



SUSTAINABILITY REPORT 2008
THE POST DANMARK GROUP



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POST DANMARK IN BRIEF

Post Danmark is a modern distribution, logistics and transport enterprise with a history dating back to 1624 when King Christian IV signed the royal "Ordinance on Postmen".

In 1995, the Postal Service was removed from the Danish Finance Act and converted into Post Danmark with status of Independent Public Enterprise No. 1. The enterprise was then carried on on terms and conditions similar to those of a public limited company, and the conversion into a real public limited company was carried out in 2002. The next step was taken in 2005 when CVC Capital Partners bought 22 per cent of the shares.

At the beginning of 2009, the Danish Ministry of Transport and the Swedish Ministry of Enterprise, Energy and Communications signed an agreement for the merger between Post Danmark and the Swedish Posten AB. The objective of the merger is to create a Nordic postal enterprise supplying up-to-date competitive postal services to the citizens of the two countries. After the merger, the new company will be owned as to 40 per cent by the Danish state and 60 per

cent by the Swedish state. However, the owners' influence is balanced so that the Swedish and Danish states have the same number of votes.

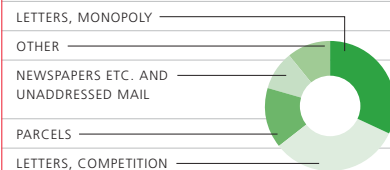
By Danish standards, Post Danmark is a big business. Overall, we employ more than 24,000 employees on a full-time and part-time basis, or nearly 1 per cent of the total labour force in Denmark. We consider it important to be flexible in our employment relationship and to have a large number of staff employed in part-time positions. The total number of full-time positions corresponds to just over 20,000 employees.

Our employees are spread over the whole country on more than 500 jobs. We serve 2,600,000 households and 240,000 enterprises on a daily basis.

In 2008, total revenue was DKK 12 billion, of which 68 per cent was obtained in markets in full competition. The current monopoly on letters, which is being abolished, now only comprises letters weighing less than 50 grams. Parcels and advertising mail have always been distributed in free competition.

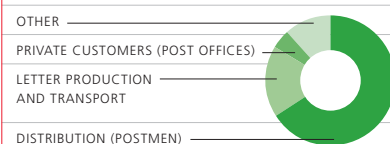
REVENUE 2008

BY PRODUCT

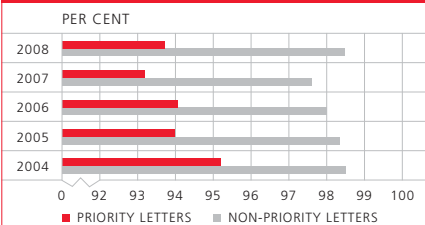


STAFF MEMBERS 2008

BY EMPLOYMENT AREA AS A PERCENTAGE



LETTER QUALITY

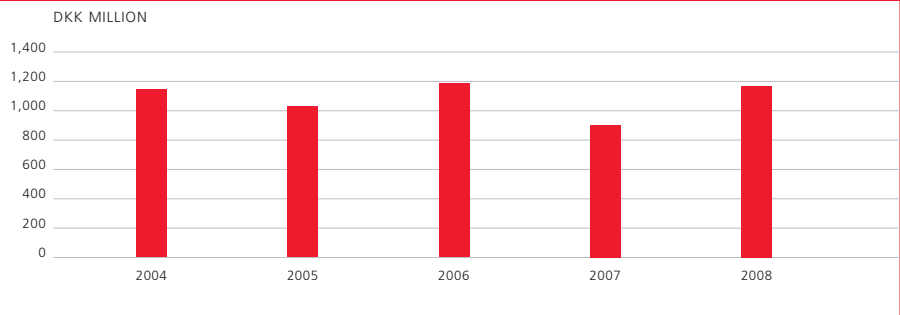


AMOUNTS IN DKK MILLION

	2008	2007	2006	2005	2004
INCOME STATEMENT					
Income	12,057	12,082	11,718	11,462	11,295



PROFIT BEFORE TAX



PREFACE

Dear Reader

Post Danmark has always taken its social responsibility very seriously. We are proud to provide an important service to the Danish society – a service which ensures that mail of any kind reaches the recipient all over the country the day after it was sent.

Distributing approximately four million mail items every single day – as Post Danmark does – is a gigantic task of great importance – not just to the individual person but to the whole Danish society.

For Post Danmark social responsibility is a natural part of our everyday life. We are an enterprise which carries on a business serving the entire Danish society, so for me it goes without saying that we cannot operate a sound and good business unless we as an enterprise act as a responsible citizen.

To solve this task, Post Danmark has created one of Europe's most modern and efficient postal businesses. We are constantly working to streamline our work procedures and our processes in response to increased competition in the sector, which leaves no room for waste. Post Danmark must be a sound, solid and strong enterprise if we are to be able to provide the service that society needs and at the same time be a

safe and good place of work for our many thousand employees. The logic is simple. If we do not have confident and well-trained employees who are proud of their jobs and their enterprise we shall not be able to supply the quality and service that ensure our strength in the market.

The year 2008 was a very special year for Post Danmark. In the early part of the year, we experienced strong demand for labour. At the end of the year, this picture had changed completely.

No matter what kind of labour market challenge we are facing, we at Post Danmark attach great importance to pursuing an attractive and active staff policy. We wish to retain and develop our employees to ensure that we are always doing our best.

Post Danmark is part of a society which is necessarily focusing on energy consumption and environmental efforts in the fight against the climate threat. In that connection, an enterprise like Post Danmark is, of course, an important player because our tasks require a good deal of transport and production with a negative CO₂ impact on the environment. We are 'the public transport' for letters and parcels in Denmark.

The type of distribution carried out by Post Danmark is generally environmentally friendly because we strive to collect and distribute as many

mail items as possible at the same time. This is, indeed, the environmentally most correct way of doing it.

With this report, we provide an overall description of our efforts to satisfy Post Danmark's social responsibility. This is the first time that we are making such a report, so I do hope that you will enjoy reading it.

Helge Israelsen

HELGE ISRAELSEN CHIEF EXECUTIVE OFFICER



POST DANMARK IN SOCIETY

With its more than 24,000 employees, Post Danmark is one of Denmark's largest workplaces. Every day, we visit more than two million households, and with our 750 post offices and post shops we are a prominent figure in the Danish community.

During an ordinary week, virtually all Danes are in contact with Post Danmark; either because they receive letters, parcels or advertising mail; because they know someone who is working for us or they are working for a supplier to us; or because they are among the one per cent of the Danish population who work for us. The close contact with all citizens makes it very clear to the world surrounding us how we as a business meet their requirements and expectations. In other words, we are being tested by every single Dane every week. This helps to keep us on our toes, and people's attitudes and input contribute to our efforts to become even better at the job that we have been brought into the world to do: providing a basic and universal postal service to all senders and recipients in Denmark. In other words, our reputation depends entirely on our success as a business.

POST DANMARK'S DUTIES

Post Danmark's framework conditions and price structure are to a great extent determined in a concession issued by the Danish State – colloquially called the universal service obligation. The concession prescribes the minimum level of service and quality to be delivered by Post Danmark to the Danish population. The concession also provides the framework for the price development within the third of our revenue which is not yet subject to competition, i.e. letters weighing less than 50 grams. In all other areas, the services provided by Post Danmark are subject to competition, and, as in all other sectors, prices are derived by the interaction of supply and demand. We are proud to perform the task prescribed by the concession because of its vital importance to the Danish society every single day.

FAIR PRICING

The price of sending a letter – the postage – is from time to time subject to discussion. Post Danmark's prices are fair – also in comparison with postage rates in the rest of Europe.

In a comparison of Post Danmark's prices of items of correspondence in the first weight step with other countries' postal operators, account must be taken of significant demographic differences, e.g. the high Danish pay level and purchasing power.

These differences were taken into account by Europe's largest postal operator, Deutsche Post, in a comparison of the price of a day-to-day letter in the first weight step in 29 European countries. Post Danmark's prices come in 16th with an average price of Euro 0.61, which is far below the average of Euro 0.79.

PROFIT AND SOCIAL RESPONSIBILITY

Post Danmark's performance of tasks for society is conditional upon Post Danmark being able to make money. You may say that it is our financial strength that determines the extent to which we can accept duties without government subsidies.

On the other hand, we cannot achieve satisfactory financial results unless our employees are happy working for us and are proud at their enterprise. In addition, the enterprise's reputation among the population must be good.

We have shown that solid earnings can easily be achieved along with investments, changes, decisions etc. made to take account of society, including all the stakeholders who every day depend on Post Danmark. Thus, Post Danmark's business model is based on a strategy taking into account both the needs of the enterprise to make money and our responsibility as a social and public-spirited enterprise.

It therefore makes common sense for customers, employees and the enterprise alike to see that Post Danmark integrates the interests of, for example, human rights, social conditions, environmental and climatic conditions and the fight against anti-social conditions, including corruption, as part of our business model. We have prepared a Code of Conduct for all our supplier agreements, and we comply with the Corporate Governance recommendations issued by the Nørby Committee. It all reflects the line of thought that is deeply embedded in the Excellence Model which is the cornerstone of Post Danmark's management philosophy.

PRICES FOR LETTERS IN THE FIRST WEIGHT STEP

	EURO	
BULGARIA	2.72	
LATVIA	1.66	
POLAND	1.36	
SLOVAKIA	1.26	
LITHUANIA	1.24	
ROMANIA	0.96	
ESTONIA	0.88	
HUNGARY	0.88	
THE CZECH REPUBLIC	0.84	
NORWAY	0.81	
GREECE	0.79	
PORTUGAL	0.75	
FINLAND	0.74	
ITALY	0.62	
DENMARK	0.61	
FRANCE	0.57	
BELGIUM	0.56	
SWEDEN	0.56	
SWITZERLAND	0.56	
AUSTRIA	0.55	
GERMANY	0.55	
IRELAND	0.54	
CYPRUS	0.51	
U.K.	0.48	
LUXEMBOURG	0.47	
THE NETHERLANDS	0.44	
SPAIN	0.41	
MALTA	0.37	
SLOVENIA	0.36	
		AVERAGE 0.79



CSR AT POST DANMARK

Corporate Social Responsibility (CSR) is defined by Post Danmark as:

The activities implemented by Post Danmark to develop and utilise the Group's core competencies for the benefit of customers, employees, Danish society and the enterprise's finances as well as its image as an enterprise with a large social commitment.

CONTRIBUTIONS TO SOCIETY

Post Danmark not only manages its responsibility and its importance in relation to the enterprise's core services and employees. We are also a significant contributor in areas where our core competencies can benefit other players in society. By way of example, Post Danmark supports a charitable organisation every year by issuing a stamp which is slightly more expensive than ordinary stamps and by donating the surplus to the organisation. Post Danmark is also an important contributor to the cycle sport in Denmark. Our best known and largest sponsorship is the cycle race 'Post Danmark Rundt', which is Denmark's largest recurring sports event. A third initiative is the Christmas Seal Houses where Post Danmark is a close business partner to the Christmas Seal Fund, which operates four Christmas Seal Houses in Denmark.

FOCUS ON THE GOOD WORKING LIFE

We have set ambitious targets to ensure a reasonable balance between work and leisure time for our employees and to look after those who may sometimes have a special need for it. Initiatives taken include senior schemes, mentor

schemes and a talent bank as well as our internal job centre, Jobbørsen, where employees get the opportunity to change jobs to perform other functions at Post Danmark in case their job function ceases or if they feel like trying their strength against new challenges.

We also make a great effort to integrate new Danes and create room for people who are not able to participate at full strength in the labour market. Our work is targeted at continuously improving the working environment, and in 2008 we received the Danish Working Environment Service's award.

We are quite conscious of our efforts to be a leading enterprise in these areas because we know that the good working life at Post Danmark is one of the things that position us strongly in the fight to attract the best qualified employees to our enterprise.

A GENERAL CSR REPORT

Our business model and the CSR efforts have not previously been embodied in a real sustainability strategy or report, but it has long been

CSR MILESTONES

1894 CYCLES FOR RURAL POSTMEN ARE INTRODUCED	1895 FIRST TRADE UNION (PROVINCIAL POSTMEN'S UNION)	1904 THE WORLD'S FIRST CHRISTMAS SEAL	1906 PENSION ENTITLEMENT IS INTRODUCED FOR RURAL POSTMEN	1911 FIRST ELECTRIC MOTOR VEHICLE	1919 THE 8-HOUR WORKING DAY IS INTRODUCED	1921 FIRST CHARITY STAMP	1961 THE POSTAL CUSTOMER SERVICE IS ESTABLISHED	1971 THE FIRST POST-WOMAN	1980 LOW QUALITY LEVEL (ON-TIME DELIVERY RATE 70 PER CENT)	1990 'NO ADS PLEASE' AS A VOLUNTARY SCHEME
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strongly anchored in our environmental policy, staff policy, supplier policy etc. With this report, everything is gathered in one place, providing a unique insight into how we as one of the largest enterprises in the country systematically work to manage our importance in society – for the benefit of society, Post Danmark as well as our many stakeholders.

We have made great progress in our CSR work at Post Danmark. This does not mean, however, that we have attained our end and can lean back. We can still become even better at running our business in a sustainable way that will benefit society, our stakeholders as well as Post Danmark.

CORPORATE SOCIAL RESPONSIBILITY

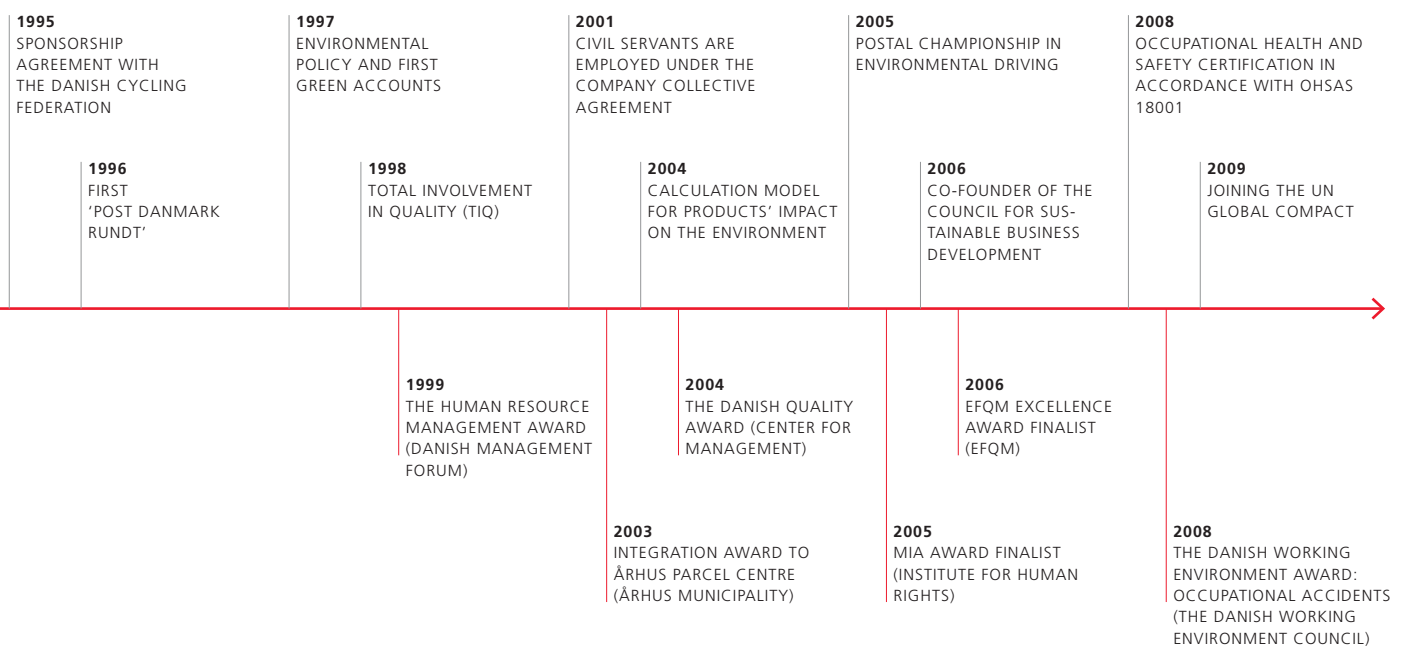
For Post Danmark, Corporate Social Responsibility (CSR) equates responsibility. We consider the CSR work as a natural and voluntary task. Consequently, it is not a task that we undertake because we feel obliged to under law or as a result of our concession agreement with the Danish State.

Every day, our core business takes us around the country. We deliver a service to citizens, enterprises, associations and institutions, which is fundamental to communications and trade in Denmark. This we are proud of. Therefore, we are also very anxious to deliver that service in a way which not only we but the whole of Denmark can be proud of. At Post Danmark, responsibility is therefore integrated into everything we do.

Globalisation has now left its mark everywhere. It has created both challenges and opportunities. One of the consequences of globalisation is that the world now appears to have become smaller. Post Danmark benefits from the increased international exchange of goods because it increases especially the number of parcels that enterprises and individuals send to each other. However, we are also aware that the globalisation holds a number of large challenges for which also the enterprises must help to find solutions. Therefore, in 2009, we have joined the UN Global Compact, which actively involves enterprises in the solution of a number of social and environmental challenges that accompany globalisation.

For all enterprises responsibility starts with finances. Post Danmark is an enterprise, which naturally must create value for our customers, for society and for the enterprise. Our task as an enterprise is the same as in all other enterprises – and at the same time it is very different because the State in a very direct way uses the universal service obligation to determine the frameworks for large parts of our development opportunities.

The economy is important for us, so human and environmental considerations must be given high priority in our work – otherwise 'the accounts' will not balance. What some people call the triple bottom-line, we call holistic management, which we have been practising since 1998. This means that we assess our work and evaluate it in relation to our targets for customers, employees, society and the economy (owners). A number of these CSR related efforts and the associated results are described in the following in this report.



SUSTAINABLE MANAGEMENT

'Leadership must be exercised coherently to ensure success'. This is the first of Ten Rules of Conduct, which give a number of examples of good leadership at Post Danmark.

This brief statement is further elaborated: 'Therefore, in addition to financial performance, the assessment of the performance of all Post Danmark units also includes customer and employee satisfaction as well as the impact on society'.

Since 1998, holistic leadership has been a central point in the development of our enterprise. Our approach to leadership is based on the basic idea that we must create value in a long-term perspective by focusing on all the most important stakeholders. As we believe this to be the best and most responsible form of leadership for us, the leadership of Post Danmark has been based on this conviction during the past 11 years.

TOTAL INVOLVEMENT IN QUALITY

As mentioned, our management philosophy is aimed broadly at all our most important stakeholders. Up through the 1980s and in the early 1990s, we practised a different form of manage-

ment, focusing more one-sidedly on finances. However, in the mid 1990s, we realised that this was not the right form in the long term.

Thus, since 1998 our management has been based on Total Quality Management (TQM). We call it Total Involvement in Quality – TIQ.

The objective of TIQ was and is to improve our competitiveness. This is a prerequisite if we are to be able to provide the service and quality that our customers wish and expect from us in future. This we do by having a company culture based on continuous improvements as customers and society develop. TIQ builds on employees' involvement and active participation.

The beginning of TIQ was marked by an eighteen months' long training process based on the cascade principle, which comprised all permanent staff.

The TIQ process in outline:

- Rules of Conduct (p. 12)
- Customer satisfaction measurements (p. 21)
- Employee satisfaction measurements (p. 27)
- Self-supporting teams (p. 27)
- The EFQM Excellence Model (p. 12)



MISSION

Post Danmark's mission is to provide high-quality basic and universal postal services to all customers in Denmark – senders and recipients alike.

POST DANMARK'S MISSION, VISION AND VALUES

IMPORTANT STAKEHOLDERS

STAKEHOLDERS	PRIMARY INTERESTS	PRIMARY BENCHMARKS	OBJECTIVES
Customers	Service, quality and price	Customer satisfaction and loyalty	Prerequisite for future business
Employees	Involvement, pay, job security	Employee satisfaction	Ensure value-adding cooperation
Society	Reputation, environmental impact	Corporate Image, reduce emissions	Be a responsible part of society
Owners	Profit, quality	Adding value, on-time delivery rates for letters	Meet obligations



VISION

Post Danmark is recognised by customers as a leading business in the logistics and distribution sector in Denmark.

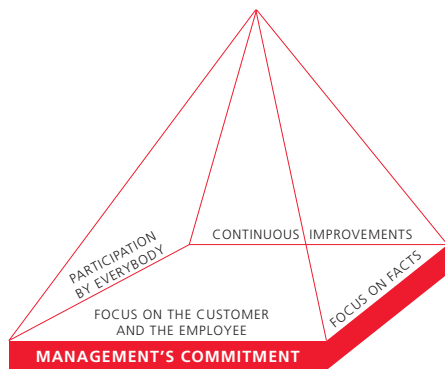
VALUES

TRUSTWORTHY – is a vital value when the core business is to carry other people’s messages and goods. To be trustworthy means that we all live up to our responsibility and are worthy of our customers’ trust. We are trustworthy when we are honest and professional in our relationships with customers, shareholders, colleagues and the public.

COMPETENT – means being masters of our trades. To be competent is also to work energetically to improve all processes and to share knowledge and develop. We are competent when we study matters that we are working on and ensure that all decisions are based on facts. We take our work seriously.

READY FOR CHANGE – is constantly striving to improve the way we are working so that we are continuously improving our efficiency and quality. We are ready for change when we are willing to make changes and when we help to take the initiative in making changes.

ADDING VALUE – is to generate value for customers, shareholders, staff and society. Adding value is a prerequisite for sustainable development of the enterprise. We add value when we set ourselves high targets and achieve them and when we meet our values.



The five fundamental elements of TIQ can be illustrated by a pyramid. The foundation of every change process is management's commitment and active communication. TIQ must lead to ongoing improvements of all efforts and results – through everybody's participation in focusing on customers, employees and facts as a decision-making basis.

RULES OF CONDUCT

When, in 1998, the TIQ process started, it was the beginning of a comprehensive change process. The need for change was in large part due to the way managers were managers. That is why we prepared ten 'Rules of Conduct', which were and are examples of good leadership at us. This was a way of making it visible to both managers and employees what top management expected from the managers and what the employees might rightly expect from their immediate superior.

The ten brief rules are available in elaborated versions, and the question of when and how we practice good management has been the subject of a comprehensive dialogue among managers during the years. Eight of the ten Rules of Conduct relate to our annual measurement of employee satisfaction.

EFQM EXCELLENCE MODEL

The EFQM Excellence Model has been our management model since the start of the TIQ process.

Sustainable results are created by maintaining holistic focus and active leadership. This also applies in relation to our influence on the surrounding world. Our work on responsibility is included directly in a leadership context which we control through the Excellence Model, both in the form of specific activities and as a red thread. Excellence and CSR go hand in hand. Both are a matter of the long-term perspective, sustainable development and the versatile generation of results. It is not only a matter of the company's finances but also a matter of ensuring a high level of service and quality to customers and good working conditions for employees. We must also pay attention to developments in society, including being socially responsible and accepting joint responsibility for the environment. That is why CSR is an integral part of our Excellence work.

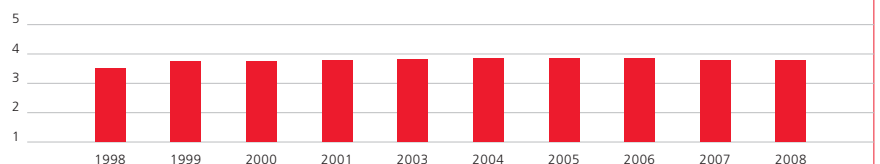
The Excellence and CSR work includes evaluating ourselves and identifying and carrying out improvements. This is done on an annual basis, at central level for the Group and at local level for independent units.

POST DANMARK'S 10 RULES OF CONDUCT

- 1 Leadership must be exercised coherently to ensure success
- 2 Objectives and expectations must be based on facts and dialogue
- 3 Results must be visible and form the basis for ongoing improvements
- 4 All units, teams and staff must know that quality is important for their customers
- 5 Continuous improvements can only be achieved by involving everyone
- 6 The staff's knowledge and skills must be continuously maintained and developed
- 7 Knowledge of best practice must be shared with colleagues and units at all levels
- 8 All employees should take responsibility for identifying and satisfying customer needs
- 9 All employees must be fully briefed on Post Danmark's situation
- 10 Self-supporting teams are a central element in Post Danmark's organisation.

FOLLOW-UP ON RULE OF CONDUCT 5

QUESTIONS FROM THE ANNUAL EMPLOYEE SATISFACTION SURVEY: THE OPPORTUNITY TO BE ABLE TO PROPOSE IMPROVEMENTS



Post Danmark has trained a team of internal assessors who help other units to quality assure their own opinion on what is being done well and what is being done less well. In addition to an active team of approximately 220 assessors, the Executive Board and all level 1 and 2 managers have been trained as assessors. The aim is to ensure the enterprise a detailed and broad knowledge of the Excellence Model.

CORPORATE GOVERNANCE

In 2005, the Board of Directors of Post Danmark reviewed and took a position on the Copenhagen Stock Exchange's recommendations on corporate governance. Post Danmark follows these recommendations except in areas where it is not found to be relevant for our type of company. On Post Danmark's website there is a detailed explanation of Post Danmark's position on the individual recommendations.

As regards incentive pay for the Board of Directors and the Executive Board, Post Danmark follows the recommendations and lets the general meeting of Post Danmark A/S determine the guidelines, including, for example, the rule that the Board of Directors is only to be paid a fixed

remuneration. The general meeting approves the directors' remuneration for the coming year. The Executive Board's remuneration can be seen in Post Danmark's Annual Report.

CODE OF CONDUCT IN THE SUPPLIER CHAIN

Post Danmark has laid down a number of ethical guidelines – a Code of Conduct – for its purchases. The Code contains our requirements for suppliers and business partners regarding ethically and morally acceptable purchases. In recent years, the interest in this area has grown because of a considerable increase in goods offered for purchase and the use of more suppliers and sub-suppliers from other parts of the world.

We cooperate with approx. 10,000 suppliers, and over a typically four-year contract period we issue approx. 350 invitations for tenders, all in excess of three million DKK. Securing the ethics in the extreme links of the supplier chain is a complex area, and we have not yet found the models which in practice will guarantee us that all links satisfy ethical and environmental standards. The area will be given special focus in the coming years.

IMPARTIALITY

In connection with Post Danmark's fairly large number of relationships with suppliers of products, machinery, IT and consultancy services, the enterprise's employees are covered by rules on impartiality agreed in connection with supplier contacts. The rules prescribe, among other things, that employees may not accept gifts exceeding a trifle threshold and that travelling expenses are always to be paid by Post Danmark.

MANAGEMENT BASED ON STANDARDS

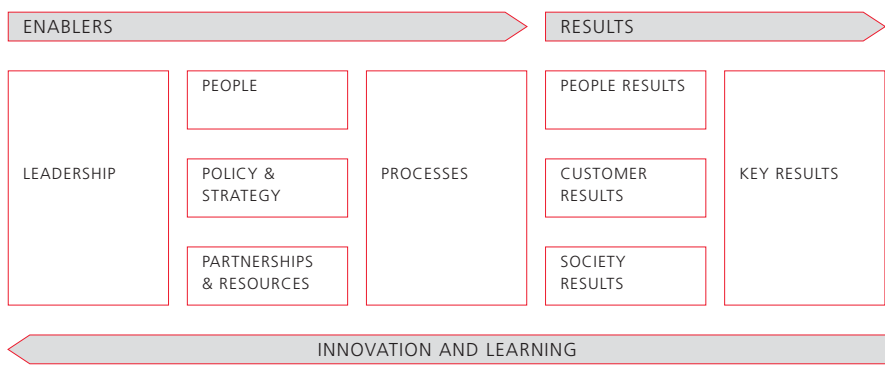
For Post Danmark standards are important prerequisites for achieving efficient processes in connection with the sending of mail nationally as well as internationally. The international mail exchange with 192 countries worldwide is promoted considerably by a uniform set of standards. We participate actively in developing, maintaining and using these 'industrial standards' and CEN standards.

In addition, Post Danmark takes an active part in the development of a Danish standard for social responsibility based on ISO 26000.

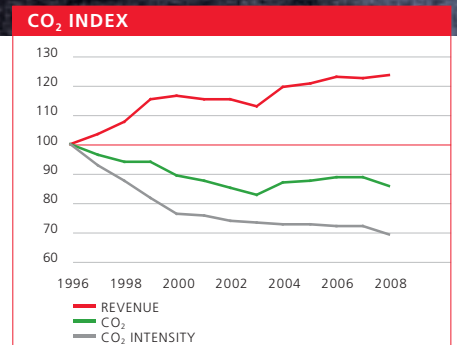
THE EXCELLENCE MODEL

The Excellence Model is a European best practice model for company leadership. It mentions a number of enablers that we should be able to control and a number of performance targets against which the enterprise should be measured. A general theme is that the enterprise should improve its enablers and results on an ongoing basis in order to achieve an excellent level.

The Excellence Model is owned by the European Foundation for Quality Management (EFQM) and is used every year as the basis for the recognition, the EFQM Excellence Award. The Model contains an assessment and measuring method which makes it possible to identify on which point to make the first improvement and as the next – and central – step to follow up to see where the development is as planned.



CLIMATE AND THE ENVIRONMENT





One of the greatest challenges facing the international community is climate changes, which, according to the UN Climate Panel, are mainly caused by man-made emissions of CO₂.

The importance of the transport sector to Denmark's CO₂ impact is growing rapidly. In Denmark, the transport sector is responsible for nearly 30 per cent of total CO₂ emissions. Obtaining improvements here constitutes a substantial challenge despite the fact that only a minor part is attributable to goods and freight transport.

Post Danmark has launched a number of activities relating to the climate agenda, including focus on facts and data collection, data processing and the pursuit of specific and realistic goals. Involving the staff in the work for sustainable development is another area of vital importance. Also issues of climate stamps in 2009 focus on the climate challenge.

A look at Post Danmark's total emission of CO₂ in the course of time will show that Post Danmark has succeeded in reducing its emission by 14 per cent since 1996. During the same period, revenue rose by 24 per cent. This means that the enterprise's financial growth and the emission of greenhouse gases have been decoupled.

Post Danmark's target for an additional reduction of CO₂ by 8 per cent for the coming years will primarily be achieved through initiatives aimed at our buildings, fleet of cars and external transporters.

ROLE MODEL FOR EFFICIENT DISTRIBUTION

The CO₂ emission from lorry transport in Denmark increased by approximately 20 per cent from 1992 to 2007. The increase was also in the towns where far too many vans and lorries are driving around half-empty. Here Post Danmark stands out positively as a 2008 report from the consultancy firm COWI shows. Post Danmark meets the criteria for efficient urban distribution, partly because a car leaves its entire cargo within a delimited geographical area and partly because the transport has a high capacity utilisation, thereby minimising the number of transports.

Post Danmark's comprehensive network and common goods distribution system is comparable with public transport. It is energy efficient and environmentally friendly. The system is characterised by joint distribution with large delivery sizes and high capacity utilisation. The concentrated transport where our cars leave the whole cargo within a delimited geographical area results in much less driving than if companies, small hauliers, wholesalers, shops or individuals transported the mail by their own cars.

VAST POTENTIAL

COWI has estimated that up to half our transport of goods in towns can be made more efficient and lead to a reduction of between 15 and 25 per cent of traffic work depending on the suitability of the transports for joint transport.

BICYCLES AGAINST CLIMATE CHANGES

Between 60 and 70 per cent of all letters are distributed by bicycle. Every year, our postmen ride their bicycle around 15 million kilometres. In towns, nearly 100 per cent of letters are distributed by postmen on bicycles while the percentage is much less in the rural districts, where it is necessary to use cars in order to be able to maintain a high service level.

If we look at the CO₂ impact from transport in the logistics chain, it can be deduced, not surprisingly, that the impact from a letter or a parcel depends on where it is going. If a letter is to be sent the long way between continents, the impact from the transport is many times larger than if it only has to go a short way. A letter in an urban area produces virtually no pollution.

In Denmark, this will produce a total potential reduction of approx. 123,000 tonnes CO₂ per year if more transports are converted into an efficient goods distribution system. This is a savings potential which exceeds the whole annual CO₂ emission from Post Danmark.

COWI has concluded that Post Danmark's capacity utilisation is greater than the typical capacity utilisation in Danish goods transport. Furthermore, COWI has established that Post Danmark's distribution system can be characterised as efficient both as regards the lorry transports in connection with the collection and distribution of mail and the final distribution made by vans.

ENVIRONMENTAL POLICY, TARGETS AND RESULTS

Based on our environmental policy, we wish to create an infrastructure with focus on energy-efficient logistics solutions taking both the environment and the needs of our customers into account. Post Danmark's environmental policy is accessible on our environmental portal www.postdanmark.dk/miljoe.

NEW TARGETS

In recent years, Post Danmark has reached the enterprise's overall environmental targets, having reduced the environmental impact that we had set as a target. In 2008, we achieved the best ever result. Therefore, we have now increased a number of new targets which were formulated last year. The new targets are based on the results for 2007 and apply until 2012. They have

been set so as to meet the time horizon determined in international projects in which Post Danmark participates.

The targets have been set on the basis of computations in the green accounts, which follow selected emissions from the total consumption of energy and fuel. 2008 showed a significant fall in the CO₂ emission while the total emission of SO₂, NO_x and particles have fallen even more than in the previous year. Based on the results in 2008, Post Danmark is in the process of reaching the new targets.

CORRESPONDS TO 18,182 PERSONS

Post Danmark translates the emissions into environmental impacts – greenhouse effect, acidification and nutritive salt impact. The environmental impacts are then related to the annual impact of an average person and weighted in proportion to their importance. For Post Danmark's green accounts, this means that the greenhouse effect at 67 per cent of the total environmental impact is the most important environmental impact, acidification is 20 per cent and the nutritive salt impact 13 per cent. Post Danmark's total environmental impact corresponds to the average annual environmental impact of 18,182 Danes (Eco-points).

LARGE DECLINE IN THE TOTAL ENVIRONMENTAL IMPACT

The total environmental impact distributed on the various environmental impacts is followed year by year. With the result for 2008, the total environmental impact was never lower. This is due to the fact that the environmental impact

ENVIRONMENTAL TARGETS

NEW TARGETS UNTIL 2012 PER ITEM OR TOTAL RELATIVE TO 2007

CO ₂	8 per cent CO ₂ reduction
NO _x	20 per cent NO _x reduction
SO ₂	10 per cent SO ₂ reduction
ECO-points	10 per cent reduction



ECONOMY DRIVING

To stimulate a better utilisation of the fuel, national economy driving championships are held by Post Danmark among its drivers of small and big cars.

dropped by approximately seven per cent from 2007 to 2008.

The development of environmental impact reflects the total volume of Post Danmark's principal products. Therefore, it is being examined how much of the development of environmental impact can be explained by the number of mail items.

REDUCED ENVIRONMENTAL IMPACT PER ITEM

In 1996, Post Danmark could send 103,000 items with an environmental impact corresponding to the annual environmental impact of an average inhabitant. In 2008, the number had gone up to 156,000 items. This means that today, in principle, 51 per cent more items can be sent with the same environmental impact as in 1996.

To improve the environmental impact – the number of items per Eco-point – the environmental impact has to fall even more than the number of items. This aim was achieved from 2007 to 2008. The total environmental impact dropped significantly more than the decline in volumes of approximately one per cent in that year. The total result was that last year the environmental impact was improved by just under six per cent.

ENVIRONMENTAL DECLARATION OF A LETTER

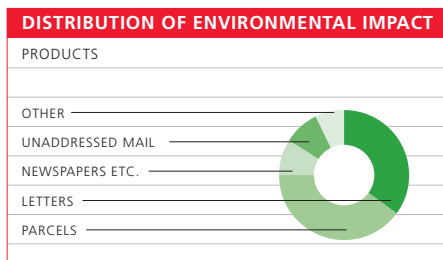
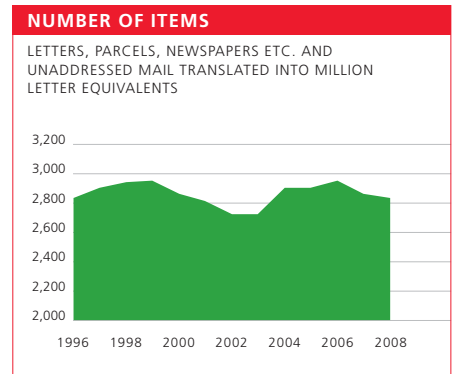
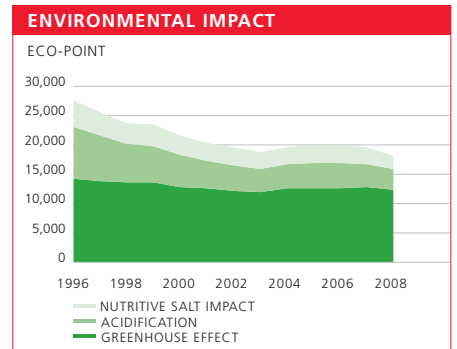
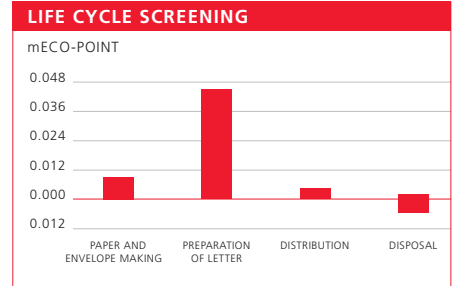
For the individual products, Post Danmark has calculated an environmental specification. The

overall CO₂ impact of a typical standard letter corresponds, for example, to the CO₂ impact of a 100 metre drive in a new family car.

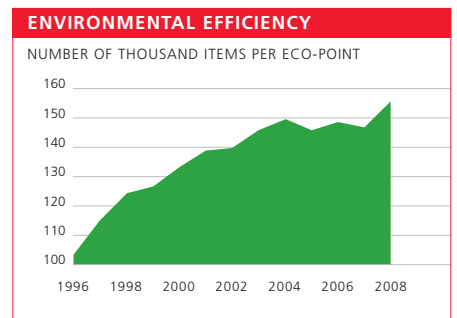
Details are given about the environmental specification on Post Danmark's website. We have developed an emission calculator specifying letter and parcel products further so that it matches Post Danmark's price structure. Items to other countries are also included. Firms using Post Danmark to handle their logistics on a larger scale can use the environmental specification in connection with their own environmental documentation. In this way, transport's proportion of the environmental impact can be made visible and be included in the life cycle of the products.

Post Danmark has itself carried out life cycle screening of a typical letter product of 19 grams consisting of a C5 panel envelope containing two A4 sheets with text. The environmental impact during the entire life process of the letter has been defined and assessed in the environmental assessment. The analysis shows that the greatest portion of the total environmental impact is produced when the letter is written on a computer. The environmental impact is caused by the energy consumption from the writing of the letter on the computer, and it is greater than that caused by the paper making. Furthermore, the environmental impact caused by paper making is later compensated for by the energy gain from the combustion or reuse of recycled paper.

Thus, letter writing on the computer is the dominant phase in the life process, and the environmental impact caused by letter writing is several



	CO ₂ GRAMS	SO ₂ MG	NO _x MG
Standard letter	12	2	43
Parcel	905	173	3,391
Unaddressed item	5	1	18
Newspaper etc.	37	7	140



THE ENVIRONMENTAL EFFICIENCY IS THE CENTRAL MEASURING POINT

For the purpose of measuring the development and the efficiency of the environmental work, the environmental impact is adjusted in relation to the number of items. This will reflect the enterprise's environmental efficiency – how many items can be sent per Eco-point – corresponding to an average inhabitant's annual environmental impact.

times greater than the impact from Post Denmark's distribution.

TRANSPORT

Post Denmark has a fleet of modern cars at its disposal. Virtually no lorries have engines older than a EURO-3. The newer EURO-4 lorries now account for 24 per cent of kilometres driven.

The newer lorries have a much smaller environmental impact than the old types, which therefore are being continuously out phased.

At the turn of the year, Post Denmark had 4,758 cars, which together did a total of 120 million kilometres in 2008. The fuel consumption dropped by almost four per cent in the course of 2008 while kilometres driven were largely the same as in the previous year. Thus, fuel utilisation improved significantly in 2008, for large lorries as well as for the many smaller vans that Post Denmark uses to distribute mail. At the same time,

the use of hauliers was significantly reduced, and mail transport by plane has largely ceased while mail transport by boat to Bornholm has increased slightly.

Of the environmental impact from transports, lorries account for 49 per cent, small vehicles for 45 per cent, hauliers for 4 per cent and ferry and aircraft for 2 per cent.

PARTICLE FILTERS

For several years, Post Denmark has been testing particle filters on both lorries and vans as part of projects carried out together with a number of municipalities. Today, particle filters are of such quality that they can efficiently remove most of the particles.

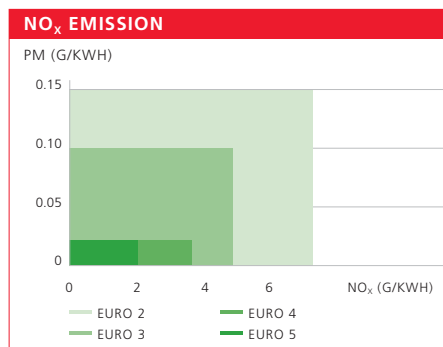
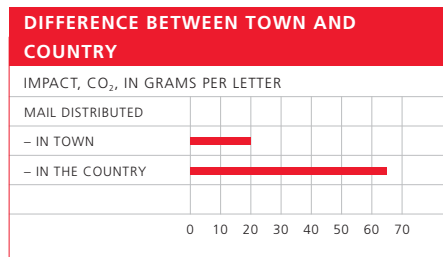
Particle filters are therefore also included in the environment zone schemes that were introduced on 1 September 2008 in the City of Copenhagen and the Municipality of Frederiksberg. In practice, the scheme means that particle filters must be fitted on old lorries for the purpose

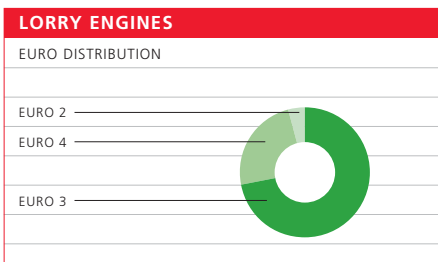
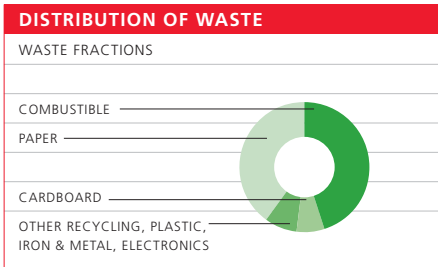
of legal driving in the environmental zone. It has been quite easy for Post Denmark to meet these requirements. Only five motor vehicles needed to have particle filters fitted for legal driving in the zone.

However, it takes both time and money to meet the requirements that will be introduced by towns with environmental zones from 2010. Particle filters will also have to be fitted on Euro 3 lorries. In practice, this means that Post Denmark is planning to fit particle filters on 85 lorries already in the course of 2009. This will be an advantage not only for the towns with environmental zones but also for the rest of the country. The lorries are driving not only in these towns; they are also used all over the country.

OPTIMISED TRANSPORT

Post Denmark has a tool for optimising route planning in the country and in towns which limits the number of kilometres driven compared with the specified assumptions. The tool is based on a geographical information system which col-





lects and processes digital maps. This information is then combined with information about delivery places in Denmark. When finally implemented in 2007, the prize system had reduced the number of kilometres driven by car by 2.5 million km. Today, the system is used continuously to streamline Post Danmark's routes and the number of kilometres driven.

Optimising the transports from the peripheral areas is particularly important in order to keep down the environmental impact per item. This applies in particular if competition is intensified for the distribution of mail in the part of the market where logistics are simpler and where the need for resources is low. The many letters distributed by Post Danmark in the urban areas help to keep the average environmental impact down per item whereas the relatively few items in sparsely populated areas are pulling in the other direction.

The total quantity of waste was 8,280 tonnes in 2008. This is a fall of 1,341 tonnes, and 14 per cent compared with the previous year. Of this quantity 4,568 tons was handed in for recycling, or 55 per cent of the total quantity. The fall in the quantity for recycling is 22 per cent, due to a decline in the reduction of the quantity of paper waste.

COOPERATION FOR A BETTER ENVIRONMENT

Together with a group of major companies in Danish industry and Key2Green, Post Danmark has established 'The Danish Council for Sustainable Business Development'. The objectives of the Council include inspiring Danish trade and industry to work on sustainable development, to encourage the public debate within the area and to share new and international knowledge and tools.

BUILDINGS, ENERGY AND WASTE

Post Danmark has launched another energy saving initiative. We are mapping the electricity consumption of the various building types to acquire a detailed knowledge of how consumption is distributed on typical functional areas such as lighting, machines, ventilation etc. Based on the specific knowledge from these areas, the effort to minimise consumption can be targeted at the areas which offer the greatest gain.

Compared with the previous year, total electricity consumption fell by just under three per cent to 55,229 Mwh, due in part to the replacement of light fittings and energy savings at the letter mail centres. Total consumption of heat rose very modestly by 0.8 per cent as a result of a somewhat colder heating season compared with the previous year.

With the efforts in the field of waste, Post Danmark primarily wishes to fractionate the waste in order to achieve the best possible utilisation of the recyclable resources. Paper, cardboard and soft plastic constitute the main components of the company's waste.

Post Danmark participates in a number of international cooperation projects for the purpose of joining forces in finding the best possible opportunities to reduce the emission of climate gasses among postal operators. In addition, Post Danmark has taken the initiative in developing a European climate programme to reduce the emission of greenhouse gases.

ONE TON LESS

Post Danmark has entered into a partnership agreement with the Danish Energy Agency on the 'One Ton Less' climate campaign. In 2008, all employees received a personal letter from CEO Helge Israelsen together with a request to participate in the campaign. The objective of the campaign is to make climate actions a national cause. Post Danmark soon became the enterprise with most people having made climate promises. 3,222 employees have joined the campaign and have already introduced habits that save 7,100 tons CO₂ per year. At the same time, they have undertaken to reduce their consumption by an additional 5,000 tons a year.



WE REDUCE SPEED

In 2007, Post Danmark introduced speed limiters of 85 km/h against the previous 90 km/h on vehicles of more than 3.5 tons. One of the purposes is to reduce the temptation to overtake, which costs extra fuel because of acceleration.

CUSTOMERS

Being the preferred supplier in an industry is a commitment. Post Danmark aims to live up to it by supplying high quality every day. At the same time, we develop products and services based on a desire to supply precisely what our customers need. Today, we have products on the shelf that are suitable for both large and small enterprises and organisations, and our salesmen are trained to acquaint themselves with enterprises' commercial needs for postal solutions.

Enterprises must feel secure when dealing with Post Danmark. Being an important link in our customers' value chain, we must live up to their expectations of efficient operations at competitive prices. Our customers must also be confident that we can guarantee an environmentally responsible behaviour and that we are treating our employees properly. All this has been accounted for in detail in other parts of the report.

In Denmark, business mail accounts for approx. 91 per cent and private mail for approx. 9 per cent of the volume of mail. Our most important task, particularly in relation to our business customers, is to develop products, which will save time and resources, are targeted and flexible and match many different needs. Our job is to help our customers carry on their business as efficiently as possible.

WE ASK OUR CUSTOMERS

Since 1999, we have carried out continuous measurements of our customers' opinion on our enterprise and our service. This provides us with detailed knowledge in a large number of areas, which we use as a basis for improving ourselves. Customer satisfaction aims and results are in-

cluded as a very important part of the dialogue between managers and between managers and employees on what is being done well and what needs improvement.

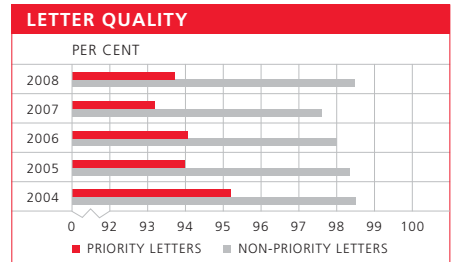
In recent years, we have watched customer satisfaction and loyalty drop. The same development is found in the continuous Corporate Image measurements. The reason is mainly that we have had problems with our letter quality during a long period of shortage of labour and comprehensive restructuring of our operating processes. Following substantial efforts to correct this, we are now moving in the right direction, and from 2007 to 2008 we achieved the largest improvement in letter quality in six years. However, there is still a fair distance to go before we are satisfied.

DIALOGUE WITH CUSTOMERS

For Post Danmark it is important to develop long-term professional relations with our customers. We have accumulated a unique knowledge of the potentials of our products in a business context. This means that we can give advice based on solid knowledge of what works – and why. However, we cannot do it without the customers. Through a large number of activities, we set the stage for communication of product knowledge and know-how. At the same time, we learn from our customers. This continuous accumulation of learning together with the customers provides the basis for developing solutions which are effective for the customers.

Therefore, in 2008, the following activities were introduced which involved business customers:

- The Direct Marketing Day, which is Post Danmark's annual big event with prize awards to



LEAN

Since 2000, Post Danmark has used Lean as a development method and philosophy in defined parts of the enterprise. Using Lean will optimise value-adding for customers in processes by removing waste of time. Therefore, several of Post Danmark's operating units have been reviewed, analysed and trimmed to remove unnecessary procedures or inefficient habit-based features. Employees are involved in the so-called 'Kaizen weeks' where small optimisations are developed and implemented.

To add as much value to the customers as possible, the machines have been moved closer together at the individual mail centres. Sorting can then be made faster and in a smaller area than previously, thereby creating a coherent and more efficient flow. In 2006, all letter mail centres continued this work with focus on continuous improvements through the use of the Kaizen method. The Kaizen method contributes to developing the competencies of participants while at the same time making production more efficient. As a result of the added value of the overall sorting process and transport, Post Danmark has been able to reduce the number of mail centres from eight to four.



CONFIDENCE IS A KEY WORD

Post Danmark is the customers' trusted third party when letters and parcels are sent. The customers' confidence in the safe arrival of mail is crucial to us. With over 1.2 billion addressed items in our custody and more than 24,000 employees, control is necessary. Three employees working at central level carry out prevention, control and examination to avoid theft and fraud. This also applies in connection with the handling of money in the national network of post offices. We will not violate the statutory secrecy of mail and the customers' confidence.

A special effort to bring out mail will be made despite the fact that it is not correctly addressed or has no return address. Every day, experienced staff will look at the so-called 'undeliverable' mail, trying to find out who the real recipient or sender is. In the final analysis, specially trusted employees may open letters and parcels to find information that will lead to correct delivery or return. Around 900,000 items corresponding to one per mille of all items are specially checked every year in order to find the recipient or the sender. For about 60 per cent of these items the efforts are successful.

the best direct marketing campaigns and with participation of approx. 800 customers and agencies. The 2008 theme was 'Goal-oriented persons win'.

- Market Inspiration 08, which is a professional event for approximately 500 customers. The target group is marketing managers, marketing employees, managers and agencies.
- The Supply Chain Day 2008, at which prizes were awarded and talks given to our major logistics customers in order to establish closer relations to Post Danmark.
- The E-trade prize, sponsored by Post Danmark, which participated actively with a stand to support the development of E-trade.

The largest business customers at Post Danmark have a key account manager or an account manager attached. The personal contact plays a significant role, and, according to the annual customer satisfaction survey, this relation is greatly appreciated by Post Danmark's business customers. Satisfaction 79 on a scale from 1-100.

BROAD PORTFOLIO OF PRODUCTS FOR BUSINESS CUSTOMERS

Post Danmark's processing and distribution system is designed to be efficient while at the same time meeting customers' expectations and specific needs relating to service level, targeted distribution, distribution speed and price.

Customers can choose the form of transport that suits their specific needs. This variation and flexibility of the products give Post Danmark's customers the best possible conditions for carrying out effective marketing. Fewer resources are wasted if the targeting of the marketing efforts is maximised, and it helps customers to carry on their business in a more efficient manner.

LETTER PRODUCT

In recent years, Post Danmark has invested three-digit millions of DKK in advanced processing systems at our letter sorting centres. As a result, our processing facilities are among the most modern and efficient in the world. This has made it possible for us to develop and change former processing and distribution methods into methods enabling us to distinguish between time-critical mail (A letters, daily newspapers and parcels) and non-time critical mail (Business Letter, undressed mail, weeklies and magazines).

The new processing system gives customers the opportunity to obtain a lower price by choosing Post Danmark's Business Letter in place of the

**200,000 FEWER PRINTED MATTER ITEMS THAN IN THE PREVIOUS YEAR
– AND A BETTER RESULT**

An enterprise distributed 450,000 Christmas catalogues, which was approx. 200,000 fewer than in the previous year. Half of the catalogues were sent as Segmented Unaddressed Mail. The enterprise saved much money on printed matter and still got at least the same traffic in the shops during Christmas trade as in previous years. On top of that, the campaign added new members to the customer database.

Priority Letter or the Non-Priority Letter. With a minimum number of 3,000 items per posting, requirements for pre-printed barcode and special requirements for the customers' pre-sorting work and posting, Post Danmark's machinery and the new distribution model enable highly efficient processing of the Business Letter. With the three letter types – the Priority Letter (day-to-day service), the Non-Priority Letter (three-day service) and the Business Letter (four-day service) – business customers have good options available for using Post Danmark in connection with the distribution of all their mail.

UNADDRESSED MAIL

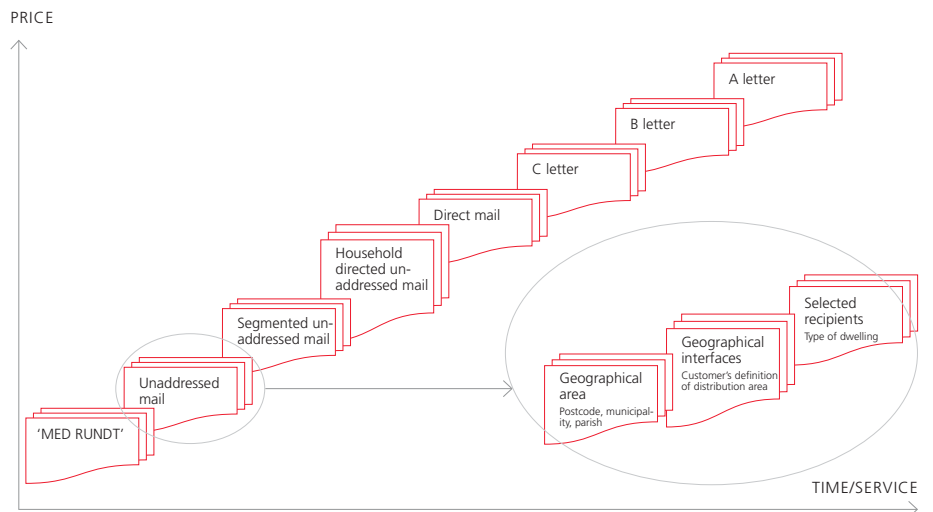
Customers sending, for example, unaddressed mail can choose between broad national distribution, targeted distribution to selected geographical areas or further targeted distribution using a segmentation tool which Post Danmark can supply. With the product Household Directed Unaddressed Mail, unaddressed mail can be targeted to selected households based on the customer's own customer data or bought addresses.

In this way, the customer may choose precisely the solution that suits the purpose best. This will generate higher efficiency and overall a greatly reduced waste of resources because Post Danmark distributes all unaddressed mail in the addressed cover 'MED RUNDT', which contains all magazines and advertising mail for the individual household.

Even though Post Danmark delivers many unaddressed mail items to households in Denmark every week, we do not wish to deliver advertising mail to persons who do not want it. This would be inconvenient for both senders and recipients – and it would also be a waste of resources.



POST DANMARK'S MAIL PRODUCTS



THE DANES' LETTER HABITS

Even though Danes today have the opportunity to receive some of their mail in an e-mail, in E-Boks, as an SMS or can obtain information from websites, many prefer to get a letter. This is the result of a survey made by Tranberg Marketing. In a digitalised world where people every day receive many messages from various media, physical letters still contribute relevant qualities to the recipients. The value of the letter, the paper, the individual message and the sender's official face is quite unique in the large world of new media. This is confirmed by a survey of Danes' attitudes to the letter and the e-mail carried out by Epinion A/S. The letter is direct, it is received and read on the recipient's own terms and – it often creates an expectation of relevance.

Therefore, together with the Consumer Ombudsman, the Consumer Council and the industry association of distributors, we have actively engaged in developing a so-called 'No thanks' scheme, which will be supported by the entire industry and take consumer wishes into account. The new scheme fell into place at the end of 2008, putting consumers in a better position than under the previous system. By way of example, all senders and distributors are obliged under the new guidelines to respect a registration for the scheme. In addition, the new system allows recipients to opt out of local weeklies, which also helps to ensure that the citizens do not receive mail in their letter box which they do not want.

eComOne – ELECTRONIC DISTRIBUTION OF LETTERS

Digitalisation offers enterprises, organisations and the authorities new ways of communicating with their customers. It also offers new tools to improve and streamline company processes such as electronic purchasing orders or invoices. With this solution, Post Danmark offers receipt of letters in a random data format for distribution through one or more electronic channels or physically as print.

Already in 2002, Post Danmark bought as one of the mentioned channels a shareholding in e-Boks A/S, which offers an online web archive for electronic documents, mainly letters sent from public authorities to citizens or pay slips from enterprises to employees (BtC). More than 1.7 mil-

lion Danes receive their letters electronically in an e-Boks.

In 2008, Post Danmark commenced an expansion which is also capable of handling enterprises' needs for exchanging e-commerce documents between the enterprise and its suppliers as well as business customers (BtB). The total solution was launched as eComOne in 2009.

FLEXIBLE SOLUTIONS FOR CUSTOMERS

In 2008, Post Danmark worked on developing flexible solutions for customers who need to receive mail which cannot be delivered in a letter box or through a letter slit. The solutions were generated in response to the problem that an increasing number of items are placed for pick-up at the post office or in the local post shop. This generates more waste and more costs if the postman tries to deliver the parcel in vain because the customer is not at home, and the customer has to go to the post office or the post shop to get the item.

In 2008, pilot experiments were made with a so-called 'recipient flex' scheme on Amager. Under the scheme, the customers may agree with Post Danmark that the parcel may be delivered in a garage, under the veranda or somewhere else as directed by the customer. Using this procedure, Post Danmark gets the parcel delivered and the customer needs not go somewhere

else to get the parcel. This will minimise transport costs and the CO₂ cost on the parcel's way from sender to recipient and the customer will get its parcel more quickly. The pilot experiment has shown that there is a potential for this solution in residential neighbourhoods. 'Recipient flex' will therefore be implemented at national level in 2009.

DØGNPOSTEN SELF-SERVICE STATIONS

Døgnposten, another alternative to the conventional way of sending and receiving parcels, has also been well received, and more than 25,000 Danes have joined the scheme since its introduction. Døgnposten is aimed at groups of customers with a working life involving widely varying working hours, residents in multi-storey buildings and young people with a very active outdoor life. These groups of customers can now choose when to pick up or drop off items from or to Døgnposten. Consequently, the postman needs no longer try in vain to deliver the parcel and the customer can pick it up in connection with work, shopping or other errands. This helps to make the transport more efficient for the benefit of Post Danmark, the customer and the climate.

63 self-service stations have been set up nationwide. An additional 60 will be installed in 2009. When the customer buys a product on the Internet, the customer's name plus the Døgnpost number constitutes the address of the item. When the item has been placed in Døgnposten, an SMS or an e-mail will be sent to the customer together with a code and a message that the item

THE ENVIRONMENTAL IMPACT OF ADVERTISING MAIL IS TO BE MEASURED IN RELATION TO ITS EFFECT

It is widely held that the use of paper for letters or advertising mail involves a particularly large environmental impact. However, any kind of advertising has an impact on the environment. This applies to TV and radio commercials, newspaper advertising and advertising on the Internet etc. The various types of communications have different impacts on the environment, so the environmental impact must be assessed in the light of a life cycle assessment and be compared to their effect. A smaller effect means a need for an increased volume of advertising mail. If there is no unaddressed mail, advertising will move to other channels, and the volume must be increased if the effect is to be the same. In a comparison of different advertising media, this plays a role in the overall environmental accounts.

The fact is that environmental impacts are often produced in quarters we do not normally expect. This we know from the letter. Based on a life cycle assessment, the time spent by the sender on writing the letter on the computer represents by far the largest impact on the environment. It overshadows the environmental impact produced by paper making and the environmental impact caused by distribution. For unaddressed mail the proportion attributable to distribution will be much less, and printed matter benefits from an efficient collection and recycling system.

The customer's most important consideration when choosing an advertising medium or a communication channel will, from an environmental point of view, also include an evaluation of the penetration of the communication or the effect of advertising.

can now be picked up from Døgnposten. Døgnposten has been installed so that the customers can pick up mail items day and night. Døgnposten can also be used to hand in items, thereby operating as a one-stop logistics point for private customers and small business customers.

DELIVERY OF HEAVY PARCELS

In 2008, a new concept for delivery of heavy parcels was developed. In Denmark, 19 delivery points have been established where parcels weighing more than 20 kg and unmanageable items are handed out. The customer needs, of course, to be able to receive parcels in that weight class, so to combine this need and the working environment legislation it was necessary to bring together heavy parcels in places where the staff have the right aids. The selection of the 19 places is based on the assumption that customers should not drive more than a maximum of 45 minutes to get a heavy parcel. For most of the citizens, however, the transport time is much less.

AVAILABILITY

The uniform postal service that Post Danmark offers all Danes – no matter where they live – is one of the hallmarks of Post Danmark. Availability is therefore a significant element in relation to our customers, and we are continuously striving to improve our customers' access to our products and services. This includes working according to the mottos 24-7 and 'we must be able to

serve the customer where the customer is and when the customer needs it'.

Post Danmark is continuously adapting its services in line with market developments and competition conditions. In 2008, for example, it was decided that people living in the country and on the small Danish islands could no longer pay their bills or buy stamps directly from the rural postman. As a result of the subsequent dialogue between Post Danmark, the Association of Danish Small Islands and the Association of Danish Village Communities, the parties cooperated on finding a practical solution. Therefore, people living in the country and on the small islands far away from the post office can still pay their bills with the rural postman as an intermediary by means of an envelope system. Furthermore, telephone selling of stamps for delivery to the inhabitant by letter was introduced.

THE POST OFFICE NETWORK

For many years, incoming and outgoing payments were the most important activity at the post office. Today, it is different. However, despite a sharp fall in the number of banking transactions, Post Danmark has succeeded in maintaining a large physical availability with full service everywhere in the country. Many conventional post offices are being closed down in these years because there are not enough customers. That is why an increasing number of post offices are be-

ing converted into post shops in cooperation with Coop and the Federation of Shopkeepers. In several areas, the service provided by the post shops has become better than at the post offices, one of the reasons being that the post shops often have longer opening hours. In three places in the country, experiments have now been launched where post offices are open day and night, providing a limited range of services and self-service after normal opening hours. The customers can also buy stamps from about 4,000 stamp dealers, and letters can be posted into Post Danmark's approximately 10,000 letter boxes.

CUSTOMER SERVICE

The customers can get into contact with Post Danmark day and night via a free telephone number 80 20 70 30. In the period 07.00 – 18.00, customers can get specific advice and guidance. Post Danmark is handling more than 1.6 million calls a year, and our target that private customers must not wait more than 60 seconds and business customers not more than 30 seconds on average is met.

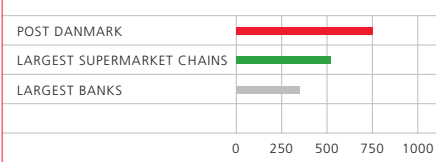
Post Danmark has a uniquely structured customer contact centre with an organisation based on self-supporting teams with a high degree of employee involvement in target achievement. In a comparative British/Nordic study (Bright) of 75 customer centres, Post Danmark had the lowest cost per call.

GIRO PAYMENTS	2008
Giro payments at postal outlets (million)	15.7
Giro payments to rural postmen (1,000)	0
Giro payments to rural postmen through envelope system (1,000)	32 ¹

	2007	2006	2005	2004
Giro payments at postal outlets (million)	18.1	21.0	24.7	28.3
Giro payments to rural postmen (1,000)	231	314	393	453
Giro payments to rural postmen through envelope system (1,000)	-	-	-	-

¹ When Post Danmark removed all payment possibilities in connection with distribution rounds at 1 January 2008, the company introduced an envelope system which made it possible for citizens in rural districts to deliver giro payment cards with a cheque through the 'envelope system' to the rural postman.

NUMBER OF BRANCHES



THE POST OFFICE NETWORK

In 2004, there were 287 company-operated post offices and 593 post shops – a total of 880 contact points.
 In 2008, there were 142 post offices and 609 post shops – a total of 751 contact points.



THE SERVICE LETTER WHEN THE POSTAGE IS MISSING

Post Danmark charges a fee to people who frank their mail insufficiently. Initially, however, all private customers receive a so-called service letter, in which Post Danmark simply mentions that they have sent an insufficiently franked letter. In 2008, 550,000 Danes received a service letter from Post Danmark. Only if during the coming six months an insufficiently franked letter is sent again will the person concerned receive a demand note for the insufficient amount of postage plus an administration fee of DKK 33.75.

EMPLOYEES



Post Danmark is committed to creating the best possible frameworks for the employees during their employment. Being one of Denmark's largest workplaces, spread geographically all over the country, we consider it a special obligation to take good care of our employees. This involves developing the employees' competencies as a value for the enterprise while at the same time ensuring the employees' value to the future labour market. An important element in this respect is the enterprise's systematic efforts to involve employees in the continuous improvement and development of competencies. In addition, the efforts to ensure a healthy and safe working environment are given pride of place.

STAFF POLICY

Our aim is to be the most challenging and attractive workplace in the industry. For this purpose, the enterprise has formulated six staff political values which we would like to be known for. At the same time, the staff policy values are linked to the enterprise's fundamental set of values formulated in four corporate values and with our ten Rules of Good Conduct.

For example, we see the principles of our staff policy on inclusion and social responsibility as something which overall support the value-adding aspect and which connects well with the

COHERENT BASIS OF VALUES		
STAFF POLITICAL VALUES	ENTERPRISE VALUES	RULES OF GOOD CONDUCT
<ul style="list-style-type: none"> · Respect for the individual · Dialogue 	<ul style="list-style-type: none"> · Trustworthy 	<ul style="list-style-type: none"> · All employees know their responsibility for acting in a way that makes it easy to be a customer · All employees must be well-informed about Post Danmark's situation
<ul style="list-style-type: none"> · Appreciation of professionalism and professional competency 	<ul style="list-style-type: none"> · Competent 	<ul style="list-style-type: none"> · Performance targets and expectations are based on facts and dialogue · Employee knowledge and skills must be continuously maintained and developed · Knowledge of best practice is shared with colleagues and units at all levels
<ul style="list-style-type: none"> · Dynamic team-based method of working 	<ul style="list-style-type: none"> · Ready for change 	<ul style="list-style-type: none"> · Making results visible provides the basis for continuous improvements · Continuous improvements are only obtained if everybody is involved · Self-supporting teams are a central element of Post Danmark's organisation
<ul style="list-style-type: none"> · Inclusion · Social responsibility 	<ul style="list-style-type: none"> · Adding value 	<ul style="list-style-type: none"> · Leadership must be holistically oriented in order to ensure sustainable results · All units, teams and employees know the importance of quality for their customers



managers' rule of good conduct: holistic management to ensure sustainable results.

THE EMPLOYEES ARE HEARD

Since 1998, Post Danmark has carried out annual measurements of employee satisfaction – Measurement of Quality in Working Life (MQW). The results in 2008 show a stable and high level of general satisfaction at 3.9 on a scale from 1-5. Digging a little deeper, we will see that 75 per cent of all employees are generally satisfied or very satisfied. This is a figure we are proud of, particularly in light of the substantial restructurings that the enterprise underwent in 2007 and 2008.

The results are used by the individual teams to create improvements in their everyday lives. The result of the team dialogue is retained and documented in an 'activity agreement', which shows the selected and agreed focus areas and targets for the next period.

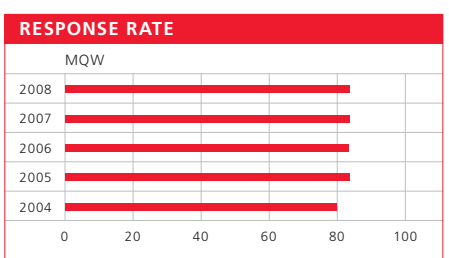
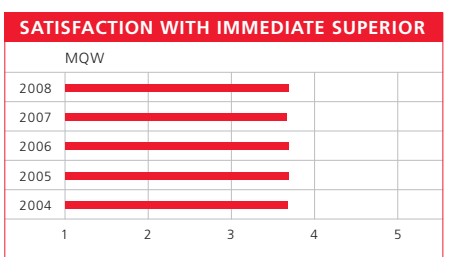
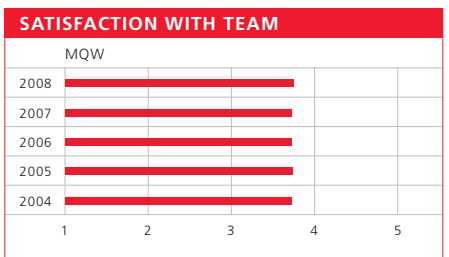
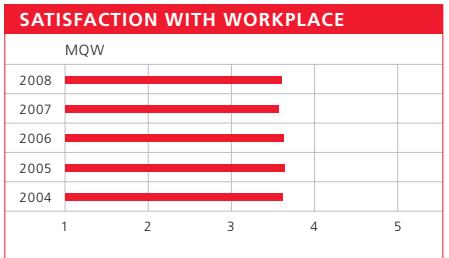
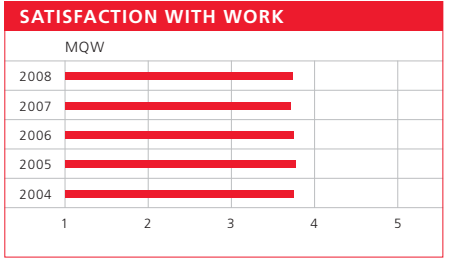
The Executive Board sets satisfaction targets at Group level and for all business units. These targets are subsequently broken down and included in the target and performance management agreements for managers. The results are used for both internal and external benchmarking. Based on the measurement, steps are taken to

follow up on the individual manager's ability to comply with the Rules for Good Leadership at Post Danmark (cf. p. 12).

SELF-SUPPORTING TEAMS

Everywhere in the enterprise, we have organised the work into teams – Self-supporting Teams. In 2008, we had 1,309 teams and 749 team leaders. Many leaders are therefore responsible for several teams, operating to a great extent as coaches who support the teams in their independent organisation of the daily tasks and in attaining targets. We are convinced that having influence on and being responsible for your own work situation are great motivational factors. At the same time, the employees develop qualifications which generally are valuable in the labour market – the ability to take responsibility, independently find solutions, improve processes, and cooperate constructively with colleagues.

In practice, this means that the employees are involved in planning, carrying out and evaluating the team's work. The team's performances are discussed at weekly white board meetings, which follow up on team results, quality, productivity, sick absence etc. It is also at the white board meetings that the team discusses proposals for improvements and agrees on things to be changed.



Since 2001, the best self-supporting teams in the enterprise have been elected and rewarded. The objective of the internal SST award is to motivate, recognise and make results visible so that other self-supporting teams can benefit from them.

DEVELOPMENT OF COMPETENCIES

The employees' fundamental competency development is managed through the agreements made on the basis of the annual appraisal interview. Post Danmark gives high priority to both individual and team-based appraisal interviews (MUS and TUS). A job profile describing professional and personal qualification requirements provides the basis for the interview, which results in an agreed development plan describing competency development, job rotation etc.

TRAINING IN 2008

Every year, many of Post Danmark's employees undergo training and courses. In 2008, it was

a total of 11,772 persons. It is first and foremost 10-day basic courses for newly employed postmen and 5-day basic courses for newly-employed postal workers and drivers attached to the mail centres and courses for present and coming managers. The total number of course days was 36,847.

A well-planned introduction for new employees is an essential element in the recruitment, employment and retention of employees. In recent years, therefore, special focus has been placed on introductory courses for new employees.

COMPETENCY DEVELOPMENT OF MANAGERS

In 2007, Post Danmark developed an overall competency development concept for managers. The theoretical parts are extensively based on elements from publicly recognised merit courses. This means that our manager courses are comparable with and match training levels outside the enterprise.

In addition to the theoretical course parts, the development of managers is supported by practical management training, mentor interviews and other activities contributing to conversion of the theoretical parts into practice. The effect of managers' competency development is seen in, for example, the annual satisfaction measurement where the employees answer a number of questions concerning their immediate superior. Here the employees show growing satisfaction.

All managers undergo a strategic manager development process. The contents of the course modules reflect the desire to give all managers a common level of competency in areas directly connected with our strategy.

MORE FEMALE MANAGERS

Since 1993, Post Danmark has focused on getting more female managers, thereby creating a more equal balance in the distribution by gender at managerial levels. With the adoption of the Minister for Gender Equality's 'Charter for More Women in Management', this focus has gained renewed strength.

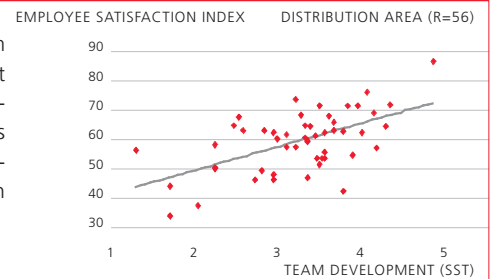
However, like most other Danish enterprises the share of women employed at top management level is low at Post Danmark. Overall, women's share of management positions at Post Danmark is today 33.7 per cent.

In our internal talent bank, we are now especially focusing on women with management potential. There are normally approximately 40 candidates attached to the talent bank, and the goal is 40 per cent women of the nominated candidates.



CONNECTION BETWEEN TEAM DEVELOPMENT AND EMPLOYEE SATISFACTION

Through our company measurements of team development and employee satisfaction, Post Danmark can establish a widespread connection between the two. The picture shows that our systematic work on team development is likely also to have a positive effect on satisfaction.





SATISFACTION TARGETS

The Executive Board sets satisfaction targets at Group level and for all business units. These targets are subsequently broken down and included in managers' target and performance management agreements. The results are used for both internal and external benchmarking. Based on the measurement, steps are taken to follow up on the individual manager's ability to comply with the Rules for Good Leadership at Post Danmark (cf. p. 12).

MENTOR PRINCIPLE

A new manager or talent in an area at Post Danmark can be offered a mentor. The mentor corps consists of experienced executives and managers in the enterprise with whom new coming managers can play, professionally as well as personally. The objective of mentoring is to pass on good and instructional experience and give the participant – the mentee – an opportunity to develop personally and to expand his network in the enterprise.

In the Distribution Business Unit, structured work on the mentor principle was initiated in 2008, and for the time being 25 team leaders have an experienced manager attached as mentor. The idea is that the mentor should act as a modern teacher helping by providing direct guidance but also by making the team leader reflect on his own role and possible lines of action.

A HEALTHY AND SAFE WORKING ENVIRONMENT

Post Danmark's most important resource is its employees. Many of Post Danmark's employees carry out physical work, and a sound and safe working environment is therefore particularly important for Post Danmark. As a postal service provider, our workplaces can be in many locations - at post offices, letter/parcel sorting centres and offices and not least on roads and pavements all over the country. Therefore, safety considerations cover a broad spectrum and have to form an integral part of everything we do.

THE RED THREAD

The red thread running through Post Danmark's occupational health and safety work is a reduction of the number of occupational accidents. This applies from Post Danmark's occupational health and safety policy and strategy to the way we set targets in the area and select the most important issues. Since 1999, Post Danmark has systematically recorded occupational accidents and accumulated knowledge in our own injury recording programme.

The most important occupational health and safety issues are lifting, work postures, workplace design and use of transport equipment, falling and stumbling, traffic behaviour and the mental working environment. Every year, the work in these areas is coordinated through the preparation of an action plan. The action plan describes both the action taken at the various organisational levels and who is responsible for their implementation and how to measure the desired effect.

DOG BISCUITS PREVENT ACCIDENTS

In 2008, the postmen handed out more than 25 tons of dog biscuits altogether. Many postmen have dog biscuits in their pockets when doing their round, and they regularly receive guidance and good advice on how to handle dogs. Unfortunately, this is not always enough. In 2008, 335 postmen were attacked and bitten by dogs. 45 postmen were reported ill – including 18 who were absent for more than three days.

**THE DANISH WORKING ENVIRONMENT AWARD 2008**

In 2008, Post Danmark won the Danish Working Environment Award given by the Danish Working Environment Council, in the occupational accidents category. The Danish Working Environment Council's grounds for giving the award were: "The Committee of Judges would like to emphasise the long-term strategic occupational health and safety work with a broad spectrum of focus areas and results which at the present moment are clear. The continuing efforts have been defined in strategic frameworks in the coming years, and the Committee of Judges would like to reward this work by the Working Environment Award 2008 in the occupational accidents category."

In recent years, Post Danmark has set targets for reduction of the accident frequency, and the targets have subsequently been channelled down through the organisation. Responsibility for a good working environment lies with management, so today the targets form a natural part of local managers' performance management.

FEWER ACCIDENTS IN 2008

The long-term strategic choice to reduce the number of occupational accidents paid off in 2008, and the development curve for the number of occupational accidents with absence has now been broken. The total number of recorded occupational accidents with absence was 1,404 for 2008. In 2007, the number of occupational accidents with absence was 1,467. Thus, the number of recorded occupational accidents with absence generally dropped by 4.3 per cent. At the same time, serious occupational accidents with absence dropped by 13 per cent. The accidents are typically accidents as a result of falls, lifting and accidents in connection with the handling of equipment.

OCCUPATIONAL HEALTH AND SAFETY CERTIFICATION

In further support of the fact that Post Danmark takes the work on occupational health and safety seriously, Post Danmark started the occupational health and safety certification of the last business unit in accordance with the DS/OHSAS 18001 standard – an international standard for occupational health and safety management.

The central organisation and the other business units have already achieved occupational health and safety certification.

To achieve a systematic and uniform effort throughout the country and to constantly improve ourselves, we have established an occupational health and safety management system with an occupational health and safety guide. The occupational health and safety guide deals with responsibility conditions, methods and tools in connection with the handling of occupational health and safety.

OCCUPATIONAL HEALTH AND SAFETY DATABASE

The most recent development in 2008 was the establishment of an occupational health and safety database (HSD). The database integrates action plans, methods and registration of working environment problems. Here we can also collect and make visible records right from the bottom to the top of the organisation, thereby being able to improve ourselves by mapping the employees' working environment on a continuous basis.

YEAR	2008
Occupational accidents with absence	1,404

DEVELOPMENT SICK ABSENCE	2008
Sick absence	6.6

	2007	2006
Occupational accidents with absence	1,467	1,480

	2007	2006
Sick absence	7.4	7.1



By way of example, the implementation of the statutory Workplace Assessment (WPA) starts with the creation of a WPA period and printing of individual and anonymous forms from the database. The employees can then anonymously record WPA electronically, and the safety group can subsequently prepare action plans and easily get an overview of the employees' occupational health and safety problems. All levels of the safety organisation can now obtain status on the WPA implementation, the identified problems and the work on the action plans.

HEALTHY ON THE JOB

Post Danmark has job types where special focus is put on the employees' health. The jobs are for example those where the employee's life style may have an influence on matters involving security in the performance of the job. Groups which are particularly exposed are typically lorry drivers and night workers. For these groups of employees Post Danmark is seeking to focus on health in different ways.

RULES FOR DRIVERS

Studies have shown that lorry drivers' response time, and thus braking length, is longer for drivers who have eaten unhealthy food (cocoa milk, white bread and other sugar-holding products) than for drivers with healthy food habits. Internal health studies at Post Danmark have shown that many of the drivers are too heavy and would like to eat more wholesome food. The combination of these factors was the reason why the 'Cookbook for Drivers' was made. The work was based on several employees' own recipes but in a more wholesome version. In connection with the launching of the cookbook, it was handed out in several places together with a 'packet for the drive' consisting of a water can, a piece of fruit and a snack between meals.

NIGHT BIRDS – HEALTH FOR NIGHT WORKERS

A large part of the employees at the letter sorting centres are working in the evening or at night. Night work in particular can stress the body if you are not conscious of the effects of night work and know how best to tackle them. Results from health studies have shown that night workers at the letter sorting centres have more unhealthy habits and, to a greater extent, also sleeping problems than their colleagues working during the day and in the evening. With the folder 'Health for Night Birds', Post Danmark has placed focus on this problem. Good advice is communicated on sleep, food, liquid and exer-

cise etc. via the employees. The folder also contains examples of good snacks between meals, which can be eaten at night. The folder has several times been handed out in combination with 'packed lunches' with food which is good to eat when on night work.

SICK ABSENCE

In 2007, Post Danmark recorded an increase in sick absence of 6.5 per cent compared with the previous year. In 2008, therefore, sick absence prevention and handling was one of Post Danmark's most important focus areas. It is in the interest of the employees, the enterprise as well as society to bring down sick absence.

For the 2007-2010 period, the overall target was set to reduce the sick absence rate from 7.4 per cent in 2007 to 5.9 per cent in 2010. For 2008, the target was a reduction of 10 per cent compared with the previous year. However, based on a comprehensive systematic and tiered effort, the sick absence rate was in fact reduced by as much as 11.9 per cent compared with 2007.

INCENTIVE PROGRAMME AND FOLLOW-UP

In an effort to show appreciation to employees with few sickness days, Post Danmark introduced as the first in Denmark, a comprehensive incentive programme. Under the programme, lots are drawn every quarter among employees with no or few sickness days in every quarter for a number of prizes. This means that every quarter two employees receive a prize of DKK 100,000 each, and more than 300 employees get a number of smaller prizes. The cost of the total annual prizes to employees with no or a very low sick absence is more than two million Danish kroner.

Post Danmark considers it important that employees who are ill with an uncertain diagnosis are offered a quick explanation in cooperation with the Medical Test Centre. In this way, it will be possible to speed up the clarification of treatment opportunities and ensure the relations with the workplace.

As an additional initiative, a number of courses for managers and team leaders were held in 2008. At these courses, focus is put on creating good frameworks for job satisfaction and the courses also teach how to handle the most vulnerable processes in relation to sick absence. Around 200 team leaders were so trained in 2008.

THE INCLUSIVE LABOUR MARKET

Social responsibility, inclusion and diversity are strong and historically deep-rooted elements of Post Danmark's set of values. At the end of 2008, 1,400 employees were comprised by a scheme within the inclusive labour market. The scheme involves responsibility for helping and integrating people whose connection with the labour market is for various reasons weaker. This may, for example, be people having received cash assistance for many years, for whom the prospects of a job on ordinary terms were previously hopeless.

We consider the responsibility to help exposed groups so important that our aspirations are more

than just satisfying the minimum requirements. By way of example, a person employed in a flexi-job at Post Danmark will receive the same pay as was received by that person before the establishment of the flexijob. By way of comparison, many other enterprises pay the minimum pay according to the collective agreement concerned.

Post Danmark has published a complete guide for managers and shop stewards, describing how social responsibility can be implemented in connection with recruitment, retention and dismissal. Twice a year, we prepare an internal report on our total efforts and results in the inclusive labour market.

SOCIAL RESPONSIBILITY

PARTNERSHIP AGREEMENTS

In Post Danmark's work on social responsibility, cooperation with the country's municipalities on social partnership agreements is a very important factor. The agreements are intended to help employees already employed in the enterprise but unable to work at full speed because of illness and other conditions. At the same time, Post Danmark wants to live up to a special social obligation and its own staff political values on diversity, for example by recruiting new employees through the municipal job centres. These new employees may not be able to handle employ-

PROPORTION OF NEW DANES

EMPLOYED	2008
PER CENT	
Post Danmark	6.2
The State	2.8

2007	2006	2005	2004	2003	2002	2001	2000
5.9	5.1	4.8	4.5	4.3	4.0	3.6	3.2
2.6	2.3	2.1	2.3	2.1	2.4	2.2	1.8





ment on ordinary terms from the first day but need a longer running-in period on special terms in order to obtain access to the labour market.

The purpose of making real partnership agreements between municipalities and job centres is to ensure swift and flexible case handling between the parties involved which will benefit the individual employee.

At the end of 2006, Post Danmark had partnership agreements with 208 municipalities all over the country. With the commencement of the structural reform on 1 January 2007, the number of municipalities was reduced from 270 to 98 and, as part of the reform, 91 job centres were established which are to contribute solutions within retention of people reported ill, wage subsidy jobs, in-company practical training, jobs on special terms etc.

Unfortunately, Post Danmark's experience from the upstart of the new job centres is that it has been more difficult to enter into social partnership agreements with the new municipalities. At the end of 2008, we had agreements in place with 36 municipalities, and altogether 381 of our own employees and 23 new employees benefited from employment in a flexijob scheme. We are still working on making partnership agreements with municipalities all over the country.

NEW DANES

One success criterion at Post Danmark is that we can hire and retain new Danes on ordinary terms and conditions. We engage many new Danes through our recruitment centre. However, there are still a good many who need special support to be fully integrated into our workplace. Therefore, Post Danmark makes active use of the possibility of cooperating with the municipality to arrange hiring for a practical training period followed by a subsequent possibility of a trial job and then permanent employment. In 2008, we

issued a guidance on integration of new Danes to Post Danmark units, and everywhere there is focus on offering extra language training where necessary.

In many places, Post Danmark uses mentors who can make the integration of new employees in the enterprise easier. The mentor is an experienced employee who can create safe frameworks, listen, observe, give advice and generally support the new employee. The objective is to guide the new employee into both the professional and social community at the workplace. Thus, the mentor's most important task is to provide support in relation to new work procedures, work functions, workplace culture and to understanding and navigating within the norms and values of the workplace.

The mentor scheme can be used both in connection with the integration of new employees and in connection with current employees who need support.

INTEGRATION OF DEAF EMPLOYEES

For many years, Post Danmark has made a special effort to integrate deaf employees at selected workplaces. In 1999, the first hearing handicapped was engaged at the parcel sorting centre at Brøndby, and has been followed by many others since then. Today, there are 22 deaf production employees at the parcel sorting centre. There is always focus on the professional qualifications, and the practical challenges are overcome using, for example, sign language interpretation at team meetings. All deaf employees have also received a telephone which can be used to write SMS messages to technicians in case of mechanical breakdown. In addition, hearing colleagues are offered sign language instruction with great success. The initiative has spread to other places in the enterprise – and today Post Danmark has a total of 57 deaf employees, including 13 postmen.



RECRUITMENT FROM GERMANY AND SWEDEN

Already in 2007, Deutsche Post had to dismiss many people, and Post Danmark saw partly an opportunity to cover workplace needs with professionally trained employees and partly an opportunity to help colleagues from Germany get a job. Since 2007, 190 German postmen have been recruited to jobs on Zealand where Post Danmark's need for labour was largest.

Also Swedish citizens have got a job as postmen in Denmark. In 2008, close cooperation was established between Post Danmark, the employment service in Malmø and Øresunddirekt. About 200 employees have been recruited from Sweden in this way.

JOB RETENTION

Post Danmark's generally desires to retain employees in their jobs, striving to avoid situations which may lead to dismissal or resignation. A lot of initiatives are therefore being taken in the field of health such as offers of health insurance, early examination and measures in connection with sick absence, help for workplace design etc. In addition, several systematic initiatives are taken to help employees keep their employment in the enterprise.

SENIOR SCHEMES

In recent years, increased efforts have been made to support employees getting close to pensionable age in their wish to stay in their jobs as long as their motivation and health make it possible. Through the collective agreements, special senior schemes have been introduced, providing, among other things, retention days off for elderly employees. Persons over 60 can obtain up to 20 extra days off per year (introduced in 2005), and persons aged 57 – 59 have the right to six retention days off from 2009. More than 2,400 employees were comprised by these senior schemes in 2008.

JOBBØRSEN

Since the end of the 1980s, Post Danmark has been working targeted, trying to reassign redundant employees to other units short of labour. In 1989, the work was further structured, and Jobbørsen was established as Post Danmark's internal employment service. At the same time, it was made obligatory to register all employees from redundant units and transfer them to Jobbørsen. In addition, all labour needs were to be registered at Jobbørsen.

Jobbørsen's principal task is a permanent clarification of the situation of redundant employees, mainly by reassigning redundant employees within the limits set out in their employment terms and conditions. At the same time, a so-

called 'Omflytningsnævn', composed of representatives from the staff organisations, was established to deal with such reassignments. 'Omflytningsnævnet' also has the power to approve special senior schemes and the terms and conditions governing voluntary resignation. Since its start, more than 5,000 employees have been through Jobbørsen.

In 2008, 107 employees were attached to Jobbørsen, including 37 persons who have got another job with Post Danmark, and 35 have retired or joined a senior scheme (reduced hours).

MAJOR ORGANISATIONAL CHANGES

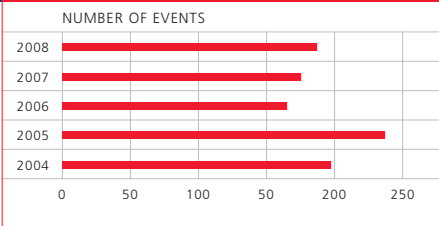
Similarly, Post Danmark aims at retaining current employees who become redundant as a result of major organisational changes. We help the employees to get jobs elsewhere in the enterprise or possibly a job outside the enterprise. When, as it happens, we have to close down major workplaces, we make a targeted effort to find the most optimal solution for the employees affected by the closing down – and for the local community. In connection with the most recent major restructuring of the parcel sorting centre in West Denmark, where six centres were reduced to one new complete centre, 406 employees were affected by the restructuring. On that occasion, we succeeded in finding new jobs for 300 employees.



FURTHER TRAINING OF UNSKILLED WORKERS

In 1977, Bjarne Norfast left the tenth form. He did not feel like continuing at school but could not find a job as an apprentice even though that was what he wanted. In the last part of his time at school in his home town Rødovre, he had a Saturday round as postman in order to earn a little pocket money. And when the opportunity to deliver mail on a full-time basis arose, he accepted it – until he could find an apprenticeship. That period has now lasted for more than 30 years. Since 1977, he has had various jobs at Post Danmark, and in recent years he has been working as an unskilled office worker at Post Danmark’s recruitment centre. Here he has been offered further training and to get a certificate on his skills at a commercial school. Historical experience shows that unskilled workers and people with few qualifications are the first to lose their jobs and, with Post Danmark’s offer to get certificates showing his skills, Bjarne Norfast is certain that it will be easier for him to get a new job, not only if he loses his present one but also if, at some time, he should feel like seeking new challenges.

CRISIS PSYCHOLOGICAL PREPAREDNESS



DOCUMENT ON QUALIFICATIONS

In several Business Units, the enterprise is making a great effort to give unskilled workers a document on their qualifications. Experience shows that unskilled workers lose their jobs more easily and are less attractive in an employment situation. By way of example, therefore, Post Danmark has offered 500 unskilled office workers further training and paper on their qualifications based on an individual competency assessment. These are often employees who have been with the enterprise for many years and who originally started without formal office training. Around 100 employees have accepted this scheme and are in this way being helped to preserve their value to the enterprise and in the labour market.

CRISIS PSYCHOLOGICAL PREPAREDNESS

Post Danmark has entered into a cooperation agreement with Falck Healthcare on crisis psychological assistance to employees who are exposed to robbery, accidents, violence or threats. Here it is possible day and night to contact Falck’s emergency service to get psychological assistance. Falck’s psychologists can also be used in cases in the nature of involving well-being, for example, problems in private life, illness, cooperation difficulties, stress, depressions etc.

STAFF ADVICE

Internal staff advisory services have been established as part of the enterprise’s offers for the em-

ployees. The advisory group consists of a social worker and a staff consultant East and West of the Great Belt, respectively. The advisory services typically include advice and guidance on job retention, retirement, personal or family problems, abuse and finance. The Staff Advisory Function can be contacted anonymously. In addition, support and sparring are offered for managers and staff experts in the decentralised units.

CHILDCARE PROJECT

Some of Post Danmark’s employees have evening and night work, mainly in our letter and parcel sorting centres. Post Danmark therefore supports the community of interest project ‘Childcare Project’ financially. The community consists of a number of large public enterprises, trade unions and interest organisations, which have joined forces in an effort to make municipalities provide childcare outside normal opening hours.

SPORTS, CULTURE AND CHARITY

As an important part of Post Danmark's role in society, we support areas and projects with a meaningful connection to our specific business. These are areas in which others can benefit from our experience, products and knowledge and which at the same time contain values with which Post Danmark can identify itself.

Post Danmark is thus main sponsor for the Danish Cycling Federation (DCU). The cooperation started in 1994 and has currently been agreed for the period up to and including year-end 2011. The agreement comprises all all-Denmark teams and has resulted in two cycle races, Post Cup and 'Post Danmark Rundt' – our best known and largest sponsorship.

Unfortunately, the image of cycling has been hit by doping scandals in recent years. We support the efforts of the Danish Cycling Federation to create a clean sport which can restore trustworthiness. If DCU leaders encourage or assist in doping abuse, Post Danmark can withdraw from the sponsorship agreement with immediate effect.

YOUNG PEOPLE AND TALENTS

Together with Team Danmark, Post Danmark contributes financially to the DCU's talent project for racing cyclists under 23 – 'Team Post Danmark'. The objective of the project is to gain top results at international competitions, includ-

ing the European Championship and the World Championship and to prepare the cyclists for a professional career.

The cooperation with DCU is also focusing on activities for children and young people and on sponsoring exercise cycling, including mini six-day races for young people aged between 12 and 14, Fyn Rundt, the Postmaster Race and the national championships for those cycling for exercise.

DANSK HANDICAP CYKLING

Team Handicapcykling.dk is a meeting point for all competitive cyclists under the Danish Sports Organisation for Disabled. The team therefore consists of both all-Denmark cyclists and cyclists with talent status. Post Danmark supports Dansk Handicap Cykling with a sponsorship for their talent team whose ultimate objective is participation in the Para Olympic Games.

STAMPS AS AMBASSADORS

Stamps are today much more than a means of payment. We consider the issue of stamps to be a special national and social responsibility. When travelling around Denmark and the whole world, Danish stamps act as an ambassador for our country. The stamps tell us about Danish art, culture, nature and history, and they put focus on events which are or were of great significance to Danes.

It is important for us that the stamps present themselves in the best possible way. Therefore, methods of the most outstanding quality are used to print Danish stamps, including offset, photo gravure, steel engraving or a combination of these. We regard steel engraving as our hallmark. The method is time-consuming, but we are proud that we are able to provide training in this old craft ourselves, a craft mastered by few people in the world. Steel engraving produces a very special noble print. However, it also has a practical security function since it is very difficult to copy steel-engraved stamps.

Post Danmark handles all tasks in connection with the planning, development, printing and issuing of Danish stamps. We also market and sell the stamps, for example to more than 65,000 collectors all over the world.

CHARITY STAMPS

Every year, Post Danmark supports a charitable organisation by issuing a stamp which is slightly more expensive than ordinary stamps. The entire profit goes to the organisation chosen in the year concerned. The first charity stamp for the benefit of Red Cross was issued in 1921.

In 2008, we made a stamp in cooperation with the Danish Cancer Society in support of breast cancer, which hits many Danish women every year. The stamp made a record profit of DKK 2.5

POST DANMARK RUNDT

The first 'Post Danmark Rundt' took place in 1985 and was organised by Københavns Vinterbane (Copenhagen Indoor Track). The race was ridden every year until 1988, after which there was a seven-year pause. In 1995, DCU and Post Danmark decided to revive the race. Over the years, public interest has found its own level with half a million spectators along the route and more than half the population following the race in the media. No other sports event in Denmark can show such interest.

'Post Danmark Rundt' involves the whole country and has developed into a significant international sports event with the world's best cycling teams ready to start with a number of big stars. Altogether 16 teams with 128 racing cyclists. They will be riding through just under 850 km of Denmark's most beautiful parts. About 300 officials, sports managers, mechanics and masseurs will accompany the cyclists on all six laps, well assisted by nearly 1,600 helpers.



CLIMATE STAMPS

Denmark will be hosting the UN Climate Conference in 2009. In that connection, Post Danmark has chosen to underpin the awareness of the climate challenge by issuing four special climate stamps in 2009.

million, which makes it possible for the Danish Cancer Society to appoint a full-time researcher for the next four years.

In 2009, the cooperation on the charity stamp is based on Vietnam. In cooperation with the World Wildlife Fund and His Royal Highness Prince Henrik of Denmark, we are selling a stamp whose profit is to be used to improve living conditions for poor farmers by protecting the country's national park Cat Tien from the cutting down of trees and the capturing of its animals.

THE CHRISTMAS SEAL CASE

Post Danmark is a close cooperation partner with the Christmas Seal Fund, which operates four Christmas Seal Houses in Denmark. The efforts of the Christmas Seal Fund ensure that every year approx. 700 children with personal problems get the opportunity to have a break from their everyday life. At the Christmas Seal Houses, they get good advice on a healthy way of living, and they develop new friendships, returning after the stay to their everyday lives with new self-confidence.

Every year, Post Danmark makes its entire sales organisation available free of charge for the sale of Christmas seals in its approximately 750 post offices and post shops as well as Post Danmark Stamps' web shop. This means that the whole income from the sale goes to the Fund. In recent

years, this has generated an annual income of approx. DKK 20 million. In addition, Post Danmark helps by presenting information material on the annual Christmas seal march and on the possibility of supporting the Fund as a Christmas Seal Friend.

In addition, the motif from the year's Christmas Seal is used by Post Danmark on products, which are sold from post offices and post shops, and Post Danmark donates part of the profit to the Christmas Seal Fund. Also TV 2's Christmas calendar is sold at post offices and in post shops, and the profit from these sales also goes to the Christmas Seal Fund's work.

At the same time, Post Danmark carries out work as a member of the executive committee of the Christmas Seal Fund. For several years, the chairmanship has been held by managers from Post Danmark – unpaid - since 2008 by Deputy Executive Søren Ravn Jensen.

THE POST & TELE MUSEUM

The Post & Tele Museum is housed in one of the old historical postal buildings at Købmagergade in Copenhagen City. With an annual operating grant of approx. DKK 9 million, we support the Museum's work to keep and communicate the close and distant history on postal conditions. This obligation to communicate culture is one we happily assume, and the museum is one of the

capital's most visited museums, having 150,000 visitors a year, including many school classes and young people who find their way to the museum. Post Danmark contributes actively with help to special exhibitions.

CHARITY STAMP

YEAR	ORGANISATION	RESULTS (DKK)	TARGETS (DKK)
2008	Danish Cancer Society	2,555,000	2,000,000
2007	Crown Prince Frederik and Crown Princess Mary's Fund	2,291,000	2,000,000
2006	Danish Refugee Council – Africa	2,231,000	2,000,000
2005	SOS Children's Villages	2,466,000	1,500,000

CHRISTMAS SEAL

YEAR	RESULTS (DKK)
2008	18,284,094
2007	19,024,105
2006	20,859,399
2005	21,649,461



SUSTAINABILITY ACCOUNTS 2008

METHODS OF CALCULATION

DELIMITATION

The data presented comprise activities within Denmark and cover Post Danmark A/S as well as the wholly-owned subsidiary Post Danmark Leasing A/S.

ENERGY

Information in the annual statement concerning electricity is derived from supply meter readings at Post Danmark's operating units all over the country. Heat consumption is to the greatest possible extent based on specific measurements alternatively estimates.

SERVICES

Part of Post Danmark's transport is performed through acquired services/contracts, under which the chartering is performed by hauliers, aircraft and ferries. Services include transports between mail centres and ferry transport to/from Bornholm. The designation ton km is used to express the transported cargo weight multiplied by distance. The volume of services has been calculated on the basis of transports actually performed.

RAW MATERIALS

Consumption data for fuel and the number of kilometres driven by Post Danmark's fleet of cars are recorded in a vehicle data system. Data are recorded on the basis of an annual calculation of the number of kilometres driven per car and litres of fuel per car, respectively, for the financial year. Fuel consumption for leased cars is included.

WASTE

The volume of waste from Post Danmark's own operating units has been calculated on the basis of partly information from the units' waste transporters, invoices and records of quantities delivered of combustible waste, paper, cardboard, plastic and electronics for recycling. The quantities of waste are subject to uncertainty.

ENVIRONMENTAL EFFECTS

The environmental effects are based on a translation of the emissions into weighted environmental effects year by year, using GaBi, version 4.2.67.1. Normalisation and weighting factors were changed in 2006. Comparative figures have been adjusted.

AIR POLLUTANTS

The CO₂ emission calculations for electricity and heat are based on the discharge factors published in 2008 by the Danish Energy Agency as average considerations for 2007. The emission calculations for SO₂ and NO_x as a result of electricity consumption are based

on an average of electricity declared for east and west Denmark for 2007 calculated by Energinet. The emission calculations concerning fuel from Post Danmark's own fleet of cars and services are made in computer systems which originally were based on the Danish Ministry of Transport's TEMA model, as subsequently adjusted.

EMPLOYMENT

The figures relating to number of employees, managers, gender etc. have been extracted from basic data in the enterprise's electronic staff file SAP R3.

SICK ABSENCE

The figures relating to sick absence have been extracted from the enterprise's electronic staff file SAP R3 – subsystem concerning hour and payroll recording.

TRAINING

Participation in courses and training is recorded in Post Danmark's SAP based HR system for training management. Data such as the duration of the training, number of participants, training costs etc. are recorded here.

EMPLOYEE MEASUREMENTS

Every year, Post Danmark carries out an employee satisfaction survey (MQW) among all employees. The survey is carried out in cooperation with an external firm, which anonymously and neutrally collects, records and analyses data.

SELF-SUPPORTING TEAMS

Post Danmark carries out an annual survey among all units and their teams. Each team, manager and unit fills in an SST profile (Self-supporting Team). The numerical material is collected, recorded and analysed by the Human Resources department of Post Danmark. In 2008, the method of calculation (the SST profile basis) was changed and its figures are therefore not comparable with previous years' figures.

OCCUPATIONAL HEALTH AND SAFETY

Post Danmark records all occupational injuries in an injury recording system. The information is delivered on a quarterly basis to Post Danmark's general safety committee, which also receives an annual statement.

The accident frequency expresses the number of accidents with absence per 1 million working hours. The absence frequency expresses the number of absence hours as a result of an accident in the service per 1,000 working hours.

SOCIAL RESPONSIBILITY

Post Danmark units report twice a year on their use of the Social Chapter. Since January 2008, the reporting form has been changed as the legislation has been amended. Figures relating to ethnical minorities are received from the State Employer's Authority together with information about the number of immigrants and descendants from non-western countries who are employed by Post Danmark.

GENDER EQUALITY

Data on the number of women in managerial positions are derived from the enterprise's SAP HR system in which data concerning all employees are recorded, including information about gender, occupation etc.

FINANCIAL CALCULATIONS

The financial calculations are derived from Post Danmark's Annual Report 2008.

CUSTOMER SATISFACTION

The satisfaction of business and private customers is measured continuously by the external consultancy firm Ennova. The analysis is structured on the standard version of the European model for measurement of customer satisfaction (EPSI).

CORPORATE IMAGE

Data concerning Corporate Image are derived from annual measurements carried out by Nielsen. The measurement is based on a representative section of the population in Denmark (over 14 years). The respondents (5,831 in 2008) indicate their knowledge of and opinion on a number of enterprises on a scale from 1 (never heard of / very negative) to 5 (knows really well / very positive).

QUALITY

The letter quality is expressed as a percentage of domestic letters sent on time and received the next day. The quality of non-priority letters is expressed as a percentage of domestic non-priority letters sent correctly and on time and received three or four days later, respectively (Saturday counts as a distribution day, not as a processing day).

According to Post Danmark's concession, we are obliged to provide an external, impartial and representative measurement of the letter quality. For both letter products the quality is measured on a continuous basis by the impartial consultancy company Quotas GmbH. The measurement is carried out in accordance with the principles of EN standard 13850. Before 2008, the impartial quality measurement was made by IBM.

ENVIRONMENTAL IMPACTS

INPUT							
	UNIT	RESULT 2008	INDEX 2008	INDEX 2007	INDEX 2006	INDEX 2005	INDEX 2004
ENERGY CONSUMPTION							
Electricity	Mwh	55,229	100	102	103	102	100
Heating:							
District heating	Mwh	43,933	93	91	98	99	100
Natural gas	Mwh	7,634	89	94	99	98	100
Estimated heat	Mwh	5,502	71	71	82	89	100
TOTAL HEAT	Mwh	57,069	90	89	96	97	100
SERVICES							
Hauliers	ton km	20,034,652	66	113	110	147	100
Aircraft	ton km	20,171	3	31	38	63	100
Ferry	ton km	1,779,973	107	97	89	90	100
RAW MATERIALS							
Petrol	litre	948,503	59	72	86	93	100
Diesel	litre	19,402,758	112	115	113	107	100
Total fuel	litre	20,351,261	107	111	110	106	100
OUTPUT							
	UNIT	RESULT 2008	INDEX 2008	INDEX 2007	INDEX 2006	INDEX 2005	INDEX 2004
WASTE							
Combustible waste	ton	3,712	110	112	91	94	100
For recycling	ton	4,568	61	78	101	100	100
Total quantity	ton	8,280	76	89	97	98	100
AIR POLLUTANTS							
CO ₂ emissions	ton	94,903	98	102	102	101	100
SO ₂ emissions	ton	18.1	86	90	97	105	100
NO _x emissions	ton	356	85	97	104	106	100
Emission of particles	ton	7.1	70	80	86	108	100
ENVIRONMENTAL EFFECTS							
Greenhouse effect	Eco-point	12,217	98	102	102	101	100
Acidification	Eco-point	3,545	85	97	104	106	100
Nutritive salt impact	Eco-point	2,420	85	97	104	106	100
Total effects	Eco-point	18,182	94	100	102	103	100

SOCIAL IMPACTS

	UNIT	RESULT 2008	INDEX 2008	INDEX 2007	INDEX 2006	INDEX 2005
EMPLOYMENT						
Number of staff	Number	25,917	100	94	100	100
Number of staff, translated into full-time equivalents	Full-time equivalents	19,700	91	98	100	100
Managerial staff	Number	983	105	106	102	100
Staff turnover	Per cent	47	104	104	100	100
SICK ABSENCE						
Total sick absence rate	Per cent of working time	7	105	117	113	100
TRAINING						
Number of employees in training	Number	11,372	117	108	100	100
Number of training days	Number	36,847	150	148	100	100
EMPLOYEE MEASUREMENTS						
General satisfaction	Scale 1-5	4	99	97	99	100
Per cent of employees who are satisfied or more than satisfied	Per cent	75	99	93	99	100
Response rate	Per cent	84	100	98	100	100
Proposed improvements for evaluation	Number	1,224	75	88	100	100
SELF-SUPPORTING TEAMS						
Team	Scale 1-5	2.8	100			
Team leaders	Scale 1-5	2.9	100			
OCCUPATIONAL HEALTH AND SAFETY						
Accident frequency	Accidents per one million working hours	44	122	121	118	100
Absence frequency	Absence hours as a result of occupational accident per 1000 working hours	5	113	130	133	100
Employees under an occupational health and safety certificate OHSAS 18001	Per cent	37	740	740	340	100
SOCIAL RESPONSIBILITY						
Employees in the inclusive labour market	Number	1,433	94	93	111	100
Immigrants and descendants	Per cent of employees	6.2	127	118	104	100
GENDER EQUALITY						
Women in management positions	Per cent	33.7	92	96	95	100

FINANCIAL IMPACTS

	UNIT	RESULT 2008	INDEX 2008	INDEX 2007	INDEX 2006	INDEX 2005	INDEX 2004
INCOME STATEMENT							
Income	DKKm	12,057	107	107	104	101	100
Operating expenses	DKKm	(10,617)	112	112	106	103	100
Profit before depreciation and amortisation – EBITDA	DKKm	1,440	80	80	92	93	100
Operating profit – EBIT	DKKm	817	68	70	88	93	100
Profit before tax	DKKm	1,182	103	79	104	90	100
PROFIT FOR THE YEAR	DKKm	965	122	90	113	94	100
FINANCIAL RATIOS							
EBITDA margin	Per cent	12	75	75	88	94	100
EBIT margin – operating profit margin	Per cent	7	64	64	82	91	100
Return on equity	Per cent	32	89	72	94	83	100
CUSTOMER SATISFACTION							
BUSINESS CUSTOMERS							
Satisfaction	Index	60	87	96	94	94	100
Loyalty	Index	62	86	93	93	93	100
Image	Index	56	82	94	91	93	100
Proportion of ambassador customers 1)	Per cent	23	74	84	100		
PRIVATE CUSTOMERS							
Satisfaction	Index	62	85	96	96	97	100
Loyalty	Index	64	85	95	95	97	100
Image	Index	61	86	100	96	96	100
Proportion of ambassador customers 2)	Per cent	30	73	100	100		
1) Weighted by revenue							
2) Number of customers							
CORPORATE IMAGE							
Knowledge	Scale 1-5	4.23	97	100	100		
Assessment	Scale 1-5	3.04	88	96	100		
QUALITY							
ON-TIME DELIVERY RATES FOR LETTERS							
Priority letters (0-1 day)	Per cent	93.7	98	98	99	99	100
Non-priority letters (3-4 days)	Per cent	98.5	100	99	99	100	100
CUSTOMER COMPLAINTS							
Total complaints	Number	56,379	92	101	100		
Complaints without compensation	Number	49,725	98	102	100		
Complaints with compensation	Number	6,654	63	97	100		
Proportion of all mail items	Per cent	0.00515	96	101	100		

SUSTAINABILITY REPORT 2008

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YOUR COMMENTS AND IDEAS ARE WELCOME

You are welcome to contact Head of TIQ and Strategy Anders Jeppesen, Executive Board Secretariat, if you have any questions, comments or suggestions for the report.

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For additional information about Post Danmark, see www.post.dk

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