentage of women employed (on permanent contracts)
	Promotion rates of women by category
	among senior executives
	from executive to senior executive
	among executives
	from operational, technical and supervising staff to executive
	among operational, technical and supervising staff
	Percentage of women by category (senior executives, executives, operational, technical and supervising staff)
	among senior executives
	among executives
	among operational, technical and supervising staff
	Handicapped
	Rate of Beneficiaries of Mandatory Employment (BOE)
Training and promotion	Total number of training hours delivered
	Average number of training hours delivered per employee
	Number of staff promoted
Absenteeism	Number of sick days taken
	Rate of absenteeism due to sickness

Unit	2003	2004	2005
U	315,021	306,371	303,041
U	10,978	11,893 (3.9%)	12,763
U	42,577	42,059 (13.8%)	41,315
U	261,466	252,419 (82.3%)	248,963
U and %	16,574 (5.7%)	15,014 (5.3%)	13,346 (4.8%)
U	71,485	75,628	81,696
%	67	71	78
U	13,431	11,122	11,878
€M	10,620	10,745	10,712
€M	290	289	297
U	8	7	10
U	4	3	4
U	4	4	6
U	13,692	12,347	13,746
U	1,515	1,442	2,045
U	3	7	14
days/employee	1.38	0.41	0.87
%	49.6	50.3	50.5
%	54.6	52.6	51
%	32	37	38
	30	37	36
	37	41	45
%	47	50	48
%	38	50	55
%	35.5	36.0	37.0
%	40.0	41.0	42.0
%	52.0	52.5	53.0
%	4,5	4,8	ND
hours	5,063,877	4,435,479	4,449,781
hours/employee	16	14.5	14.7
U	11,020	14,272	16,242
days	5,869,177	5,440,492	5,382,072
%	5.43	5.18	5.27

THE SUSTAINABLE DEVELOPMENT COMMITTEE



People in the picture:

First row, center: Patrick Widloecher,
La Poste's Sustainable Development Director

Sustainable Development Department

Delphine Lopez, projet Manager on environmental matters
Hélène Renard, projet Manager on social and communications matters
Géraldine Villani, responsible for "social responsibility commitment projects"
Pierre-Olivier Bernière – Benjamin Garcia – Yohan Montenot

Mail

Julia Haake, Sustainable Development Director – Claude Bellanger –
Jérôme Moreau – Virginie Rigoulot (Mediapost)

Parcels

Stella Agopian

La Poste Retail Outlets

Franck Pupunat, Sustainable Development Manager – Laurence Durand –
Christel Koehler – Soukeyna Ouedraogo

La Banque Postale

Muriel Garcia, Sustainable Development Manager – Marianne Auzende,
(Financial Services Operations) – Najib Sassenou (Sogeposte)

Cross-Divisional Departments

Christine Ecuyer (Innovation and Developpement of e-services) –
Thierry Gentilhomme (Territorial Planning of Publics Services) –
Jean-Louis Gourio (European and International Affairs) –
Danielle Graber (Group Mediation) – Claire Iffenecker (Purchasing) –
Anne Manceau (Legal Affairs) – Pierre Mawas (European and
International Affairs) – Patrick Rohmer (Finance) – Sylvie Savignac
(Human Resources and Social Relations)

Missing from the picture:

Véronique Angel-Bret (Legal Affairs) – Alix Chambris (European and
international Affairs in Brussels, Sustainable Development correspondent
in Brussels) – François Copigneaux (Geopost) – Antoine Doussaint
(Purchasing) – Raphaël Gallet (Property)