

# POSTEN

WORLD-CLASS COMMUNICATIONS AND LOGISTICS



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## Prizes and awards

At the Printing World Excellence Awards gala in London, the British Printing Industry Federation trade association named Stralfors UK as the winner among 35 companies competing in the environmental class. The prize was based on a specific investment in quality and environmental work, and strengthens Stralfors on the British market.

In the leadership area, some of Posten's managers have won prizes during the year. Björn Ohlsson, manager of Posten's Swedish mail processing facilities, was honored as Manager of the Year at the 2008 Competence Gala. Bo Friberg, Posten's CFO, was named CFO of the Year in a competition arranged by Affärsvärlden, Accenture and Oracle.

During the year, Posten Logistik worked closely with its customers, Green Cargo and Kockums Industries to develop a solution to replace parcel and pallet road transports with rail transports. To date, rail transports have been introduced between Malmö, Stockholm and Sundsvall. The solution was awarded the "Success of the Year" prize for 2008 by the Regional Freight Transport Council in Skåne.

# Significant events



## Merger with Post Danmark

On April 1, 2008 the principal owners of Posten and Post Danmark signed a letter of intent for a merger of Posten AB and Post Danmark A/S. The new company will meet escalating market challenges with increased competitiveness, ensuring conditions favourable to maintaining first-class messaging and parcel service in both countries and enabling us to continue to reach all businesses and households.

## Acquisition of Tollpost

In March, Posten acquired DSV Road Holdings' 50% ownership interest in Tollpost Globe AS, becoming sole owner. The purchase price totalled approximately NOK 1,070m. With Tollpost Globe's strong brand and nation-wide infrastructure in Norway, Posten strengthens its position on the Nordic logistics market.



## Lars G Nordström new President and Group CEO

Lars G Nordström succeeded Erik Olsson as President and Group CEO on June 27. At a Posten AB (publ) extraordinary general meeting on August 6, Lars G Nordström was elected to the Board of Directors.

## Overview of Posten's Sustainability Report

Posten's sustainability report aims to increase awareness of the group's operations and clarify the group's long-term, well-integrated sustainability efforts. The objective of the sustainability report is to provide all information necessary for the reader to attain a good understanding of where the group stands with respect to environmental, social and financial responsibility.

This sustainability report contains information considered to be essential, based chiefly on the group's most significant sustainable aspects and also on external stakeholders' expectations and requirements. Posten's work with sustainability issues is entirely integrated into daily operational management. The balanced scorecard includes the financial, environmental and social aspects which the Board and management consider to be most essential for Posten in meeting the expectations and requirements of internal and external stakeholders.

As one of Sweden's largest carriers and employers, Posten has chosen to emphasize environmental and social sustainability factors in this report. Perhaps Posten's most important contribution to sustainable social development is to provide sustainable communication and logistics solutions and maintain an effective infrastructure for mail and parcel distribution.

Posten will constantly develop the contents of its sustainability report, primarily in terms of including operations outside of Sweden.



For fiscal 2008, Posten is publishing this sustainability report and an annual report. The reports are available at [www.posten.se](http://www.posten.se), where you can also obtain up-to-date and in-depth information about Posten.

# World-class quality and accessible service in Sweden and 270,000 parcels in the M



## Posten Group

Posten is a communication and logistics company with approximately 30,000 employees and net sales of nearly SEK 31 billion. Posten AB (publ) is wholly-owned by the Swedish state and is commissioned with improving the value of the state's equity interest while ensuring letter and parcel distribution throughout the entire country.

With a unique infrastructure and specialized expertise, Posten delivers world-class communication and logistics solutions. Posten develops its operations in close cooperation with its customers, in order to best meet their needs to reach the right recipients, on time, in a sustainable way and at a competitive price – whether by individual letter, electronic mail piece or major logistics solution.



## Posten Meddelande (Mail)

With world-class quality, Posten Meddelande handles over 20 million pieces of mail and provides nation-wide postal service to 4.5 million households and 900,000 businesses each day. With 15,000 mail carriers, 2,500 rural mail carriers, 1,600 partner outlets, 380 business service centers and 2,200 stamp outlets, Posten Meddelande provides the infrastructure for all those wishing to reach Swedish households and businesses by mail. This makes Posten Meddelande a leader on the Swedish messaging market.

In 2008, Posten Meddelande's earnings totaled SEK 16,574m. To ensure continued competitiveness and fulfill its universal service obligation, Posten Meddelande continuously carries out efficiency measures throughout the entire organization and develops its service offer within areas such as the combination of physical and electronic communication and distance trade.



## Information logistics

Stralfors leads both the Nordic market for information logistics and the European market for printed matter for gaming and pharmaceutical companies. With annual production exceeding 5 billion labels, Stralfors is a significant player on the label market.

Operations were further developed during 2008 and Stralfors' net sales increased to SEK 3,897m, mainly through growth in information logistics and the graphic operations.



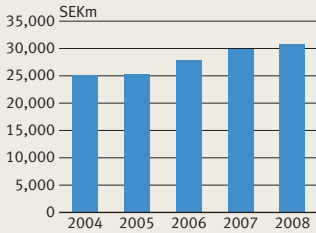
## Posten Logistik (Logistics)

Based in Sweden, Posten Logistik is the leader in efficient flows of goods to, from and within the Nordic region. With its own capacity and infrastructure in Sweden, Norway, Denmark, Finland, Germany and the Netherlands, the logistics company handles an average of 270,000 parcels per day.

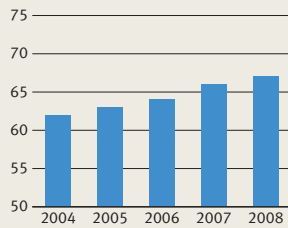
Posten Logistik increased its net sales to SEK 10,301m in 2008. The increase is attributable to both acquisitions and organic growth. Nearly 40% of sales are generated outside of Sweden.

# Price for all customers. 20 million deliveries in the Nordic region – every weekday.

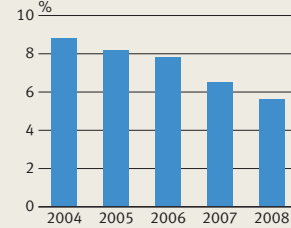
NET SALES



VIP INDEX



SICKNESS ABSENTEEISM



NET SALES  
share of the group



AVERAGE NUMBER  
OF EMPLOYEES  
share of the group



SICKNESS ABSENTEEISM  
% **5.9**

CUSTOMER SATISFACTION  
INDEX (CSI) **63**

## PRODUCTS, CUSTOMERS AND MARKET

More than nine out of ten SEK receipts come from businesses. The largest customers are from the banking and financial sectors, publishing and commerce. Based on its unique relationship with all households and businesses in Sweden, Posten Meddelande develops delivery services for mail, periodicals and direct mail. In order to meet the increasing demands of businesses and private individuals for reliable and cost-efficient communication services, Posten Meddelande offers services that provide increased freedom of choice and accuracy. With Posten's partner outlet network, private individuals can choose when they wish to collect or send letters and parcels or buy stamps – in the morning, after work or during the weekend.

Post terminals and UDM centers



NET SALES  
share of the group



AVERAGE NUMBER  
OF EMPLOYEES  
share of the group



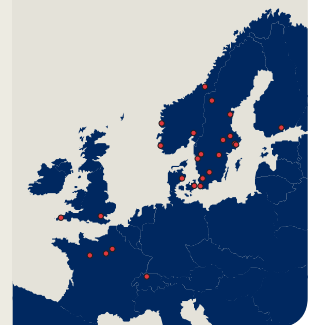
SICKNESS ABSENTEEISM  
% **4.1**

CUSTOMER SATISFACTION  
INDEX (CSI) **72**

## PRODUCTS, CUSTOMERS AND MARKET

With operations in 8 countries, Stralfors is well positioned as Posten's strategic platform in Europe. Through Stralfors, Nordic companies secure efficient start-to-finish solutions for the transfer of business-critical information. On behalf of its customers, Stralfors reaches a total of 5 million people in the Nordic region each day. Telenor, TeliaSonera, Nordea, SAS and other major Nordic companies sending personalized information to millions of recipients rely on Stralfors. Customers are often leaders in their fields: banking, IT/telecom, pharmaceuticals, gaming and energy.

Stralfors facilities in Europe



NET SALES  
share of the group



AVERAGE NUMBER  
OF EMPLOYEES  
share of the group



SICKNESS ABSENTEEISM  
% **5.0**

CUSTOMER SATISFACTION  
INDEX (CSI) **68**

## PRODUCTS, CUSTOMERS AND MARKET

With superior, high-quality infrastructure, Posten Logistik offers logistics services with excellent added value to Nordic companies. The standard parcel, pallet and express services meet stringent demands for timeliness and service. The operation also offers high-precision logistics solutions such as in-night freight forwarding and third-party logistics. Posten Logistik has established 1,200 distribution points in Finland and 600 in Norway under the brand name MyPack. Approximately 58% of Posten Logistik's sales come from customers in the retail and wholesale industries.

Logistics depots/terminals in the Nordic region



## The year in brief

- Posten achieved a return on equity (ROE) of 20%
- Posten's carbon dioxide (tons) in relation to sales (SEKm) totaled 8.89 (9.04)
- Sickness absenteeism decreased by 0.9 percentage points to 5.6%
- The Customer Satisfaction Index (CSI) increased by one percentage point to 64
- General public attitude to Posten increased to 0.3
- With quality of 96%, Posten continues to offer world-class quality

### KEY RATIOS

SEKm, unless otherwise specified	2008	2007	2006
<b>Posten Group</b>			
Net sales	30,836	29,902	27,823
Operating earnings	1,885	1,995	1,442
Operating margin, %	6.0	6.6	5.1
Earnings after financial items	2,117	2,184	1,578
Net earnings	1,506	1,564	1,013
Cash flow from operating activities	1,366	2,288	2,602
ROE, %	20	24	19
Equity-assets ratio, %	42	37	33
Cost-revenue ratio, Costs/Revenues, %	94.0	93.4	94.9
Average number of employees	32,286	32,442	32,887
ViP, Employee Satisfaction Index	67	66	64
Sickness Absenteeism as a percentage of work hours, %	5.6	6.5	7.8
CSI, Customer Satisfaction Index	64	63	62
Corporate Image	0.3	0.2	0.06
CI, Competitiveness Index		72	72
Quality, %	96.0	95.4	95.4
Carbon dioxide, tons/net sales, SEKm	8.89	9.04	9.80
<b>Posten Meddelande (Mail)</b>			
Net sales	16,574	16,908	16,925
Operating earnings	1,118	1,900	1,801
Operating margin, %	6.4	10.7	10.1
<b>Stralfors</b>			
Net sales	3,897	3,847	2,124
Operating earnings	11	2	-43
Operating margin, %	0.3	0.1	-2.0
<b>Posten Logistik (Logistics)</b>			
Net sales	10,301	8,381	7,586
Operating earnings	352	210	-4
Operating margin, %	3.0	2.2	0.0

# Posten on the right road

One success factor common to all companies is the ability to demonstrate sensitivity towards, and fulfil the expectations of, various stakeholders. Posten is unique in that this is an important element of our day-to-day work. By this I mean that Posten is sensitive to public opinion, and that it is important to create awareness and build confidence among stakeholders. Both our business and private customers expect us to meet their needs in reaching the intended recipient on time, whether by Nordic logistics solutions or the delivery of a Christmas card. Our employees expect Posten to be a good employer. Our owner requires that we have a strong financial position and that we produce return on capital. Posten also has a universal service obligation to enable all households and businesses to receive and send mail and parcels each weekday.

To meet these expectations and requirements, Posten's management and Board have decided to pursue a balance of financial and non-financial targets. This means that we set targets and follow up the degree to which we meet the expectations of our customers, the general public, our employees and our owner, and that we systematically weigh environmental and profitability factors, and the perspectives of our customers and employees, in our daily operational development. There is an additional target linked to this: We must constantly improve.

We have seen positive results from our efforts. Posten's customers are satisfied and the general public's confidence in Posten has improved each year since 2003. Regardless of where the sender and recipient are located, Posten delivers mail overnight with



world-class quality. Posten's employees are more committed, and sickness absenteeism has decreased. We have also exceeded our owner's yield requirements and strengthened our financial position. All in all, I view this as Posten's contribution to positive societal development.

Posten must be a well-run and profitable group in order to determine which priorities and investments we will make to meet the requirements of our stakeholders. It is therefore an advantage that Posten was able to enter the current economic downturn with a strong financial position and an action program in place that will produce a positive impact on earnings of around one billion SEK. This does not mean that we have neglected our other areas of objectives. In the environmental area, for example, we are raising our ambition level. One important future task is to decrease Posten's environ-

mental impact while limiting the risk of sharp rises in costs linked to transportation requirements. This is particularly challenging since our universal service obligation allows us limited opportunity to drive fewer miles or to cut back the number of air transports. We must therefore identify other ways to reduce Posten's use of fossil fuel. We have therefore decided to invest additional financial resources in converting more rapidly to long-term sustainable communications and logistics solutions. Investments in environmentally-efficient vehicles and infrastructure are some of the measures that are now being planned. The twin goals are to strengthen Posten's competitiveness and reduce our environmental impact.

The owners' final go-ahead for the merger of Posten and Post

Danmark is very welcome news. This is an historic merger between two national postal companies. The new company provides us with increased competitiveness to meet increasing challenges on the communication and logistics markets. It also ensures conditions favorable to maintaining first-class and competitive messaging and parcel services in both countries. The regulatory authorities will now begin their examination, and we will begin our work with structuring the new company to bring home the synergy effects and other strategic advantages of the merger.

A handwritten signature in blue ink that reads "Lars G Nordström". The signature is written in a cursive, flowing style.

Lars G Nordström  
President and Group CEO

# The bases for Posten's operations

## Vision

Posten delivers world-class communication and logistics solutions to satisfied customers.

## Mission

Posten's mission is to connect people and businesses by delivering mail reliably, cost-efficiently and on time. Posten aims to create outstanding value for customers and businesses by combining conventional and electronic mail.

## Commission

Posten's task is to guarantee the distribution of mail and parcels throughout Sweden while increasing the value of the state's share in the company.

## Objective

To ensure Posten's attractiveness to its owners, customers and employees, Posten aims to balance financial and nonfinancial objectives, determined by the Board of the group and based on the aim of developing the group with financial stability, profitability, competitiveness, world-class quality and social and environmental responsibility. [Read more on page 4.](#)

## Code of Conduct

Posten's Code of Conduct is a compass that makes it easier for all employees to perform their work well and live up to customer expectations. The Code, introduced in mid-2008, replaced the previous array of policies and instructions, meaning fewer but clearer rules that are more closely linked to Posten's processes. The Code covers the Customers, Environment, Employees and Society areas, and sets forth the efforts taken by management and by Posten with respect to financial, environmental and societal impact. Posten endorses and runs its operations in accordance with the UN Global Compact's 10 principles for responsible corporate citizenship and the OECD's guidelines for multinational companies.

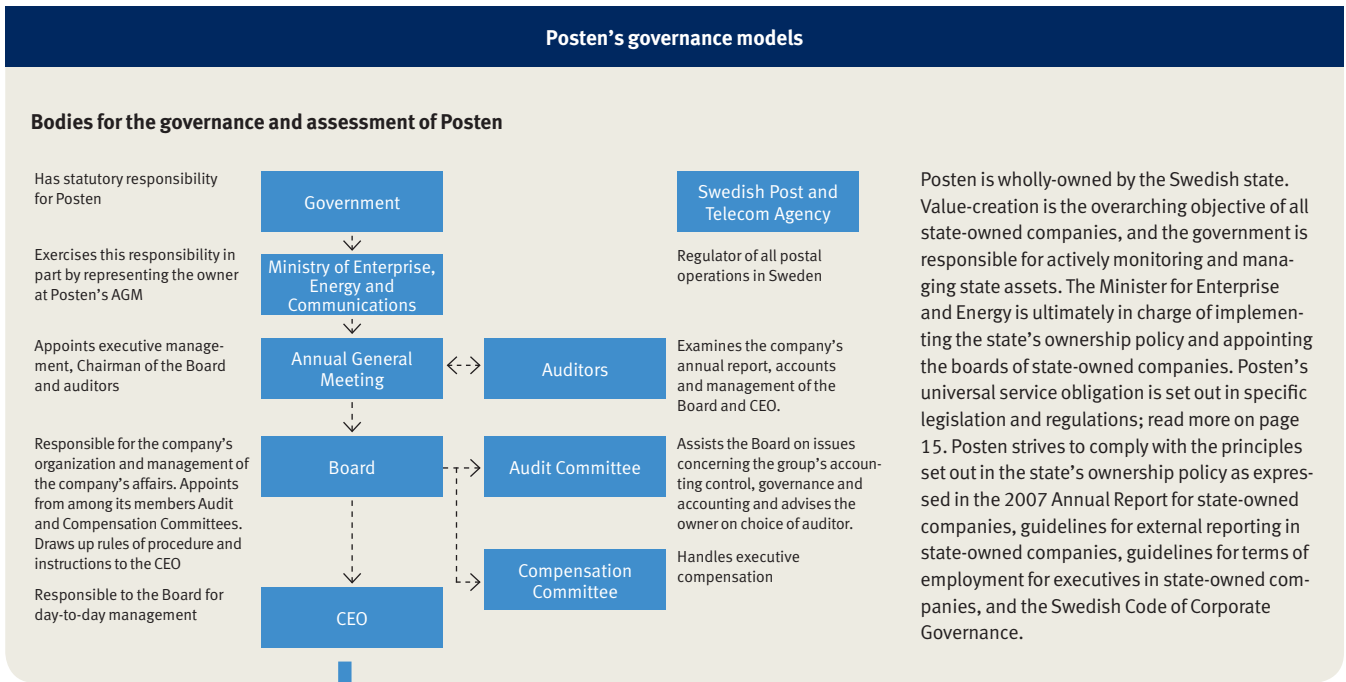
## Governance

The group's operational activities are governed via documented and accessible processes in a common business system that is certified in accordance with ISO9001 and ISO14001. This ensures continuity, security and quality in all parts of the operation.

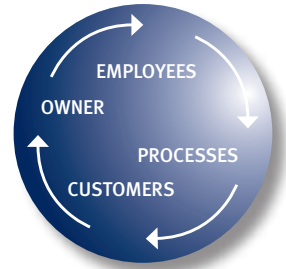
## Stakeholder dialogue

Posten's operations are an important part of the daily life of both private individuals and businesses, who require that Posten's management and employees are sensitive to their expectations and able to create understanding for necessary operational changes. Posten's most significant stakeholders are customers, employees, partners (suppliers and partner outlets), its owner and local decision-makers. [Read more about stakeholder dialogue on pages 6 and 27.](#)

# Chart and compass for profitable sustainability



**BALANCED SCORECARD**



The owner's ROE requirements and the equity-assets ratio are determined at the annual general meeting. Other targets are determined by the Board during the annual business planning process.

PROFITABILITY			
<b>Owner requirements</b>			
ROE over a business cycle	15%	✓	
Equity-assets ratio	30%	✓	
CONFIDENCE			
<b>Target</b>	<b>2008</b>	<b>2009</b>	
CSI	65	66	
Corporate Image	0.30	0.35	✓
COMPETITIVENESS			
<b>Target</b>	<b>2008</b>	<b>2009</b>	
Competitiveness Index (CI)	73	73	✓
ENVIROMENT AND QUALITY			
<b>Target</b>	<b>2008</b>	<b>2009</b>	
Environment – reduce CO <sub>2</sub> emission in relation to earnings by 15% between 2006 and 2010			
Quality	96.2%	96.2%	
EMPLOYEES			
<b>Target</b>	<b>2008</b>	<b>2009</b>	
VIP/VOICE	65	65	✓
Sickness absenteeism	6.6%	5.4%	✓

**SYSTEMATIC SUSTAINABILITY EFFORTS**

**Society and finances**  
To remain a competitive and attractive business partner and continue to fulfil its universal service obligation, Posten must remain a profitable company over the long term with scope to make investments. Read more about the organization's ways of working with economic impact on page 15. **GRI indicators: EC1 and others.**

**Social responsibility**  
*Customers*  
One successful development in Posten's operations is based on its sensitivity to customer requirements and expectations. Read more about the organization's ways of working with social impact on page 10. **GRI indicators: PR5 and others.**

*Employees*  
Employee commitment is a prerequisite for Posten's success. Commitment and absence due to illness are monitored in Posten's balanced scorecard. Read more about the organization's way of working with social impact on page 12. **GRI indicators: LA2, LA12, HR4 and others.**

**Environment**  
Posten is Sweden's largest carrier and has been actively involved in environmental efforts for many years. Read more about the organization's way of working with environmental impact on page 7. **GRI indicators: EN3, EN4, EN16-18 and others.**

✓ = Target/owner requirement achieved

With over 30,000 employees and annual earnings of around 30 billion SEK, Posten Group is one of the largest Nordic communication and logistics companies. Its customers include large and small businesses, organizations, public agencies, municipalities, county councils and private individuals. Other stakeholders include the owner, employees, suppliers, partners, local decision- and opinion-makers and various trade associations. Through its sustainability efforts, Posten strives to strengthen its competitiveness, confidence in the company and relationships with the surrounding world.

The bases for Posten's sustainability efforts are to limit its environmental impact, be a good employer and maintain a nation-wide infrastructure for letter and parcel transport. Posten's work with sustainability issues is totally integrated in day-to-day operational management.

**Goals and governance**

Posten applies a balanced scorecard combining four perspectives: three external stakeholder perspectives and one internal stakeholder perspective. The internal stakeholder perspectives are the owner, customers and employees, all of whom have different requirements and expectations for Posten. The internal perspective "Processes," monitors Posten and the processes that govern the group's operations.

Each perspective contains one or more area of objectives with detailed targets. The defined targets within these areas of objectives show what Posten aims to achieve in order to fulfil the requirements of the various stakeholders and the internal process requirements.

The objectives are broken down for each business segment and for each business segment unit. The objectives are continuously monitored during the year for all units and are reported in accordance with approved

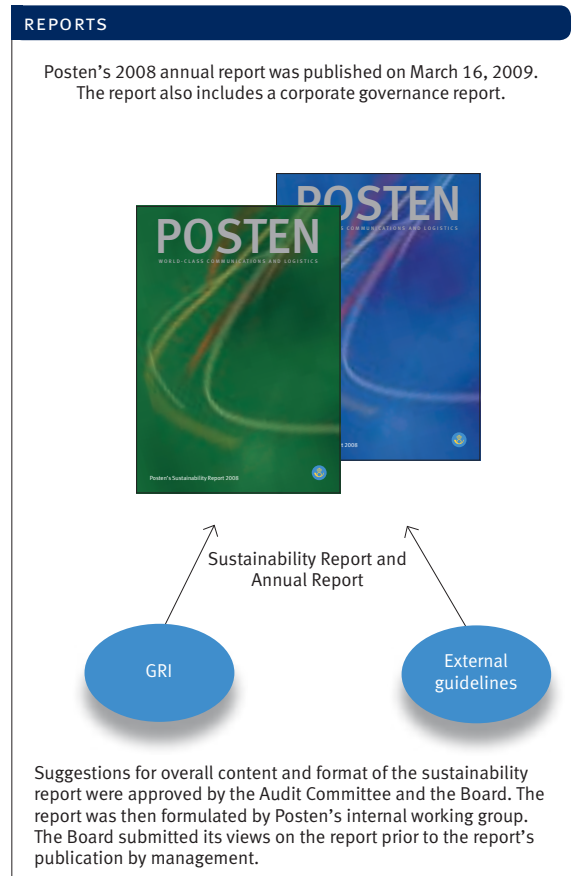
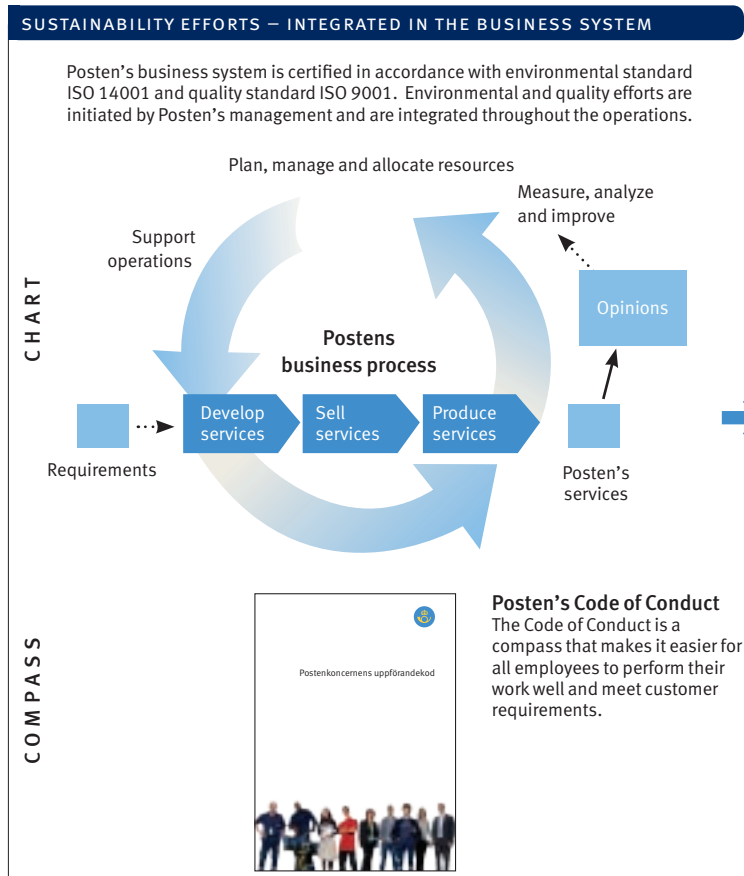
reporting methods. The overall group result is followed up by executive management and the Board. The financial result is published quarterly in Posten's external financial reporting according to a fixed calendar. Posten's annual report provides details of the results of the group's balanced scorecard.

This report sets forth the objectives that have been decided upon, and has been adapted to track GRI.

The majority of the group's operational activities are governed by well-documented and easily-accessible processes in a business system certified in accordance with ISO 9001 and ISO 14001. This ensures continuity, security and quality in all parts of the operation.

Posten's Code of Conduct is a compass that makes it easier for all employees to perform their work well and live up to customer expectations. The Code, introduced in mid-2008, replaced the previous array of policies and instructions, meaning fewer but clearer rules that are more closely linked to Posten's

Posten will promote sustainable development by combining profitability with social responsibility and active environmental efforts. Posten's most important contribution is to provide sustainable communication and logistics solutions and maintain an effective infrastructure for letter and parcel distribution with the lowest environmental impact possible.



processes. The Code has been presented and made available to all employees.

#### Follow-up

Posten's management and Board continuously monitor the operations in relation to the balanced scorecard's approved objectives. The auditors elected at the annual general meeting examine Posten's annual report in which balanced scorecard objectives are reported as part of the financial review. The Swedish Post and Telecom Agency (PTS) conducts an annual evaluation of postal service in Sweden. The most recent report showed that Posten surpassed the requirements of the Postal Act and postal regulations. Read more about Posten's universal service obligation on page 15 and in Posten's Corporate Governance Report in its 2008 annual report. Bureau Veritas inspected Posten's business systems in 2008, resulting in a three-year extension of Posten's quality and environmental management certificates.

#### Stakeholder dialogue

Posten's operations play an important part in the daily life of private individuals and businesses. This places stringent requirements on Posten's management and employees to be sensitive to customer requirements and expectations. It also requires Posten to create understanding for necessary changes to its operations. Posten continuously maintains and develops relationships with all group stakeholders. Communication with stakeholders must demonstrate respect and sensitivity, and be open, truthful and relevant.

Posten's most significant stakeholders are its customers, employees, partners (suppliers and partner outlets), owner and local decision- and opinion-makers. Public authorities and the media also have a major impact on

the company. Dialogue with customers, partners and employees is a natural part of day-to-day operations. Assisted by an external party, Posten provides its customers, employees and partner outlets with opportunities to express their opinions of Posten as partner and employer. In terms of service and accessibility issues, Posten has an active dialogue with organizations representing disabled persons, senior citizens and rural areas. During 2008, nearly 100 Posten managers engaged in dialogue with a total of 500 municipal commissioners and leading opinion-makers. Their goal was to provide information about Posten's current operations and to clarify and listen to opinions regarding current changes. Dialogue with Posten's owner occurs through the Board and during the annual general meeting, which is open to the public. Posten also has regular contact with public authorities, primarily with the PTS oversight organization. Read an overview of Posten's different types of stakeholder dialogue on page 27.

#### Risks

The group's risk management is run within the operational governance framework. Posten works with a comprehensive risk management program, Enterprise Risk Management (ERM) which includes, in addition to financial risk management, key sustainability aspects such as employees, the environment, security and continuity.

Several of Posten's employees work in a physically-demanding environment, leading to risks for work-related injuries and long-term disability. In addition to Posten's health efforts, a significant achievement has been the introduction of shared mailboxes which improve the work environment of mail carriers. Read more about Posten's personnel efforts on page 12.

Posten's environmental risks include predicted effects of climate change such as flooding, landslides and avalanches.

Posten's letter and parcel distribution network is part of the nation's infrastructure. Logistics and mail processing facilities, and Stralfors' sensitive production units, must function even in the event of disturbances (power failure, weather variations, fire, etc.), since lengthy interruptions can have major consequences for Posten's customers and operations and for society in general. Fire prevention efforts and review of continuity plans at sensitive units are some of the measures taken to reduce risks.

Political control measures such as taxes and regulations, coupled with increased public opinion on the environmental issue, lead to increased demands for communication and logistics solutions that have a reduced environmental impact. Environmental considerations have therefore been integrated for many years into Posten's operational governance – from service development to actual delivery. Read more about Posten's environmental efforts on page 7.

Posten's security efforts are long-range, preventive and business-supportive. They reduce the risk of crimes such as robbery, theft and vandalism. Due to a greater IT element within its operations and the heightened risks presented by the open IT community, Posten gives information and IT security high priority. During 2008, implementation of a management system for information security (ISO/IEC 27000) was launched.

The group's and the parent company's risk management and the factors that can impact the operations are described in Posten's annual report.



Read more about sustainability issues important to Posten on the following pages. Read about Posten's organization on the inside of the cover.

# Environmental efforts for sustained competitiveness

- Posten's environmental investigation shows that the environmental aspects of greatest significance to its operations are transportation-related fuel consumption and emissions, business travel, energy use, waste and noise pollution.
- Posten's most important environmental achievement is to offer its customers environmentally-friendly, sustainable communication and logistics solutions.
- Posten avoids using materials and methods that can cause environmental or health risks.
- Posten uses energy and other natural resources efficiently and will reduce its use of fossil energy sources.



**P**osten is a communications and logistics company with a commission from the Swedish state to provide letter and parcel service to all Swedish households and businesses, each weekday, year-round. The operations require transportation by rail, air, truck and car.

According to the Swedish National Environmental Protection agency, the transport sector produces approximately one-third of Swedish greenhouse gas emissions. Both the transport and industrial sectors increased their greenhouse gas emissions as a direct consequence of the recent years' economic growth. As a transport-intensive company, Posten has a special responsibility to work with environmental issues.

Posten's integration of an environmental focus into its day-to-day operations is illustrated, among other things, by its constant efforts to become more energy efficient, by transporting a larger proportion of its letter volumes by rail, through route optimization and conducting training in fuel-efficient and safe driving methods.

## Objectives

Posten's goal is to reduce carbon dioxide emissions in relation to net sales by 15 percent between 2006 and 2010.

To attain this goal, Posten takes environmentally-responsible measures that exceed prevailing legislation and ensures sensitivity to environmental issues in an overall, life-cycle perspective when developing new ser-

vices, processes and products. This includes a constant reduction of fossil energy use.

## 2008 results

Posten's carbon-dioxide emissions in relation to net sales totaled 8.89 tons CO<sub>2</sub>/SEKm (9.04). Group carbon-dioxide emissions from fossil fuels totaled 209,000 (213,000) tons. Of this amount, 182,000 (178,000) tons arose from transportation. Other emissions arose from electricity use, heating of premises and business travel. During the year, Posten entered into an agreement to use fossil-free, eco-labeled Good Environmental Choice electricity in its premises. This has reduced carbon-dioxide emissions by approximately 4,900 tons.

## Posten's environmental efforts

Posten conducts systematic environmental efforts assisted by an environmental management system certified in accordance with ISO 14001. The entire core business has been certified since 2006.

Environmental considerations are integrated into Posten's development work. Environmental impact assessments are conducted in connection with development projects, operational changes and service development.

Posten offers an environmental awareness stamp on its services in accordance with the EPD (Environmental Product Declaration) system. EPD is an information system which provides fact-based information on the environmental characteristics of products and services from a life-cycle per-

spective. The environmental awareness stamp, monitored and certified by Norske Veritas, provides an objective description of a service's environmental performance. The analysis covers the entire life cycle of the service, including raw material extraction, production and distribution of energy (fuel, heat and electricity), post-management and vehicular service.

Posten also imposes environmental requirements in its contract renegotiations. These requirements include certification under international standards, opportunity to make revisions, etc. Read more about this at [posten.se](http://posten.se).

## Training

Posten trains all drivers in safe, fuel-efficient driving techniques. Around 3,150 mail and periodical delivery drivers were trained in 2008. Approximately 2,000 drivers of heavy trucks have had corresponding training, and of this number, about 500 have received advanced training through local activities and through introduction of Greater Than, a computer-based system for monitoring driver behavior.

Posten's mandatory environmental certification courses were updated in 2008 and have a modern, interactive format. The goal is that operational managers, line managers and supervisors in Posten Meddelande, Posten Logistik and Posten AB will develop and update their environmental awareness. The training is also available for other employees, and 860 employees were certified during the year. Additional training

includes environmental training within the operations and in connection with introductory training. Stralfors also offers training for its employees.

#### More efficient transports

Posten continuously replaces vehicles in its fleet with vehicles that have better environmental performance. In 2008, Posten invested in 156 distribution cars (15 of which run on biogas), 110 heavy trucks and 823 mail carrier cars. Vehicles of Euroclass 3 or better constitute 81% (70%) of Posten's heavy truck road transports. In densely populated areas, Posten uses approximately 2,200 electrical vehicles for mail delivery. Posten's 5,000 mail delivery cars meet the requirements for environmental class 2005. Retreaded tires without PAH oil are used for both heavy and light vehicles. We use eco-labeled products to the greatest extent possible when servicing our vehicles, and all service is performed at facilities that comply with applicable legal requirements.

Posten's air transports comprised 9.94% (9.63%) of the group's carbon dioxide emissions. Posten uses air transports to meet its universal service obligation for overnight, priority mail.

Since 2001, the majority of non-priority mail has been transported by rail. Mail trains meet the Swedish Society for Nature Conservation's Good Environmental Choice requirements. In 2008, Posten received Green Cargo's Climate Certificate; the certificate serves as evidence of a trans-

port's very low environmental impact and is awarded to companies whose Green Cargo transports meet the 10 gram CO<sub>2</sub> per net-ton-kilometer limit.

During the year, Posten Logistik worked closely with its customers, Green Cargo and Kockums Industries to develop a solution to replace parcel and pallet road transports with rail transports. To date, rail transports have been introduced between Malmö, Stockholm and Sundsvall.

Stralfors is also working to move its transports, primarily of paper, to rail. Foreign deliveries to main warehouses have been coordinated in the Supplies business area, resulting in environmental savings in transportation routes. Another important measure is helping customers coordinate their sub-orders, so that fewer transports are required and packaging requirements are reduced.

#### More energy-efficient buildings

Efforts to improve energy efficiency have been a focus area at Posten for the past six years. Energy plans for letter and parcel processing facilities have been updated. Energy analyses have shown a savings potential of approximately 15%, with the most important measures including heat and ventilation optimization and management of lighting. To the greatest extent possible, Stralfors purchases electricity from renewable sources and uses district heating where available. Stralfors is also conducting targeted work to reduce electricity consumption. One example of this is improved

management of ventilation and air-conditioning system in Stralfors buildings.

#### Noise pollution from the operations

Noise from transports and processing facilities occurs to varying extents and constitutes a significant local environmental aspect in Posten's operations. The degree of disturbance depends on the time of day the noise occurs and how it is perceived by those living close by. Posten's building maintenance process includes attempts to identify locations for the operations that will not cause to disturbances.

#### Waste management

Posten actively works to minimize its amount of waste and increase its recycling. Posten's waste is included in a common system for monitoring and reporting waste and recycling amounts. In 2008, 88% of Posten's waste, including sorted wood, was recycled. The waste from Posten's operations consists primarily of paper, cardboard and wood.

By systematically using raw material more efficiently, requirements for internal and external waste transports are reduced, apart from transport of raw material into Stralfors. Efforts to optimize use of material and thereby reduce waste are thus of central importance within Stralfors.

#### Chemicals

Stralfors' graphic operations use chemicals to varying degrees. The use of solvents varies depending on printing method, number



of colors and type of finishing treatment. Reviews are constantly conducted on ways in which the operations can reduce its use of chemicals and minimize the risk of emissions. Stralfors increasingly uses the Computer-to-Plate (CTP) printing technique, which does not require film or chemicals for film development and is therefore positive from an environmental perspective.

#### Risk of contaminated land

The risk of discharge into soil caused by, for example, oil discharged from Posten's vehicles is duly noted and addressed through preventative measures and security routines at the terminals and parking lots. Vehicles are washed at special facilities to avoid the release of chemicals into soil or water.

#### Environmentally licensed operations

Stralfors runs four operations that require registration in accordance with the Swedish Environmental Code. Two of the facilities are located in Gothenburg and include Graphics and Labeling operations. Another facility, located in Åstorp, includes Labeling operations. The fourth facility, which previously required a permit but now requires registration, is located in Ljungby and includes Graphic, Information Logistics, and Supplies operations.

Pursuant to a new ruling from the County Administrative Board, as of January 1, 2008 Posten Post Stamp (Posten's philatelic arm) no longer runs any operations that require a permit or registration.

#### 2009 Priorities

Posten will continue to develop eco-efficient communication and logistics solutions. This includes cooperating more closely with customers, continuously upgrading to more fuel-efficient vehicles, optimizing fill ratios and implementing energy efficiency measures in its premises.

#### Posten, an environmentally-certified group

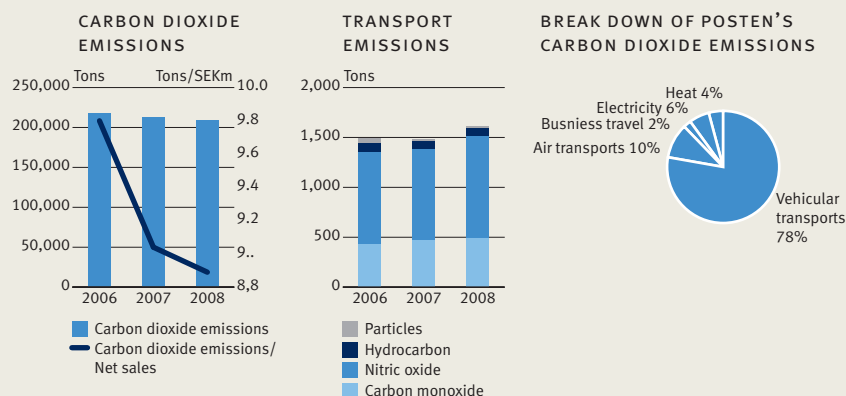
In 1998, Posten Logistik became the first logistics company in Sweden to receive ISO 14001 certification for its entire operations, including transports. The Letter business area was certified in 1999. Stralfors was one of the first companies in Sweden to be certified under ISO 14001 in 1996. During 2008, work began to certify the operations within the group which are not yet certified under ISO 14001.

Stralfors' printing plants in Sweden and Norway are Swan-labeled. This entails a series of environmental requirements for production, including the printing process and the paper and chemicals used by the plant.

#### ENVIRONMENTAL DATA, SWEDEN

	2008	2007	2006
<b>Emissions to air</b>			
Carbon dioxide emissions/Net sales (ton CO <sub>2</sub> /SEKm)	8.89	9.04	9.80
<b>Carbon dioxide emissions (tons)</b>			
Carbon dioxide emissions, entire group (Sweden)	208,552	213,043	217,862
<b>Transports</b>			
Fossil fuel, EN16	181,952	178,346	173,640
Renewable fuel, EN16	5,602	5,612	
Business travel, EN17	4,700	5,743	6,235
<b>Energy use</b>			
Heat and electricity, EN16	21,901	28,954	37,987
Initiatives to reduce emissions of carbon dioxide (procurement and eco-labeled electricity), EN18	-4,906		
<b>Other emissions to air for transports (tons)</b>			
Carbon monoxide, EN20	490	468	428
Nitric oxide, EN20	1,026	916	920
Hydrocarbon (VOC), E20	75	80	97
Particles, EN20	22	20	41
<b>Energy use</b>			
<b>Fuel transports, TJ, EN3</b>			
Fossil fuel	2,396	3,022	2,128
Renewable fuel	97	81	57
Heating, MWh (distance heating, gas, oil), EN4	80,179	83,809	89,483
Electricity use, MWh, EN4	154,325	163,191	171,323
Fuel business travel by car, TJ, EN4	41	40	56
<b>Waste<sup>1)</sup> (tons), EN22</b>			
Total	20,887		
Paper	13,689		
Cardboard/Paperboard	1,452		
Plastic	405		
Glass	1		
Metal	1,150		
Hazardous waste	291		
Wood	1,722		
Combustible	2,081		
Electronic	56		
Landfill	18		
Other	21		

<sup>1)</sup> Posten changed contractor in 2008; previously reported data from 2006 and 2007 cannot be compared directly with 2008.



# Focus on Custo

- Posten's products and services are based on customer requirements for communication and logistics solutions. Customer comments are handled quickly, professionally and in a friendly manner and are treated as a source for improvement.
- Posten conducts systematic quality work and takes the initiative in customer dialogue monitoring the degree to which Posten satisfies customer needs.

**F** Businesses and authorities purchased communication and logistics services from Posten totaling approximately SEK 29,360m in 2008, constituting 95% of the group's income. Private individuals still make up the largest group of recipients. Whether the customer is a private individual or a company, Posten always delivers world-class communication and logistics solutions.

Posten meets its clients via several channels and makes sure that it is easy to be a Posten customer. With Posten's partner outlet network, private individuals can choose the time of day – weekdays as well as weekends – for buying stamps and collecting or sending letters and parcels purchased over the Internet. Corporate customers have ongoing contact with their sales contact or turn to Posten's business service center. Customers also reach Posten through the customer service and claims centers. Due to technological developments and changing customer needs, websites and the Internet have become increasingly important customer service factors. Posten has one of Sweden's most widely visited websites, and its customer service site is one of Sweden's most widely used.

## Customer Satisfaction Index, CSI

### Objectives

Customers' satisfaction with Posten's service, quality and range of services is measured and followed up in a Customer Satisfaction Index (CSI). The target for 2008 was a CSI of 65; for 2009, the target is 66.

### 2008 Results

Several activities were implemented during 2008 to further strengthen Posten's relationship with its customers. Based on corporate customers' wishes, for example, simplified and clarified paths of communication were established, simpler and clearer customer invoices were developed and an improved complaint management system was introduced.

The 2008 result was a CSI of 64 (63). CSI improved for both Posten Logistik and Posten Meddelande. To a greater extent, customers share a view that administrative routines have been simplified. Corporate customers continue to give high marks for their contacts with Posten's sales organization and for delivery quality. CSI among private customers increased from 53 to 60, due chiefly to the fact that they find it easier to determine where they should turn for various postal errands. Private customers also value Posten's mail carriers, delivery quality and partner outlets.

Posten Logistik's customers value the reliable delivery quality and the business relationship.

### Quality

One of Posten's competitive advantages, valued and increasingly demanded by customers, is its hallmark delivery quality. Aiming for high quality at all levels is entirely in line with Posten's vision and is a requirement in its universal service obligation. Posten systematic quality efforts place responsibility on all employees to deliver

the highest quality – every day. Posten's priority is ensuring world-class quality while implementing the required cost-efficiency measures.

### Objectives

The quality target for 2008 was 96.2%, covering on-time deliveries for first-class mail, unaddressed direct mail and DPD Business 4 PM Parcels. Under the Postal Service Act, the state requires that at least 85% of the mail posted before a specified time and stamped for overnight delivery must be delivered during the following business day.

### 2008 Results

The group's collective delivery quality improved, totaling 96% (95.4%) in 2008. The quality of parcel and UDM services remained high. Posten's delivery quality for overnight deliveries surpassed the universal service obligation requirements, reaching 94.9% (94.5%). These results position Posten among the foremost postal companies worldwide.

### Competitiveness

Posten performs competitiveness measures to illustrate the strengths and weaknesses of Posten and its competitors on different markets.

### Objectives

The Competitiveness Index (CI) measures the extent to which customers perceive that Posten, as compared to other market players, satisfies its objective of offering high delivery assurance and services that are good value for money and are simple to use. The CI goal for 2008 and 2009 is 73.

### 2008 Results

Posten's competitiveness was stronger in 2008, with a CI of 73 (72). Posten thus attained its goal. This result shows that

# mers



Posten can hold its own against competitors, chiefly in terms of delivery assurance but also in terms of simplicity. To bolster competitiveness and capture cross-border letters and parcels in the Nordic region, Posten Logistik set up MyPack, a network of distribution points, in Finland in 2008. Through this initiative, Posten offers Swedish companies trading in Finland the delivery assurance and convenience they enjoy in the Swedish market.

### Environmentally certified services

During 2008, Posten offered its customers sending direct mail the option to offset their transport emissions through the CDM project (Gold Standard) within the framework of the UN's Kyoto Protocol.

### Security

Posten has a systematic approach to manage, carry out and measure the results of its security measures; security processes are certified in accordance with BS 7799 and ISO/IEC 17799. Stralfors's operations in the UK are certified under ISO 27001. Stralfors fulfills the Swedish Bankers' Association "Safe Paper" criteria and has two certified security printing plants. Stralfors also complies with the corresponding British security requirement (Apacs), and has been approved in accordance with the certification program PCI (Payment Card Industry) since 2007.

### 2009 Priorities

Posten will continue to develop its operations in order to be able to offer world-class services that are simple to use and are good value for money. During 2009, several measures will be implemented to strengthen the group's profitability, customer orientation and thus its competitiveness.

### KEY RATIOS FOR SWEDISH OPERATIONS

	2008	2007	2006
CSI, total	64	63	62
CSI, Posten Meddelande (Mail)	63	61	62
CSI, Stralfors	72	-	-
CSI, Posten Logistik (Logistics)	68	67	65
CSI, private individuals	60	53	53
Competitiveness Index (CI)	73	72	72
Quality, total	96.0%	95.4%	95.4%

### NUMBER OF CLAIMS IN RELATION TO TOTAL NUMBER OF MAILINGS

Posten handles approximately 20 million mailings per day. Of these, 0.003% become a claim, primarily for delayed and lost mailings which are often due to incorrect addressee information. Fraud and theft of letters and parcels are registered as lost mailing in Posten's system.

### BREAK DOWN OF CLAIMS 2008

Reason	Total
Damaged	8%
Missing contents	8%
Improper PF amount	8%
Lost	57%
Other	19%
	<b>100%</b>



# Employee

commitment and improved health strengthen Posten

- Posten works systematically to reach its objectives of increased commitment and less sickness absenteeism among employees. Posten's strategy is to focus on three areas: employee citizenship, leadership and health.
- Posten employees are accountable for their work duties, competency development and health. By building consensus on employee citizenship issues, Posten's aims for a common approach towards colleagues, customers, suppliers and other stakeholders, and the promotion of job satisfaction.

**M** With more than 30,000 employees at more than 1,000 workplaces in several countries and every Swedish municipality, Posten fulfills an important employer function with respect to both its employees and the community. Skilled, motivated employees are a prerequisite for good customer relations and a competitive company. Employees are our most important ambassadors, and their commitment is a prerequisite for the Posten Group's success.

## Objectives

Employee commitment is measured and was followed up in 2008 through Posten's employee survey program, ViP. Sickness absenteeism is measured and followed up on an ongoing basis. The objective for ViP for 2008 was 65 and for sickness absenteeism 6.6%. Beginning in 2009, ViP will be replaced by VOICE. The goal for 2009 is to attain a VOICE ratio of 65 points and a maximum sickness absenteeism of 5.4%.

## 2008 results

ViP continued to develop positively during 2008 despite the ongoing change process

within Posten. The objective was exceeded with a result of 67 (66), demonstrating that employee commitment is developing in the right direction. Employee performance and career development are evaluated and monitored as stages in a continuous development process. In 2008, 76% of Posten's employees participated in colleague or development discussions. The result for sickness absenteeism in 2008 was 5.6% (6.5%), exceeding the objective.

## Internal dialogue

An important tool in creating a common view of the operation and developing a clear customer focus in all areas is the Internal Dialogue. The Internal Dialogue is conducted as a conversation about one issue, selected by the executive management, in a group of four to five people with the manager serving as a discussion leader. In 2008, the dialogue was tailor-made for each business segment. During 2008, all Posten Logistik employees addressed the theme The Customers and Us, discussing customer needs and wishes. Posten Meddelande's theme The Customer Meeting focused on how local corporate customers perceive Posten as a supplier. Stralfors, participating for the first time, discussed How Can We Work Smarter? and focused on cost-efficiency measures. The results of the Internal Dialogue are systematically followed up by executive management and are included in the group's improvements.

## Health drive means healthier employees

Posten's systematic and goal-oriented efforts on health issues – the Health Line – have yielded positive results, illustrated by sharp reductions in sickness absenteeism. Posten's efforts to improve employees' health include enhanced work environment, directed initiatives to reduce long-term disabilities and measures to promote healthy lifestyles.

Healthier employees mean both an improved quality of life for the individual

and cost savings for Posten Group. In 2008, we were able to wind down our Method sickness absenteeism reduction project thanks to the dramatic decrease in such incidents.

To support local health efforts at workplaces, Posten trains its own health coaches who educate, engage and motivate employees on health issues. Currently, over 800 health coaches have completed the two-day training course. Posten holds bi-annual theme days for the coaches, this year addressing harmony and the health coach dialogue. Posten also has nearly 700 safety representatives who assist in efforts to improve the work environment and prevent injuries.

The goal of Posten's close cooperation with occupational health care is to allow employees to return to work as quickly as possible. Health promoting and preventive measures also play important roles. During 2008, Posten entered into a new occupational health care agreement and a national agreement with the Social Insurance Administration, providing access to local contact persons throughout Sweden and streamlining the rehabilitation process.

Posten offers the Fresh Start program to employees who cannot continue to work based on medical reasons, helping them find new jobs. In cases where organizational changes require changes in personnel, Posten offers the Future program. Fresh Start and Future aim to increase employees' employability and support them when their positions with Posten are terminated. Posten also supports associations and clubs like Posten's Sports Association, Posten People and Posten Seniors, offering activities for Posten employees in areas such as sport, exercise, culture and events.

## Focus on leadership

During 2008, Posten adopted ten management and leadership criteria in order to clarify management's leadership abilities, initiate appropriate development efforts

and ensure future management support. The management support process has begun, and the new tool for management discussions is starting to have an impact on the organization. Approximately 60% of Posten Meddelande managers have participated in discussions in which the management and leadership criteria serve as the basis for the dialogue.

#### 2009 priorities

Work in the focus areas – employee citizenship, leadership, and health – will continue in 2009. A new employee survey program with clearer focus on employees and management will be introduced. A new employee index will thus replace ViP in the balanced scorecard. Based on the result of the 2008 employee survey, Posten will increase its work on issues concerning targets and target attainment on the individual level. As the Method project for reducing sickness absenteeism was concluded in 2008, health issues will be more proactive.



#### EMPLOYEE DATA, SWEDEN

	2008	2007	2006
Average number of employees <sup>1)</sup> , LA1	32,286	32,442	32,887
of which expatriate employees	2,610	1,465	1,042
Monthly salaried, LA1	27,107	28,856	29,424
Employee turnover, own termination, %, LA2	4.4	5.6	5.4
Women	3.9		
Men	4.8		
Employees –29 years	15.8		
Employees 30–49 years	3.8		
Employees 50-years	1.0		
Employee turnover, all attrition, %, LA2	10.6	13.6	15.8
Women	13.8		
Men	8.5		
Employees aged –29	15.8		
Employees aged 30–49	4.7		
Employees aged 50–	14.3		
Average age	40	41	42
ViP index	67	66	64

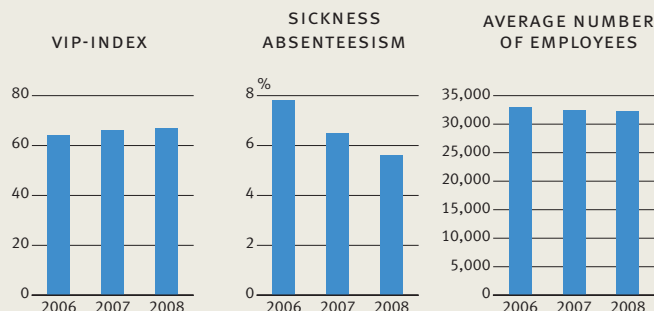
#### SICKNESS ABSENTEEISM

%, if not otherwise specified	2008	2007	2006
Total sickness absenteeism	5.6	6.5	7.8
Of which 60 or more days	43.9	52.7	55.8
Absenteeism, women	6.9	8.2	9.9
Absenteeism, men	5.0	5.6	6.4
Employees ages –29	4.4	4.3	4.7
Employees aged 30–49	5.2	5.9	7.1
Employees aged 50–	6.8	8.5	9.9

#### COMMON INCIDENTS CAUSING ON-THE-JOB ACCIDENTS, LA7

Number, if not otherwise specified	2008	2007	2006
Fall/stumble/slip	505	414	560
Physical stress (life/strain)	90	57	72
Vehicle, car	120	133	133
Manual handling of objects	175	146	182
Strike or bump against something (excluding falls)	298	193	175
Vehicle, forklift	24	26	20
Vehicle, truck	15	13	14
Falling objects (not self-inflicted)	46	59	46
Vehicle, bicycle	101	76	79
Machine/machine part/moving parts	62	56	61
Mental stress (threat, shock, robbery)	41	19	8
Vehicle, moped	35	26	36
Animal	30	28	31
Chemical substance/contagion	6	4	1
Electricity, fire, explosion, blasting	3	1	2
Another person (physical, incl. unintentional)	9	12	19
Walking injury (not a fall)	45	46	37
Vehicle, electric car	11	0	0
Ergonomic factors	48	0	132
Noise	2	0	3
Chemical/biological substance excl. contagion	1	0	1
Strike/blow/compression (excl. falls)	0	0	4
Psycho-social factors	0	0	13
Other physical factors	3	0	6
Other reason	50	49	37

<sup>1)</sup> Includes all Posten Group employees.



**AVERAGE NUMBER OF EMPLOYEES.** Thirty-nine percent of Posten's employees are women. Close to one-third of all Posten managers are women, and executive management is comprised of 20% women. Fifty percent of the Board members elected at the annual general meeting are women.

**Tools for promoting health**

Posten has a number of tools that support its efforts for a positive work environment and employee health.

- Health cost calculator – a tool used by managers to register sickness absenteeism days and follow up the costs of sickness.
- Health store – a page on the intranet where employees can get tips and ideas for health.
- Web-based work environment survey – Since 2005 all employees are encouraged to respond to a web questionnaire concerning their work environment. A total of 22,091 employees responded to the questions in 2008, which has allowed Posten to identify both risks and areas for improvement.
- Health account – an annual summary describing the health-economic aspects of the year's efforts and providing a basis for future health and workplace measures.



**Collective agreement**

Rights of codetermination for employees at Posten are based on each country's labor market legislation and are thus regulated chiefly at a national level. In all subsidiaries and at the group level, Posten cooperates with union organizations. A collective agreement is signed locally in each country. All employees of Posten in Sweden are covered by a collective agreement, regardless of whether or not they are union members.

As an employer, Posten has a duty to negotiate with the unions before it makes decisions on major organizational changes. There is no minimum notice period regulated by contract. The Collaboration and Employee Participation Agreement includes provisions addressing other notice issues. The agreement states that unions shall receive information at an early stage and shall have the opportunity to exert influence in order to increase understanding and participation in the changes that take place at Posten.

**Posten's benefits package**

Through the Internet portal *Benefits Package*, employees can log on and see which benefits they have as Posten employees. The benefits package is available to all permanent employees (full- and part-time) of Posten AB, Posten Meddelande and Posten Logistik in Sweden. The benefits package covers salaries and compensation, pensions, insurance, vacation days and health.

**Diversity and workplace equality**

Diversity is an important element of Posten's competitiveness. Diversity efforts are based on ethnic background, gender, age, religion, disability, sexual orientation and transgender identity or expression. Our efforts aim at creating motivated employees, satisfied customers and a strong brand. Within the framework of Posten's diversity and workplace equality efforts, local initiatives have been taken to encourage employees of different backgrounds to participate in trainee and management development programs.

Differences in salary between men and women are insignificant and median salaries are identical. According to Posten's annual salary mapping, only one person's pay differential could not be motivated by work duties or skill level. Posten has since made adjustments to level out the pay differential. Among group employees, 12% have a foreign background\* and represent around 70 nationalities.

Posten's diversity plan and code of conduct set forth the ways in which the company works to prevent discrimination and handle discrimination issues. In Posten's annual workplace survey, 4.1% responded that workplace discrimination/harassment occur based on sexual orientation, disability, age, gender, religious belief or ethnic background. Managers at Posten are responsible for following up known cases of discrimination or harassment and taking measures in accordance with the guidelines set forth in Posten's business system. The measures cover, among other things, discussions with the parties at issue, investigation of cause, advisory services, information to work groups and individual support.

\* Foreign background signifies that the person is born in a foreign country with two foreign-born parents or is born in Sweden to two foreign-born parents.

# Good profitability and world-class quality

- Posten is a profitable and financially stable company. The owner's financial targets are decided upon at the annual general meeting.
- Posten's most important contribution to society is to provide sustainable communication and logistics solutions and maintain an efficient infrastructure for letter and parcel distribution.
- Posten's partners meet the same requirements that Posten does, for customer service, commercial and societal responsibility.

**P** Posten distributes mail to 4.5 million households and 900,000 businesses, five days a week, empties 30,000 mailboxes and offers service at around 4,000 service points

throughout Sweden. Profitability is united with social responsibility, illustrated by Posten's aim to balance financial and non-financial targets in the group's balanced scorecard. Sound financial development is also a prerequisite for meeting our universal service obligation in the long-term.

#### Society

Posten's universal service obligation is based on the EU's Post Directive and the Universal Postal Union treaty regulating international mail. In Sweden, the universal service obligation is regulated by the Postal Services Act, Postal Statutes and license terms issued by the Swedish Post and Telecom Agency (PTS). The Postal Services Act mandates the provision of nationwide postal services that enable all residents of Sweden to receive addressed mail pieces weighing up to 20 kilograms. Postal services must be of good quality, and it must be possible for everyone to receive such mailings delivered at reasonable prices.

PTS monitors national postal operations to ensure compliance with postal legislation and that Posten fulfils government requirements for universal postal services. According to the PTS report Service and Competition 2008, Posten fulfils the government requirements in terms of service level and quality of service.

The government's service objectives for mail weighing up to 20 kilograms are that mail be collected and delivered each business day, at least five days per week, nationwide. Under the Postal Statutes, at least 85% of the mail posted before a specified time and stamped for overnight delivery must be delivered during the following business day, to any address in Sweden. At least 97% of mail shall be delivered within three business days.

In 2008, Posten's delivery performance for overnight deliveries was 94.9 percent.

For overnight mail, a price limit applies to single mail pieces up to 500 grams: the

Posten Logistik's traffic safety efforts currently include the use of key lockers connected to breathalyzers at around 40 workplaces.



postage price may be raised no faster than the consumer price index. This postal rate was raised to SEK 5.50 in 2003, the first increase since 1997. As of January 1, 2009, the postage rate for domestic stamped letters weighing 20 grams was raised to SEK 6.00. This rate also lies within the price limit's scope. Read more on pages 38–39 of Posten's Annual Report.

#### Cashier Service closed

On June 14, 2007, the parliament passed the government bill on the State's responsibility for certain essential financial transaction services. The decision means that, as of 2009, society's need for essential financial transaction services will be procured by the PTS in those rural areas where the market is not financially viable, as well as for senior citizens and disabled individuals. Posten is a subcontractor for ICA and the Coupon Payment Service, serving as agent for their financial transaction services. During 2008, the Cashier Service operation was closed pursuant to the closure plan submitted to PTS on October 1, 2007. Posten did not receive any compensation from the government during 2008 for the Cashier Service.

#### Corporate image

The general public attitude toward Posten is measured and monitored through Corporate Image. The 2008 target was 0.3; the 2009 target is 0.35.

The positive trend has continued since 2003. Corporate Image increased from 0.2 to 0.3, achieving the target for 2008. Public confidence in Posten is growing as the public perceives that Posten's partner outlet network offers the desired access to postal services.

#### Finances

The financial targets are based on the fact that Posten operates on a competitive market, while parts of the operations are run within a universal service obligation framework with price ceiling rules. The owner's profitability requirements for Posten were determined at the 2007 annual general meeting. Requirements are to attain a return on equity of 15% during a business cycle and an equity/assets ratio of 30%. The dividend policy is that ordinary dividends shall total at least 40% of annual profits. Dividends in excess of this amount shall be distributed to maintain an effective capital structure.

#### 2008 Results

Return on equity totaled 20% (24%), exceeding our owner's requirements. The equity/assets ratio totaled 42% (37%). Posten's financial position thus continues to be strong.



All of Posten's infrastructure and service development investments are made on a commercial basis, without government subsidies. Investments in tangible assets totaled SEK 1,101m (951), chiefly for new technology and capacity within the letter and parcel network.

#### Sound business relationships and accessible partner outlets

Each year, Posten Group buys products and services from around 18,000 suppliers totaling approximately SEK 13 billion. Posten's purchasing is managed centrally. Posten aims to achieve cost efficiency and increase its opportunities for ensuring that suppliers meet Posten's requirements by entering into central agreements with fewer suppliers. One requirement imposed by Posten in its contracts with suppliers is that contractual commitments are to be met even in cases where the supplier utilizes a subcontractor. Purchasing process compliance is monitored by setting targets and continuously measuring contractual fidelity. The Code of Conduct introduced within the group in 2008 will also be incorporated into supplier contracts as they are renegotiated or renewed. Posten selects suppliers based on two main criteria: ability to deliver goods and services on a commercially sound basis and ability to meet the

requirements and intentions of Posten's Code of Conduct.

Posten's relationship with its partner outlets is based on clear service, quality and accessibility requirements and expectations. Twice annually, constructive discussions between Posten's contact persons and partner outlets lay the groundwork for establishing action plans for continued improvements. Posten follows this up with a Satisfied Partner Index, which demonstrates that the collaboration has developed positively. During the year, "mystery shoppers" have been part of the action program to identify areas for improvement. In addition, each partner outlet appoints a postal service manager, responsible for introductory training for new partner outlet employees. Posten supports this training with, among other things, training material and an introductory kit. During 2008, 2,844 new partner outlet employees were certified; there are currently 11,468 certified employees working for Posten's partner outlets. Posten has also facilitated the partner outlets' ability to offer good customer service by providing improved, faster data support and simplified routines for certain services. During the year, approximately 35 additional partner outlets brought their accessibility into line with the guidelines formulated in cooperation with the National Association of Disabled Persons.



	2008	2007	2006
<b>Distribution of added value to stakeholders, EC1, SEKm</b>			
<b>Generated value</b>			
– Net sales, external	30,836	29,902	27,823
– of which payments received from the government, EC4	30	435	440
<b>Distributed value</b>			
<b>Suppliers</b>			
– Transportation costs	6,500	5,313	4,871
– Cost of premises	1,570	1,462	1,492
– Other	6,929	7,135	6,295
<b>Employees</b>			
– Salaries	9,372	8,989	8,587
– Social security expenses	3,785	3,881	4,001
– of which pension costs (excl. payroll tax)	866	833	922
– Other personnel costs	172	299	329
<b>Society</b>			
– Taxes paid	613	443	31
– Dividend	<sup>1)</sup>	625	400
– Investments, tangible fixed assets	1,101	951	999
<b>Other key ratios</b>			
Cost-Income ratio, %	94.0	93.4	94.9
ROE, %	20	24	19
Equity-Assets ratio, %	42	37	33
Quality, overnight mail	94.9	94.5	94.7
Postage overnight domestic mail, 20 gram	5.50	5.50	5.50
Number of households with alternative form of distribution 1-4 times per week	970	1,100	1,200
Corporate Image	0.3	0.2	0.06
Satisfied Partner Index, SPI	83	80	77

<sup>1)</sup> Pursuant to the agreement between the Swedish and Danish states on the merger of Posten AB and Post Danmark A/S, there will be no ordinary dividend distributed for 2008. According to the same agreement, Posten AB will pay out an extraordinary dividend of SEK 1,400m to the Swedish state upon successful completion of the merger.

# Accounting principles

The accounting period covers calendar year 2008 with comparative figures for 2007 unless otherwise specified. Posten has published an annual sustainability report since 2005. Dates follow the reporting cycle of the annual report.

Posten's sustainability report shall promote an understanding of the group's operations and clarify the group's long-term and well-integrated sustainability efforts.

Posten's 2008 sustainability report is prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Report Guidelines, version 3.0.

With respect to the financial dimension, however, the same accounting principles have been applied in this report as in Posten's annual report. This information includes the entire group.

The environmental aspects and social dimensions cover the Swedish operations,

constituting 73% of group income and 92% of the group's average number of employees. Emissions from foreign business travel by air to and from Sweden are, however, included in carbon dioxide emissions.

Terms of reference are not identical in all respects but this has no significant impact on results.

All information deemed significant has been included in this report, based primarily on the group's most important sustainability aspects but also on external stakeholders' expectations and requirements.

Posten presents its sustainability aspects in relation to the group's balanced scorecard. As one of Sweden's largest transportation companies and employers, Posten has chosen to emphasize environmental and social sustainability factors in its accounting. Perhaps Posten's most important contribution to sustainable societal develop-

ment is to provide sustainable communication and logistics solutions and maintain an efficient infrastructure for mail and parcel distribution.

## Changed accounting principles

During 2008, Posten changed its waste collection contractor. Reported waste statistics are thus not directly comparable to previous sustainability reports.

## Contact information

See page V.

## GRI Index

See page 20.



## Independent review

As of 2008, the quality of Posten's sustainability reports will be assured through independent review and verification.

## METHODS OF MEASUREMENT, ENVIRONMENT

### Environmental goals

Posten's overall environmental goal is the reduction of carbon dioxide emissions per net sales by 15% between 2006 and 2010. The goal cover emissions from operations carried out in Sweden; however, foreign business travel by air is not calculated in the goal.

### Transportation

**Road transports:** Posten's estimates and assumptions are based on the Network for Transport and Environment (NTM)'s methods and data (see [www.ntm.a.se](http://www.ntm.a.se)). Information on fuel consumption is obtained from the oil companies used by Posten (via invoices). Distances driven are registered in Posten's transport administration system (TID). Production and Delivery transportation managers enter their transports; National transports enter their transports between mail processing facilities. Posten's cost follow-up system (Autodisc) reports fuel commitments for Posten's distribution vehicles. Stralfors mainly uses two transport companies, one of which is Posten. Posten's emissions are calculated in accordance with the above. Emission data from the other transport company is received directly from the contractor.

**Air:** Posten purchases air transports externally. Emissions factors are collected from NTM (NTM – Environmental Data for International Cargo Transport 2007-04-13).

The supplier provides data on the number of flights, number of kilometers/flight and number of liters of fuel/kilometer for the specific airplanes used. Amount of fuel consumed is calculated based on this data.

**Rail:** All rail transports are purchased from Green Cargo, which is eco-labeled as a Good Environmental Choice.

### Electricity and heat

**Electricity:** A transition to environmentally certified electricity (for electricity Posten purchases directly from the supplier) has been initiated. This amount is not presumed to produce any carbon dioxide emissions. For other purchased electricity, the Nordic electricity mix, received from the principal electricity suppliers, was used for calculations. Electricity consumption data is obtained chiefly from electricity suppliers. In cases where electricity is included in the rent or is otherwise not received directly from the supplier, Posten estimates (based on experience) energy use at approximately 120 per square meter. In certain cases, Posten contacts its landlord.

**Heat:** Small offices (<500 square meters) are heated by electricity and included in the ordinary electricity agreement; emissions are thus calculated in accordance with the above. Large offices and processing facilities are heated mainly with district heating. Posten, with operations in many locations

throughout Sweden, has not been able to ask each individual district heating supplier about the mix of fuels they use in their plants. Posten has calculated an implied emissions factor based on supporting data used in Sweden's international reporting of climate gases and air pollution. Since Posten's operations are spread throughout the country, this is calculation is deemed to provide a good picture of the operations' emissions from district heating use.

The processing facilities' use of heat is followed up locally by Posten. Values are collected from invoice records, own readings or from the property owner. A gauge is used in certain cases. Based on experience, Posten know that the processing and UDM facilities consume approximately 90 kWh/square meter per year.

### Business travel and company cars/private vehicles used for business:

**Rail and air:** Reported emissions from business travel is received from the travel agency that Posten and Stralfors have contracts with (rail and air).

**Company cars, rental cars and private vehicles used for business:** Emissions from company cars are calculated based on actual fuel consumption. Rental car fuel consumption is estimated based on distance driven. Fuel consumption for private vehicles used for business is calculated based on reimbursements made for kilometers driven.

**Waste:** Reported waste amounts are received from Posten's and Stralfors' waste management contractors.

#### **METHODS OF MEASUREMENT, CUSTOMERS**

**Competitiveness Index CI:** Measured bi-annually in a competitiveness index and shows the extent to which customers perceive Posten's services as good value for the money and easy to use.

**Customer Satisfaction Index (CSI):** Measures the extent to which the "satisfied customer" goal is achieved. Surveys are conducted regularly and reported quarterly. The fourth quarter results are counted as the results for the year. The method yields information about key improvements that will enhance customer satisfaction. During the year, CSI surveys were conducted for the Posten Meddelande and Posten Logistik segments. The surveys cover only Swedish customers. A total of approximately 2,000 interviews were conducted with companies and private customers.

**Quality:** On-time deliveries of priority mail, UDM standard and DPD Business 4 PM parcels. The index is weighted for income for each service.

**Quality overnight mail:** Swedish External Monitoring (SWEX) is an external, customer-to-customer measurement carried out by IBM Business Consulting Services. It measures the amount of on-time mail and shows the extent to which services fulfill external requirements. The results of a limited test letter activity (12,000 letters/month) provide a statistical standard for the entire

operations with regards to the performance of service quality.

#### **METHODS OF MEASUREMENT, EMPLOYEES**

**Average number of employees:** Total number of paid employee hours divided by the standard number of hours for a full-time employee.

**Monthly salaried employees:** All monthly salaried, permanent and temporary employees.

**Personnel turnover:** All resignations within the monthly salaried, permanent employee category.

**Sickness absenteeism:** Sickness absenteeism as a percentage is calculated by determining the total number of hours that employees are absent from work due to illness (excluding those receiving permanent sickness benefits) in relation to the total number of contracted work hours. Contracted work hours include hourly, monthly and contracted employees. The target includes 90% of Posten Group employees.

**ViP Index:** Measures achievement of the "employee commitment" target. Measurements are performed regularly throughout the year through surveys. At least once a year, employees are provided the opportunity to evaluate their immediate supervisor and advancement horizons, as well as to rate their overall work situation. The ViP target includes 87% of Posten Group employees. As of 2009, the ViP survey will be replaced with a new employee survey.

#### **METHODS OF MEASUREMENT, SOCIETY AND FINANCES**

**Return on Equity (ROE):** Earnings for the period (rolling 12-month) in relation to average equity (rolling 12-month).

**Corporate Image:** Annual survey conducted by Synovate (previously TEMO). Since 2005 the survey has been conducted via the Internet, with results based on approximately 1,000 responses.

**Cost/Income (C/I) ratio:** Operating costs in relation to operating earnings.

**Satisfied Partner Index (SPI):** Bi-annual survey in which partner outlets are asked questions on extent to which they agree (on a scale of one to five) with a number of statements on the quality of their collaboration with Posten. SPI consists of four overall questions that capture the overall opinion of each agent's collaboration with Posten. Results are analyzed by an external party who uses the PLS statistical method in calculating the index.

**Operating margin:** Operating earnings as a percentage of operating income (net sales and other operating income). Calculation of operating margin per business segment includes sales to other segments and parent company functions.

**Equity-assets ratio:** Equity (including minority shares) at end of the period in relation to balance sheet total at end of the period.



# Overview of Posten's sustainability efforts

For many years, Posten has followed the Global Reporting Initiative's (GRI) guidelines for sustainability reporting. The list below shows the extent to which Posten has chosen to report indicators and on which page(s) they may be found.

- ✓ Reported
- ✓ Partially reported

Result	Indicator	Page reference /Comments
✓	<b>PROFILE</b>	
	<b>1 Strategy and analysis</b>	
	1.1 Statement from the organization's chief decision-maker on the relevance of sustainable development for the organization and its strategy	2
	1.2 Description of main impact, risks and opportunities	6, 7
✓	<b>2 Organization's profile</b>	
	2.1 Name of organization	III
	2.2 Important brands, products and services	III–IV
	2.3 Organizational structure, units, business areas, subsidiaries and joint ventures	Corporate governance report
	2.4 Location of organization's headquarters	Cover
	2.5 Number of countries in which the organization operates, names of the countries in which significant operations are conducted or which are especially relevant for the issues concerning sustainable development in the report.	Posten has operations in 14 countries. Over 70% of the group's income comes from the Swedish operations and over 91% of the group's income is derived from the Nordic countries, including Sweden. Other income comes primarily from operations in Great Britain, France, Switzerland, Germany and the Netherlands.
	2.6 Ownership structure and corporate form	III–IV
	2.7 Markets on which the organization operates	III–IV
	2.8 The reported organization's size, including number of employees, net sales, total capitalization allocated into debt and equity, quantity/volume of products and services.	III–IV, I and the Annual Report
	2.9 Significant changes during the reporting period in terms of size, structure or ownership	II and the Annual Report
	2.10 Prizes or awards received during the reporting period	II

Result	Indicator	Page reference /Comments
✓	<b>3 Information about the report</b>	
	<i>Report profile</i>	
	3.1 Reporting period for the reported information	18
	3.2 Publication date of the most recent report	Posten's 2007 Sustainability Report was published in late May/early June
	3.3 Reporting cycle	18
	3.4 Contact person for questions concerning the report and its contents	32
	<i>Report's scope and terms of reference</i>	
	3.5 Processes for definition of report contents	5
	3.6 Report's terms of reference	18
	3.7 Describe any special limitations for the report's scope and terms of reference	18
	3.8 Accounting principles for joint ventures, subsidiaries, rented facilities and other units that can significantly impact comparability between different time periods and/or organizations	Annual Report
	3.9 Description of methods of measurement and bases of calculation	18–19
	3.10 Explanation of effects of changes of information presented in previous reports and reasons for such changes	No changes of material significance unless otherwise specified in the definition or reported information
	3.11 Significant changes made since the previous reporting period concerning terms of reference, scope or methods of measurement used in the report	18
	<i>Table of contents pursuant to GRI</i>	
	3.12 Table of contents showing where in the report standard information can be found	19–23
	<i>Verification</i>	
	3.13 Policy and current practice concerning external verification of the report	24 Set forth in owner's guidelines for external reporting. Posten has decided to comply with this

Result	Indicator	Page reference /Comments
✓	<b>4 Governance</b>	
	4.1 Statement of organization's corporate governance	Corporate Governance Report
	4.2 Describe whether or not Chairman of the Board also serves as CEO	Corporate Governance Report
	4.3 For organizations with one board level, state number of board members who are independent and/or not members of executive management	Corporate Governance Report
	4.4 Opportunities for shareholders and employees to submit recommendations or guidance to the board or executive management	Corporate Governance Report
	4.5 Connection between compensation for board members, executives and managers and the organization's earnings	Corporate Governance Report
	4.6 Routines and processes within the board to ensure that conflicts of interest do not arise	Corporate Governance Report
	4.7 Routines and processes to determine the qualifications and expertise board members should possess in order to govern the organization's strategy in financial, environmental and social issues	State's ownership policy
	4.8 Internally produced business concept or fundamental values, code of conduct and principles for financial, environmental and social responsibility, and how well these are implemented within the organization	3, 4–6
	4.9 Routines and processes for the organization's board to monitor how the organization becomes aware of and manages financial, environmental and social issues, and which internationally agreed upon standards, codes of conduct and principles the organization has adopted and how these are followed	5–6, Corporate Governance Report
	4.10 Processes for evaluating the board's own performance, particularly with respect to financial, environmental and social issues	State's ownership policy/Directors' report for state-owned companies
	<i>Commitments regarding external initiatives</i>	
	4.11 Description of if and how the report follows the prudence concept	
	4.12 Externally developed financial, environmental and social declarations, principles or other initiatives adopted or supported by the organization	3
	4.13 Membership in organizations and/or national/international lobbying organizations	27
	<i>Communication with stakeholders</i>	
	4.14 List the groups of stakeholders the organization has contact with	27
	4.15 Principles for identification and selection of stakeholders	6
	4.16 Procedure for communicating with stakeholders	6, 18
	4.17 Important areas and issues highlighted via communication with stakeholders, and how the organization has managed these areas and issues	6, 10, 14
	<b>RESULT INDICATORS</b>	
	<b>Financial impact</b>	
	ORGANIZATION'S METHOD OF WORKING WITH FINANCIAL IMPACT	2, 15
	<i>Financial result</i>	
✓	EC1 Created and delivered direct financial value	1, 17
	EC2 Financial impact, and other risks and opportunities for the organization's activities, attributable to climate change	
✓	EC3 Scope of the organization's defined benefit commitments	Annual Report
✓	EC4 Significant financial support from the public	17, Annual Report
	<i>Market presence</i>	
	EC5 Scale for standard starting salaries compared with minimum wage in areas in which the organization has significant activity	Not applicable; Posten implements collective agreements
	EC6 Policy and practice and share of expenditure paid to local suppliers in locations of significant activity	
	EC7 Routines for local hiring and proportion of executive management hired locally in areas in which the organization has significant activity	
	<i>Indirect financial impact</i>	
✓	EC8 Development and impact of investments in infrastructure and services performed primarily to benefit the public, on a commercial basis or without full compensation	16
	EC9 Awareness of and description of significant indirect financial impact	

Result	Indicator	Page reference /Comments
	<b>Environmental impact</b>	
	ORGANIZATION'S METHOD OF WORKING WITH ENVIRONMENTAL IMPACT	2, 7
	<i>Material</i>	
	EN1 Use of material in weight or volume	
	EN2 Recycled material as percentage of material use	
	<i>Energy</i>	
✓	EN3 Direct energy use per primary energy source	9
✓	EN4 Indirect energy use per primary energy source	9
	EN5 Energy cost-cutting through savings and efficiency improvements	
	EN6 Initiative to provide energy efficient products and services and products and services based on renewable energy, and reductions of energy requirements resulting from this initiative	
	EN7 Initiative to reduce indirect energy use and reductions achieved	
	<i>Water</i>	
	EN8 Total water use per source	Posten's water use includes water used by employees (dishwashing, drinking, toilets, etc.), and car washing. These are insignificant environmental aspects according to the environmental investigation
	EN9 Water sources significantly impacted by water use	See EN8
	EN10 Recycled and reused water volume, in total figures and as a percentage of total volume used	See EN8
	<i>Biodiversity</i>	
	EN11 Location and size of owned, rented and cultivated land in or next to protected areas and areas with high biodiversity value outside of protected areas	In cases of new construction or movement of operations, an environmental consequence investigation is conducted
	EN12 Description of significant impact of activities, products and services on biodiversity in protected areas, and areas with high biodiversity outside of protected areas	
	EN13 Protected or restored environments	
	EN14 Strategies, actions in progress and plans to henceforth manage impact on biodiversity	
	EN15 Number of IUCN red-listed species and nationally protected species residing in the areas that are impacted by the operations, per degree of extermination risk	
	<i>Emissions to air and water, and waste</i>	
✓	EN16 Total direct and indirect emissions of greenhouse gasses, weight	9
✓	EN17 Other relevant indirect emissions of greenhouse gasses, weight	9
✓	EN18 Initiatives for reducing emissions of greenhouse gasses, and reductions achieved	9
	EN19 Emissions of ozone-degrading substances, weight	
✓	EN20 NOX, SO2 and other significant air pollution, weight per type	9
	EN21 Total emissions to water, quality and recipient	
✓	EN22 Total weight of waste, per type and method of handling	9
	EN23 Total quantity and volume of significant waste	
	EN24 Weight of transported, imported, exported or treated waste, classed as hazardous under the terms of the Basel Convention, and percentage of transported waste transported internationally	
	EN25 Identity, size, protected status and biodiversity value of bodies of water and related natural environments significantly impacted by the reported organization's emission of water and declared drainage water	
	<i>Products and services</i>	
✓	EN26 Measures to decrease environmental impact from products and services, and results thereof	7-9
	EN27 Percent of products sold, including packaging, that is recycled	
	<i>Compliance</i>	
✓	EN28 Monetary value or significant fines, and the total number of non-monetary sanctions resulting from breach of environmental legislation and regulations	Posten has no significant fines or sanctions to report
	<i>Transportation</i>	
✓	EN29 Significant environmental impact through transport of products and other goods and material used in the operations	7-9
	<i>General</i>	
	EN30 Total costs and investments for environmental protection, specify type	

Result	Indicator	Page reference /Comments
	<b>Social impact</b> <i>Employment and working conditions</i>	2, 10, 12
	ORGANIZATION'S METHOD OF WORKING WITH SOCIAL IMPACT	
	<b>Employment</b>	
✓	LA1 Total number of staff, divided into types of employment and region	13 and Annual Report
✓	LA2 Total number of employees and personnel turnover, per age group, gender and region	13
✓	LA3 Benefits provided to full-time employees which are not available to temporary or part-time employees	14
	<b>Employees' relationship with management</b>	
✓	LA4 Percent of staff covered by collective agreement	14
	LA5 Shortest notice period with respect to changes in the operations, with details on whether or not this is specified in the collective agreement	14
	<b>Work environment (health and safety)</b>	
	LA6 Share of staff (percentage) represented in formal, joint committees (management and personnel, work environment and safety) who assist with supervision and advisory services on work environment and safety programs	
✓	LA7 Scope of injuries, work-related illnesses, lost work days, absences and total number of work-related deaths per region	13
	LA8 Education, training, advisory services, preventive measures and risk management programs to support employees and their families or members of society concerning serious illnesses	
	LA9 Work Environment Council (health and safety) which enters formal agreements with unions	
	<b>Training and education</b>	
	LA10 Average number of training and education hours per employee and year, divided into personnel categories	
✓	LA11 Program for further training and lifelong learning to promote continued employability and support employees ending their employment relationship with Posten	12
✓	LA12 Percentage of employees receiving regular evaluations and follow-up of their performance and career development	12
	<b>Diversity and workplace equality</b>	
✓	LA13 Summary of board and management broken down by gender, age group, minority status and other diversity indicators	Corporate Governance Report
✓	LA14 Salary differential in percentage between men and women per employment category	14
	<b>Human rights</b>	
	<b>Investment and negotiation routines</b>	
	HR1 Share as a percentage and number of significant investment decisions that include requirements dealing with human rights, or have undergone an inspection of how human rights are managed	The purchasing process is written in text format. Central agreements ensure that suppliers meet Posten's requirements.
	HR2 Percentage of significant suppliers and subcontractors that have been investigated with respect to compliance with human rights, and step taken	The purchasing process is written in text format. Central agreements ensure that suppliers meet Posten's requirements.
	HR3 Total number of personnel training hours devoted to education on policies and routines for human rights, which are relevant to the operations, and share of employees who have undergone such training	
	<b>Non-discrimination</b>	
✓	HR4 Number of instances of discrimination, and steps taken	14
	<b>Freedom of association and collective agreement rights</b>	
✓	HR5 Activities which have been noted to present a serious threat to freedom of association or collective agreement rights and measures taken to support these rights	No instances have been reported
	<b>Child labor</b>	
✓	HR6 Activities which have been noted to present a significant risk for use of child labor and measures taken to combat child labor	Over 91% of Posten's income is generated in the Nordic region. Other foreign operations are primarily located in Europe. The non-European operations consist of arranging distribution services. Posten deems that there is no risk of child labor being used.
	<b>Forced labor</b>	
✓	HR7 Activities which have been noted to present a significant risk for use of forced labor and mandatory labor, and measures taken to combat forced and mandatory labor	See HR6
	<b>Security routines</b>	
	HR8 Percent of security personnel who have received training in the organization's policies and routines dealing with human rights which are relevant to operations	All security personnel have good knowledge of Posten's code of conduct and other relevant regulations
	<b>Native peoples' rights</b>	
	HR9 Total number of infringements of native peoples' rights and measures taken	

Result	Indicator	Page reference /Comments
	<i>Organization's role in society</i>	
	<i>Society</i>	
✓	S01 Nature, scope and appropriateness of the programs and routines that evaluate and govern the operation's impact on society	3–6, pages 15–16 and pages 38–39 in Posten's Annual Report
	<i>Corruption</i>	
	S02 Percentage and total number of business units that have been analyzed with respect to risk for corruption	
	S03 Percentage of employees who have undergone training in the organization's policies and routines with respect to discouraging corruption	
	S04 Measures taken due to incidents of corruption	
	<i>Politics</i>	
	S05 Political standpoints and participation in political decision processes and lobbying	
✓	S06 Total value of subsidies and gifts of money or in-kind to political parties, politicians and similar institutions, per country	The Group's corporate name and assets may not be used to promote the interests of political organizations or political representatives (Posten's code of conduct)
	<i>Activities restricting fair competition</i>	
	S07 Total number of legal measures taken against the organization for activities restricting fair competition, infringement of competition legislation and monopolistic behavior, and results	
	<i>Compliance</i>	
	S08 Amount of significant fines and total number of non-monetary sanctions against the organization for breach of prevailing laws and regulations	
	<i>Product liability</i>	
	<i>Customer health and safety</i>	
	PR1 Phases in the life cycle where the impact of the products and services on health and safety will be evaluated for improvement purposes, and share of significant product and service categories that have undergone such an evaluation process	Posten's service development is based on customer requirements
	PR2 Total number of incidents where rules and voluntary codes concerning the health and safety impact of products and services during their life cycles have not been complied with	
	<i>Labeling of products and services</i>	
	PR3 Type of information about products and services required by the routines, and percentage of products and services affected by these requirements	7
	PR4 Total number of incidents in which rules and voluntary codes for information about and labeling of products and services have not been complied with	
✓	PR5 Routines for customer satisfaction, including results from customer surveys	10–11
	<i>Market communication</i>	
✓	PR6 Program for compliance with laws, standards and voluntary codes for market communication	All forms of market activities shall take place in accordance with the business practice and applicable legislation for the markets in which we operate. Market communication shall be customer-oriented, business-promoting and shall create a positive picture of the group (Posten's code of conduct). Formulation of market communication follows communication processes that are included in Posten's business system.
✓	PR7 Total number of incidents where rules and voluntary codes concerning market communication have not been complied with	Posten has no such incidents to report
	<i>Customer privacy</i>	
	PR8 Total number of substantiated complaints concerning violation of customer privacy and loss of customer data	
	<i>Compliance</i>	
	PR9 Amount of significant fines for violation of applicable laws and regulations concerning provision and use of products and services	

# Limited Assurance Report

To the readers of Posten AB's 2008 Sustainability Report:

## Introduction

We have conducted a review of Posten AB's 2008 Sustainability Report. The board of directors and executive management are responsible for day-to-day activities in the areas of the environment, work environment, quality, social responsibility and sustainable development, as well as for preparing and presenting the sustainability report in accordance with applicable criteria. Our responsibility is to express a conclusion on the sustainability report based on our review.

## The objective and scope of the review

Our review has been performed in accordance with FAR SRS (the institute for the accountancy profession in Sweden) draft recommendation "RevR 6, Assurance of Sustainability Reports." A review consists of making inquiries, primarily of persons responsible for the sustainability report's preparation, and applying analytical and other review procedures. The review's scope is significantly less than that of an audit conducted in accordance with the Standards on Auditing in Sweden RS and other generally accepted auditing standards. The procedures performed in this review do not allow us to obtain the assurance that we are aware of all significant matters that might be identified in an audit. The conclusion stated in a review therefore does not provide the same level of assurance as that provided in an audit's conclusion.

Our review was based on criteria which constitute portions of "Sustainability Reporting Guidelines, G3," published by The Global Reporting Initiative (GRI), applicable to all sustainability reports and all reporting and calculation principles developed and reported by the company. These criteria are listed on pages 18–19. We consider these criteria to be suitable for our task.

Based on an assessment of materiality and risk, our review included the following:

- a. Updating of our knowledge and understanding of Posten AB's organization and operations
- b. Assessment of criteria suitability and application with respect to stakeholders' requirements for information
- c. Assessment of the result of the company's stakeholder dialogue
- d. Interviews with managers in charge of selected units for the purpose of assessing whether the qualitative and quantitative information in the sustainability report is complete, accurate and sufficient
- e. Examination of internal and external documents in order to assess whether the reported information is complete, accurate and sufficient
- f. Evaluation of the design of the systems and processes used to gather, manage and validate information on sustainability
- g. Evaluation of the model used to calculate carbon dioxide emissions
- h. Analytical examination of reported information
- i. Reconciliation of financial information with the company's 2008 annual report
- j. Assessment of the company's stated level of application of the GRI guidelines
- k. Consideration of the overall appearance of the sustainability report and its format, including consideration of the conformity of the information with applied criteria
- l. Reconciliation of the reviewed information with the sustainability information provided in the company's 2008 annual report

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that Posten AB's 2008 sustainability report has not, in all material respects, been prepared in accordance with the above-referenced criteria.

Stockholm, March 23, 2009

Ernst & Young AB

Lars Träff

*Authorized Public Accountant*

Göran Tyréus

*Authorized Public Accountant*

# Posten's dialogue with stakeholders

### Stakeholders and types of dialogue

#### CUSTOMERS

Customer events: Visions&Reality in Gothenburg and Sweden, DM Day; Smart Communication Days in Denmark, Norway and Finland  
160,000 customer meetings at 1,600 partner outlets; 50,000 customer meetings with 2,200 stamp outlets; and 40,000 customer meetings with 380 business service centers, 2,500 rural mail carriers and 12,500 urban mail carriers  
Sales organizations' personal meetings with customers  
Customer Service, Private: over 60,000 calls/month; Customer Service, Corporate: 40,000 calls/month  
posten.se: 700,000 unique visits/month

#### MEASUREMENTS

CSI – Customer Satisfaction Index; CI – Competitiveness Index

#### EMPLOYEES

Internal dialogues, regular workplace meetings, Posten's intranet, Summarized, Posten News

#### MEASUREMENTS

ViP – employee survey; Voice – Internet-based employee survey; Work Environment questionnaire

#### PARTNER OUTLETS

Business support and information channel (Pablo), Visions&Reality in Gothenburg and Stockholm, business discussions twice per year

#### MEASUREMENTS

SPI – Satisfied Partner Index; Mystery Shoppers

#### SUPPLIERS

Regular dialogue and updating of contracts, entering into new contracts, etc.

#### OWNER/PARLIAMENT

Annual general meeting, questioning in the Standing Committee on Economic Affairs, visits to Posten's operations

#### MEASUREMENTS

The owner evaluates the operations in its annual report to the parliament

#### OTHER STAKEHOLDERS

Collaboration with the national organization All of Sweden Shall Live (HSSL); for example, participation in the Rural Parliament in Lyckelse; meetings with all chairmen of rural councils and boards in connection with HSSL's annual meeting; meetings with neighborhood councils and local associations in Norduppland.

Joint Service and Accessibility committee with senior citizen and disabled persons organizations; meetings concerning new mailboxes with DHR.

Of 290 municipal executive board chairmen, approximately 230 engaged in dialogue with Posten managers in 2008. One hundred thirty-eight municipal executive vice-chairmen also engaged in dialogue with Posten. Posten has also discussed its operations with editors-in-chief/political editorial writers. Of 86 identified opinion-makers, dialogue has been conducted with 68. One hundred twenty-five meetings with entrepreneurial trade associations have been held throughout the country.

Publication of the anthology *Anyone There?*—communication of the future in cooperation with 17 young opinion-makers.

#### MEASUREMENTS

Corporate Image surveys

#### MEDIA

There is great media interest in Posten. We are open for dialogue and answer questions from the mass media. Posten's media relations representatives are available around the clock. Posten also replies to a great amount of correspondence from private individuals.

#### PUBLIC AUTHORITIES

Regular meetings concerning Posten's operations

Collaboration on new financial transaction services offered through the rural mail delivery service

#### Posten External collaboration activities – commitments

Posten has signed PostEurope's climate initiative (Greenhouse Gas Reduction Program) under which participating postal companies pledge to reduce CO2 emissions by 10% between 2007 and 2012.

Posten participates in IPC's (International Postal Cooperation) climate efforts.

Posten Logistik participates in a joint project with Climate-Neutral Transportation of Goods by Road (KNEG). The project aims to demonstrate how the climate impact of goods transported by road in Sweden can be reduced through various measures and joint projects. The project focuses on making transports, fuel production and vehicles more efficient and increasing the use of renewable fuels.

Posten Meddelande participates in a direct mail industry collaboration, EnvironmentDirect. The project is based on analyzing and comparing the environmental impact of direct mail and other advertising media, and on working together to identify ways toward a more environmentally-adapted use of direct mail. The project includes paper suppliers, printers and distributors.

Stralfors participates in the collaborative project Forum for Sustainable Transportation. The forum was initiated by the National Road Administration and also includes Perstorp AB, Stena Recycling AB; Trelleborg AB, Preem Petroleum AB and Södra. The aim of the forum is the joint production of a complete, flexible, well-defined and efficient tool for procuring sustainable transportation.

Together with the City of Solna, Posten is the major player in a newly-established network to improve the municipality's environment. The project aims at identifying joint projects that provide concrete benefits for the city, participating companies and the environment.

Posten is a member of CSR Sweden, a network of companies that focuses on corporate social responsibility and commitment.

## One example of Posten's collaborative activities



# Post Pals – a collaboration between Posten and the Children's Fund

The ability to use words to communicate with others is a critical skill. Posten and the Children's Fund founded Post Pals – a program focused on written and narrative language – to address this issue.

Through Post Pals, elementary students in grades 2–6 have the opportunity to be matched with a foreign pen pal class. With the help of creative lesson plans, Swedish students and their pen pals help each other with schoolwork. They may, for example, learn about each other's countries: animals and nature, music and culture, historical events. The goal is that the exchange will motivate children to learn and to apply knowledge practically, and that it will inspire the students to write and narrate, especially in languages other than Swedish. Participating in Post Pals is free of charge.

During the 2008-09 school year, 800 Swedish classes and the same number of foreign classes participated in the Post Pals project. Pen pal classes are located in Ethi-

opia, Gambia, Uganda, Zambia, the Philippines and India. A total of 32,000 students are active in Post Pals.

– We hope that the children's exchange of knowledge and stories will increase their understanding of other cultures and awaken their interest in the written word, says Per Mossberg, Senior Vice President of Corporate Communications at Posten AB.

### **Students' scholastic motivation increased**

According to many Swedish teachers, students' motivation is increased due to the fact that they correspond with a person who is important to them about their school assignments. This is viewed by many teachers as the foremost benefit of Post Pals, along with the program's integration of so many subjects. It presents a unique opportunity for children to improve their English skills and become acquainted with another culture. The world comes closer to the students.

The Children's Fund is a fund-raising foundation which arranges aid from Swedish sponsors and donors for at-risk children in Africa, Asia and Latin America. The Fund focuses on providing tools to enable the children and their families to actively improve their living conditions. The Fund also aims to promote the sustainable development of the surrounding community.

Activities are based on a local perspective and decisions are made close to the people involved. Support is long-term and changes are made together with the families, step by step.

– Our collaboration with Posten has created unique opportunities for us to help more children in our donee countries go to school. Our donor activities have also received a very welcome increase in contributions thanks to this collaboration, says Cecilia Schön, Marketing Manager for the Children's Fund in Sweden.

# Organization and contact information

## Organization

The Board of Directors makes decisions concerning balanced scorecard business plans and targets. Corporate management is responsible for communicating these goals and for monitoring them in all areas of the operations. All Posten employees are responsible for following the business system processes and for meeting the Code of Conduct requirements. This means that everyone shares responsibility for the group's attainment of balanced scorecard goals.

## Executive management functions

The Executive Vice President manages the group's strategic alliances and partnerships. Areas of responsibility also include national and international postal regulatory issues, procurement, property and premises, the environment and security. The position covers the Regulatory Affairs, Procurement, Premises and Properties, Environment and Quality, and Security units.

The Finance & Treasury function is in charge of Posten's financial management, which includes business planning, business controlling, accounting and audit, group financial matters, strategic development and coordination of group risk management. The Finance & Treasury function also manages Shared Services and the Corporate Action Program office.

The Human Resources function ensures that the group has progressive human resource policies that create the right conditions for Posten's employees to perform well. The Human Resource function covers the Staffing, Health, and Laws and Agreements units, and The Future, The Resource Pool, HR Direct, Fresh Start, and Career Center shared units.

The Legal function is responsible for providing legal counsel for the group and is active in business negotiations, contract formulation, the provision of legal advice and analysis. The Legal function covers the Corporate Administration, Corporate Law, and Documents and Archives units.

The Communication function is responsible for coordinating the group's overall communication, with the aim of improving Posten Group's standing in terms of confidence. Units covered by this function are Investor Relations and Community Contact, Media Relations, Internal Communication, and Brand.

The Information Technology function is responsible for coordinating and managing Posten's IT operations and architecture and preparing IT strategy and standards. The IT function covers the Applications and Infrastructure service unit and the Strategy and Architecture unit.

Posten Meddelande is responsible for developing Posten's service offer for administrative and direct mail. The company also

runs Posten's partner outlet network and business service centers.

Stralfors is an IT-focused business-to-business company in the area of information logistics.

Posten Logistik develops Posten's service offer in logistics, such as parcels, pallets and express services. The business segment is also responsible for the MyPack distribution network in Norway and Finland.

## Contact information

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Elisabet Johansson

*Senior Vice President, Corporate Communications*  
Per Mossberg

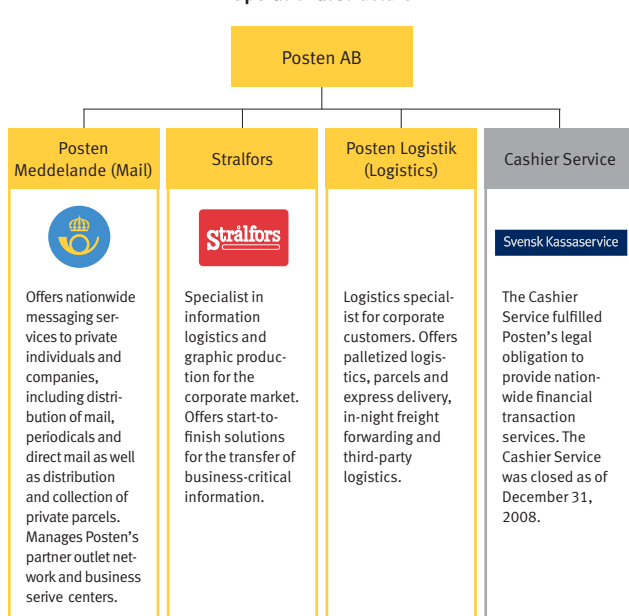
*Executive Vice President*  
Göran Sällqvist

*Senior Vice President, Corporate Human Resources*  
Marie Hallander Larsson

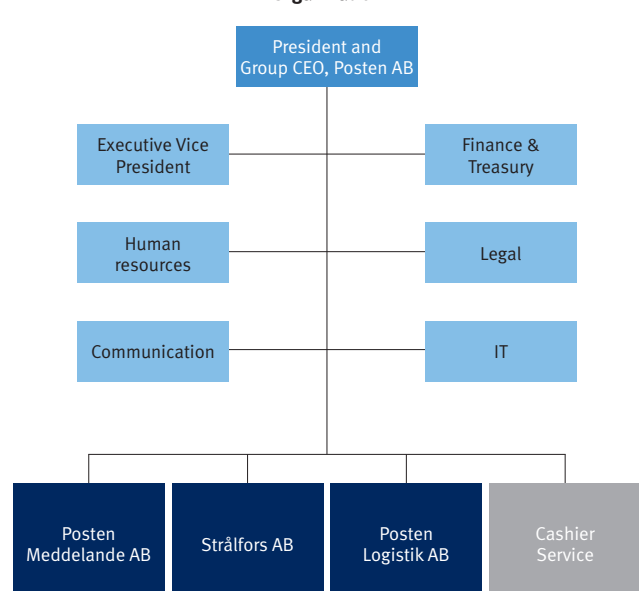
*Manager, Environment*  
Mats Ekdahl

*Manager, Health*  
Angelica Björkbohm

## Operational structure



## Organization



With Posten's help, messages and goods can be delivered quickly, safely and cost-effectively. We enable our customers to generate added value by combining physical and electronic flows, where Posten's services may also be integrated into our customers' operations. With almost 4,000 service points, Posten serves 4.5 million households and 900,000 businesses in Sweden. Posten handles more than 20 million mail pieces each day. With over 30,000 employees and sales of more than SEK 30 billion, Posten is also one of Sweden's largest corporations. The parent company is Posten AB (publ), owned by the Swedish state. Please visit us at [www.posten.se](http://www.posten.se).

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