



Posten Summary Sustainability Report



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About Posten's Sustainability Report

Posten's Sustainability Report provides an overview of the most significant aspects of Posten's financial, environmental and social responsibilities. This Sustainability Report aims to increase understanding of Posten's operations and strengthen confidence in the company. The report should describe the direction and focus of Posten's efforts as well as the progress towards sustainability goals. Based on the issues that are relevant for Posten's stakeholders and primary target groups, Posten has selected the following subjects for the Sustainability Report: Customers, owners, employees, politicians, authorities and business partners. These stakeholder groups have also been the basis for the

division of chapters in this Sustainability Report.

This report is a shortened version of Posten's Sustainability Report 2006 in Swedish. Every care has been taken in the translation of this report. In the event of discrepancies, however, the Swedish original will supersede the English translation.

Reporting principles

Posten's sustainability report is based on the international guidelines for sustainability reporting established by the Global Reporting Initiative, GRI. This year's report is based on the new G3 guidelines that were launched in 2006. Posten has made an evaluation to determine which GRI indicators are

relevant for its operations. The ambition is to increase benchmarking over time, with a greater focus on results and goal achievement in the reporting as Posten makes progress in an increasing number of areas.

Please see pages 24-25 for a quick reference of where GRI-requested information can be found in this Sustainability Report. This report has not been verified by a third party. If no other information is provided, the information stated herein concerns Posten's Swedish operations and fully-owned subsidiaries in Sweden. Stralfors, which is now integrated in the Posten Group, will be reported in a separate section unless otherwise stated.

For further information

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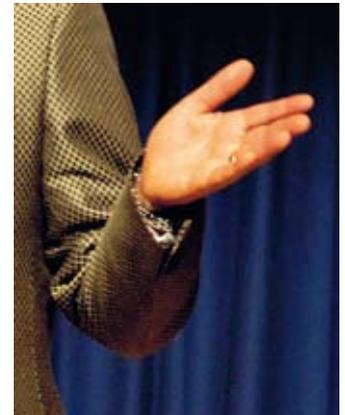
Elisabet Johansson, Head of Investor Relations

Mats Ekdahl, Head of Environment and Process quality

More information about Posten's sustainability efforts and Posten's environmental policy may be found at www.posten.se.

Responsible development in a changing world

Responsible development strengthens our competitiveness and increases the level of confidence our customers and the general public have in Posten.



Posten is performing well. Once again we can show a strong improvement in our results and we are surpassing our financial goals. Now that we are publishing our Sustainability Report for the second year in a row, we want to show how our efforts towards sustainability support our business goals.

Customer in focus

Good customer relations are a condition for Posten's competitiveness and profitability. Through increased marketing effectiveness and more meetings with customers, we have improved our customer relations and created more opportunities for business. This has allowed us to take advantage of an upswing in the economy.

The employees' health and work environment, as well as their participation and ability to exercise influence are highly prioritized areas. Therefore, it is especially pleasing to see that healthy work attendance continues to develop

positively while our employee surveys show that Posten's employees are increasingly satisfied with their jobs. In three years, sickness absenteeism has been reduced by one percentage point. This corresponds to approximately one million working hours, or a reduction of 100 MSEK in sickness costs.

Improved environmental effectiveness

Posten's focus on environmental issues is a significant factor for Posten's competitiveness and profitability. As the awareness of ongoing climate change continues to grow, the environmental demands on the transportation sector are increasing. Our most important environmental goal is to reduce Posten's impact on the climate. This goal should also exist according to our universal service obligation, which requires post to be sent and received every weekday, 52 weeks per year nationwide. Furthermore, our logistics business is experiencing robust expansion, which entails

more transportation kilometers to be driven.

Therefore, it is important that we continue to optimize transports and mail carrier routes, and to educate more drivers in effective driving while simultaneously upgrading our vehicles. Even now, Posten assumes responsibility in excess of what is required by current legislation. The results from the attitude survey Satisfied Customer Index (CSI) and the competition index (KKI) show that those customers with unambiguous environmental demands have strong confidence in Posten's environmental efforts.

Changing patterns of communication

For over 370 years, we have fulfilled society's shifting demands and expectations. For Posten, change is the rule rather than the exception. I believe that the changing communication patterns of the last decade are the greatest challenge of our time. Posten's role is to help



” *The sustainability efforts are a part of our business and our service offer to the customer* ”



its customers reach every recipient as reliably and cost-efficiently as possible.

With the acquisition of Stralfors, Posten is positioning itself in the interface between physical and electronic communication. Our extensive service offer allows customers a greater array of choices for making their business and client communication more effective. Stralfors also provides a platform for the imminent deregulation in Europe.

Posten does not only respond to change. We are a part of creating the changes. Within the fast-growing distance trading sector, our nationwide infrastructure and distribution capacity has meant, among other things, that small Swedish companies in rural areas can reach receivers over the entire world.

At the same time, the convenience and flexibility of being able to pick up ordered goods at the closest retail outlet on days, evenings and weekends, are important factors for why Swedes

choose to buy goods from afar. For consumers, our accessibility is better today than it has ever been. In 2006 Posten also completed the reprofiling of our retail outlets and the business centers, thus making it clearer and simpler for our customers to find the right services.

An excellent platform for facing the future

We have reason to be proud of what we have accomplished this far. Above all, we are in an excellent position to take on the future. Through our specialized new operational structure put into effect on January 1, 2007, with specialized companies for messaging and logistics in addition to Stralfors, we have established a supportive structure for our vision and mission. We will improve our future competitiveness. We will help strengthen our customers' businesses by making their messaging and goods flows more effective while also establishing superior receiver relations with all of Sweden's households and businesses.

Meeting high expectations is crucial when it comes to our goals for winning public and customer confidence. Posten's customers expect deliveries with unparalleled breadth and precision. We will not be satisfied until all of our customers - both private individuals and business partners - feel that they have access to the world's best postal system.

The universal service obligation is an important part of Posten's business. In the same way, our sustainability efforts are a part of our business and our service offer to the customer. This is why we work hard to make Posten a responsible company with satisfied customers both now and in the future. This report will tell you how.

Solna, May 2007

Erik Olsson
President and CEO

Posten is a successful and business-focused player

Posten works in a rapidly changing market. Posten's successful operational development and change processes are made with employees, the environment and society in mind.

Posten is the leading player on the most deregulated postal market. Posten's nationwide infrastructure is a unique asset which also ensures Posten's duty to provide nationwide postal service. By making it possible to send mail that reaches receivers within one day, whether they live in rural areas or a large city, Posten is an active contributor to the nation's social-economic development.

Sustainability efforts support Posten's business objectives

Posten's five Group goals will create the conditions for a long-term sustainable profitability. Corporate management has the ultimate responsibility for the sustainability issues. The Board sets out the corporate policies which guide Posten's various operations and which are followed up through the operational system. Corporate policies for the environment, ethics, work environment and health as well as employee citizenship and leadership guarantee that environ-

mental issues are a part of daily operations. Managers in Posten are responsible for creating conducive conditions for employees to act in accordance with established policies and guidelines.

Sustainability-related data such as the Satisfied Customer Index (SCI), the VIP employee satisfaction index, and Posten's environmental image are constantly being measured and reported to the executive management throughout the year.



Vision

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

New organization with a customer focus
As of January 1, 2007, Posten operates through four specialized operating units: Messaging, Stralfors, Logistics and Cashier Service. This helps Posten in its aim to offer its customers more specialized service and continue to clarify its service offer. For Posten's employees, this division opens new opportunities for professional education and specialization, as well as increased mobility within the group.

Business targets and results 2006

		Result 2006	Target 2006
Profitability	Return on equity (ROE), %	19%	10%
	Equity-assets ratio, %	33%	25%
Cost-efficiency	Cost/Income ratio, %	92.6%	97.5%
	Quality, %	95.4%	97.1%
Competitiveness	KKI	72	71
	Reputation capital	62	66
Employees	Corporate Image	0.06	0.4
	Sickness Absenteeism, %	7.8%	7.5%
	VIP Index	64	65



Mission

Posten’s mission is to connect people and businesses by delivering mail reliably, cost-effectively and on time. Posten aims to create outstanding customer and business value by combining conventional and electronic mail.

Commission

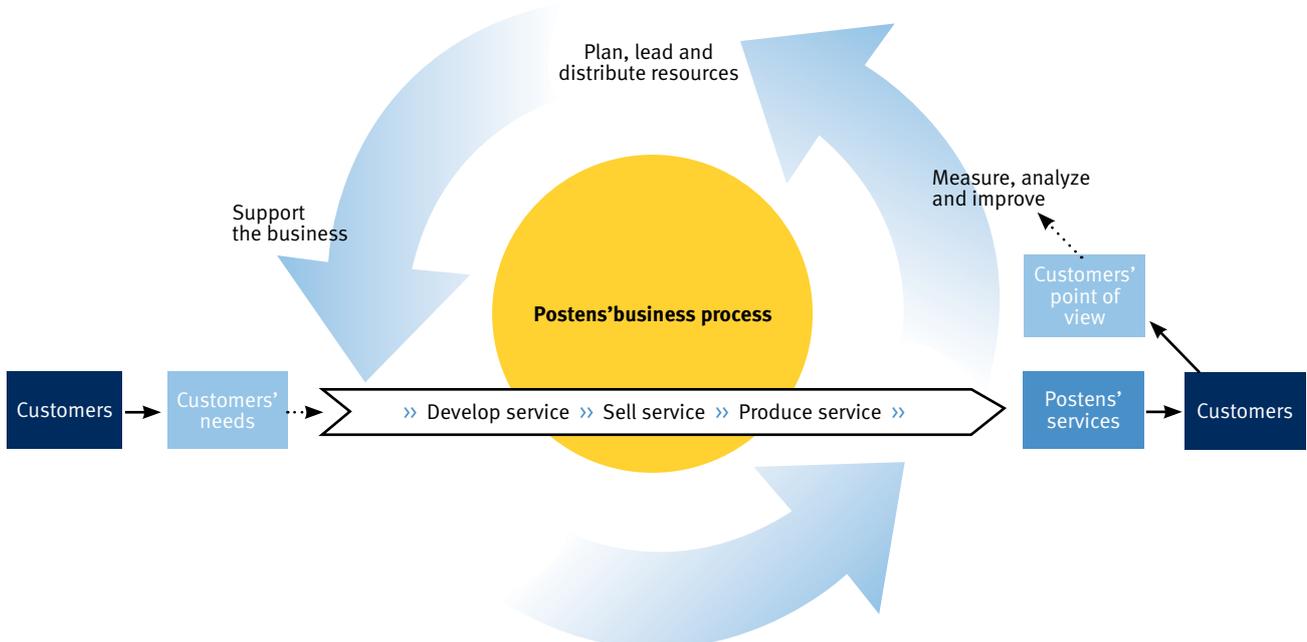
Posten’s task is to guarantee the distribution of mail and parcels throughout Sweden, while also increasing the value of the State’s share in the company. Posten is also mandated by the State to provide nationwide financial transaction services, which are covered by the subsidiary Svensk Kassaservice.

Corporate strategy

Posten’s unique specialist competence and infrastructure for effective messaging and logistics flows in the subsidiaries, combined with the market’s broadest receiver relations and market presence, will foster competitiveness and growth.

Sustainability efforts - integrated into Posten’s operations

Posten’s business system is fully certified in adherence with the environmental standards for ISO 14001 and the quality standards for ISO 9001. The environmental and quality standards are anchored with Posten’s executive management and are integrated throughout the entire company.



Active stakeholder dialogue supports sustainability efforts

Posten's success depends on its ability to respond to the needs of its customers and understand changes in the business environment. An ongoing dialogue with the company's stakeholders is a part of Posten's business development.

Posten's operations have an impact on many people, which translates into serious demands and expectations for responsible actions. Posten strives for an active stakeholder dialogue both on a corporate and local level in Sweden. The dialogue contributes to developing long-term relations with stakeholders, while it is also an important part of developing the business and identifying the company's most prioritized sustainability issues.

Read about Posten's cooperation and dialogues with customers and strategic partners, as well as the ongoing dialogue with employees in the separate section on pages 8–14.

Ongoing dialogue and communication

For service and accessibility issues, Posten communicates with organizations including pensioners' associations, handicap organizations and representatives from sparsely populated areas. In joint projects with the DHR (national association for people with mobility impairments) and the Swedish Disability Ombudsman, Posten has taken additional measures in 2006 to modify locations and facilities where obstacles have been identified.

Posten is owned by the Swedish state, which has helped form policies for issues including workplace equality, healthy workplaces, environment and

diversity. In addition to the annual meeting, important issues are discussed and coordinated via Posten's Board of Directors. In connection with the acquisition of Stralfors, Posten also presented its operations to the Parliament's standing committee on economic affairs during the past year.

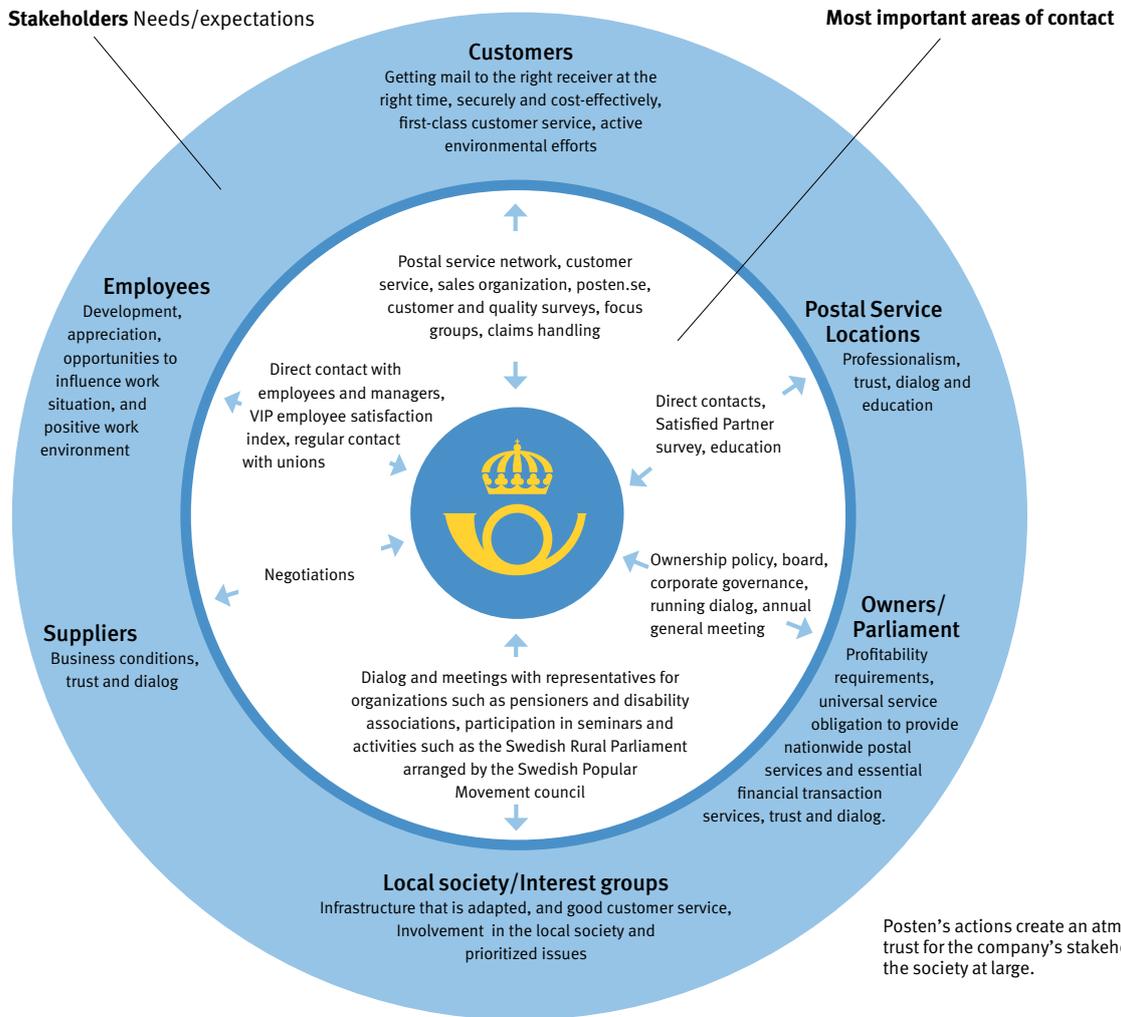
Posten has regular contact with authorities, such as dialogues concerning Posten's duty to provide nationwide postal and cashier services, an area supervised by the Swedish National Postal and Telecom Agency (PTS). As a result of PTS' recommendation that shared mailboxes be established in multi-family houses by 2011 at the latest, Posten is working together with the Forum for Shared Mailboxes in order to ease the transition. Other postal companies and union organizations are also a part of the network.

Posten participates in several projects that aim to further develop sustainability efforts. For example, Posten has become a member of CSR Sweden, together with about 20 other large companies. CSR Sweden is a network that aims to integrate social responsibility into the companies' day-to-day activities. The group also participates in the environmental project Future Trade, which is a voluntary agreement between the government and a number of companies, municipalities and regions.

Added value per stakeholder, SEKm		2004	2005	2006
Stakeholder, generated value				
Customers	Earnings	25,556	25,581	28,036
Stakeholder, distributed value				
Suppliers	Transportation costs	4,327	4,688	4,998
	Cost for premises	1,443	1,362	1,492
	Other	4,540	4,671	5,546
Employees	Payroll	8,211	8,137	8,587
	Social insurance fees	3,716	3,843	4,001
	Pension costs	1,018	1,082	1,146
	Other personnel costs	300	264	329
City and municipality	Taxes	-25	-33	-370
Lenders	Interest	114	106	122
Owners	Dividends	150	175	400
Society	Investments in society ¹⁾	25	27	29

¹⁾ Investments in society pertain to voluntary donations and investments in society where the primary receiver is not a part of the company. Investments in society may include the following: Contributions to philanthropy, non-political organizations, research institutions not associated to the company's own division for research and development, and to social infrastructure (such as sports facilities, schools and health care facilities which may also benefit the employees and their families, although not infrastructure that supports the company's core operations), as well as to social programs and events such as educational initiatives. The sums provided correspond to the actual costs during the period. Promised contributions and investments are not included.

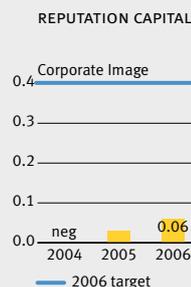
Postens' important stakeholders



Posten's actions create an atmosphere of trust for the company's stakeholders and the society at large.

Corporate Image

Posten's goal is for all corporate and strategic partners, customer groups, and other stakeholders to have a high level of confidence in Posten. Progress in this area is tracked through TEMO's Corporate Image. The goal for Corporate Image is based on the assumption that the Cashier Service issue is firmly resolved during 2005. The latest measurement for Corporate Image shows that Posten's scores improved for the third consecutive year.



Increased customer focus in new organization

Posten is increasing customers' competitiveness by supplying world-class communication and logistics solutions. With a clearer focus on customer relationships, Posten is strengthening its service offer and meeting the customers' increasing demands for specialist competence.

Almost all of Sweden's companies and households have some kind of customer relationship with Posten. Through its broad reach to 4.5 million households and 900,000 businesses, Posten has a competitive advantage compared to other players on the Swedish market. More than 90 percent of Posten's revenues come from contracts with business customers. The largest customers, corresponding to almost half of Posten's total sales, are in the banking and finance sectors, trade and industry sectors, or are government authorities.

Closer to the customers

A strong customer orientation is a condition for Posten's future success. Within the framework for the 2004-2006 action program, a number of activities have been conducted during the year to strengthen Posten's relationship with customers and also to create new business opportunities. As a part of these efforts, the executive management was directly involved in cultivating relationships with several of Posten's largest customers.

More effective sales have been the primary focus for 2006. The goal was to increase effectiveness when meeting with the customer and to create a general group-wide commitment to sales. Customer visits have increased for both existing and new corporate customers and in total Posten arranged over 200,000 meetings with customers. Based on the customers' demands for a straight-

forward and competitive business partner, and on the various conditions on the messaging and logistics markets, Posten has decided to operate in a new operational structure as of 2007. The purpose of the structure is to develop specialist competence and thereby create conducive conditions for corporate customers to succeed.

Meeting customers' needs

The ability to adapt and keep pace with the business environment is crucial for Posten's long-term competitiveness. Posten is well-equipped to maintain its position as a successful player in a market undergoing great changes.

Offshoring and outsourcing trends mean that logistics customers are transferring full or partial responsibility for the logistics chain to Posten. Within the rapidly growing area of distance trade, which includes many of Posten's smaller corporate customers, effective logistics is often a business-critical function. Posten also supports consumer-focused companies with effective solutions for their private customers such as text message notification, choice of pick-up point or identification requirements for increased security during parcel pick-up.

The physical letter is an obvious part of companies' and authorities' communication with private customers. At the same time, an increasing number of customers want the ability to adapt both the message and the form of communi-

cation to their target groups. In order to rationalize the customers' messaging flows, Posten is developing new services that combine electronic and physical mailings. The integration of Stralfors strengthens Posten's competitiveness, since the core business of Stralfors lies in the interface between electronic and physical communication.

Swedish companies' advertising and media investments increased heavily in 2006. The demands for more effective direct mail have contributed to strong growth for Posten's direct mail services. The core of Posten's direct mail offer is comprised of nationwide distribution services with a unique reach and accuracy, a combination that has made Posten a market leader.

Commitment brings outstanding quality

Customers have to know that they can count on Posten to deliver with the highest quality – every day. Posten's quality policy obliges all employees to take responsibility for the quality of their work. Every manager should ensure within his or her own area of responsibility that the policy is clearly described and applied and that the employees adhere to the policy. Striving for quality in all areas is fully in line with Posten's vision to deliver world-class communication and logistics solutions. It is also a key condition for satisfying customers. Posten's core business is covered under one quality assurance system, which is

ISO 9001-certified and which provides additional support in managing and structuring the daily work.

The delivery performance that applies to overnight deliveries, or the letters to be delivered within one day, entail that at least 85 percent of the mailings should arrive within 24 hours, as outlined in Posten's universal service obligation. In 2006 the delivery performance of overnight deliveries was 94.7 percent, which positions Posten among the world's leading postal companies.

More valuable dialogue with more satisfied customers

Strengthening Posten's consumer confidence continues to be a prioritized focus area. The most important tool for measuring the progress of the total customer satisfaction is the Satisfied Customer Index (CSI), which is regularly used to survey Posten's customers. CSI measures the level of service, performance, and range of services. During the year, CSI improved by one point to reach 62. The greatest improvement was for large contract customers. Posten's efforts to increase market presence are noticeable in key quality areas such as customer contacts and sales.

Despite steady positive development among the smallest corporate and private customers, the levels are still too low. As a part of improving relations with these customer groups, Posten has made changes in order to better find the right solutions and services. Posten is continuously implementing measures in response to the CSI results. For example, in the fall of 2006, Posten initiated a corporate project to improve claims handling by using the information received about the claims more effectively.

Improved competitiveness

Posten should always provide competitive services of the highest quality. Posten's competition index (KKI) measures the degree to which customers believe that Posten's services are good value for money and easy to use. The index also measures delivery assurance. KKI increased by one point to 72 in 2006. The goal for 2007 is to increase KKI to 73.

More points of service

Posten's business centers function as a nearby point of contact and local partner for businesses throughout Sweden. The business centers can assist the customers with everything from pick-up and delivery of letters and parcels to solutions that support the entire sales flow. Private customers encounter Posten mainly through the postal service centers and stamp retailers.

Otherwise, central points of contact are Posten's website, Posten.se, and Posten's customer service. As a result of a customer survey on Posten's website, Posten re-launched Posten.se in the fall of 2006. The most requested functions are now available directly on the first page. Each day Posten.se receives 70,000 visitors who are searching for information about various services or making contact with salespeople and market specialists.

Posten's customer service manages Posten's service issues and claims. It also functions as a support for sales and manages telephone contact with various service groups. Posten's ambition is to be the best when it comes to customer service and claims handling in Sweden. The quality of the customer relations is followed up through the customer survey

ServTrack and Bright Index, the Nordic region's largest comparative survey between call centers. Results in 2006 have continued to be positive. Clear improvements have been noticed in areas such as customer perception of Posten's manner of reception, and ability to quickly handle questions and solve problems.

Specialized customer service

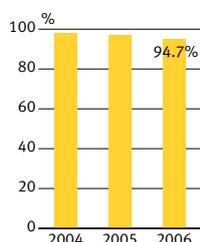
A prioritized goal is to simplify customers' contact with Posten. Eighty percent of all general questions should be solved during the first contact – a target that has been met during the year. In the new operational structure, specialized customer services are organized for each company in order to continuously improve the service to customers.

Each day, Posten handles approximately 20 million mailpieces. In relation to this, the total number of claims made during the year totaled 162,000, which is marginally higher than the previous year. This is a result of increased sales volumes, which is why the proportion remains unchanged at a low 0.003 percent of sent mailpieces.

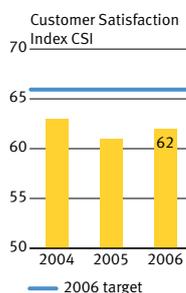
Customer security

On the increasingly international market in which Posten operates, customer security is becoming ever more important in both logistics and messaging. Posten's security routines are certified according to BS 7799 and ISO/IEC 17799. These entail systematic methods for planning, executing and measuring the result of Posten's security efforts. The certification also makes it easier for Posten to provide the right kind of security for the customer, which improves the trust in customer relations.

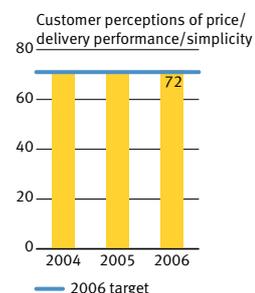
DELIVERY PERFORMANCE, PRIORITY MAIL, 2004-2006



REPUTATION CAPITAL



COMPETITIVENESS



Postal service locations and suppliers

Posten's relations with its strategic partners should be characterized by long-term cooperation and mutual development.

The network of retail outlets has increased accessibility in Posten's service network. By cooperating with strong brands that have a nationwide network of shops, Posten's customers can do postal errands while also grocery shopping or buying the evening paper. In addition, the business centers run by Posten are the primary local point of contact for corporate customers.

Simpler and more defined

In the spring of 2006, the reprofiling of the retail outlets postal service locations and business centers was completed. The reprofiling efforts aimed to clearly indicate the services offered at each location. Clearer signs and a streamlined assortment of products were a few of the noticeable results for private customers. In order to ensure the service level, each postal service location has

selected one person who is responsible for Posten's services.

Improved physical accessibility

In addition to more locations and extended opening hours, it should also be easier to arrive at and enter the service locations. Therefore, Posten has taken additional measures in 2006 to remove obstacles at certain locations, in order to improve accessibility for those with mobility impairments. For those few locations that still do not fulfill Posten's criteria, Posten has created an action plan to modify the locations by 2010 at the latest.

Generous opening hours bolster distance trade

The postal service locations receive financial compensation from Posten in exchange for providing Posten's assortment and handling the customers'

postal errands. The postal service locations are thus responsible for meeting clearly defined requirements such as accessibility, good business ethics, and above all, professional reception of customers. In order to ensure that the service locations fulfill Posten's requirements and participate in Posten's business development, a continuous dialogue is maintained between the parties. Posten also conducts training intended to improve and develop this cooperation. In 2006, Posten decided to introduce a certification program to ensure the quality of customer reception at the postal service locations. All store personnel must complete the program in order to be certified as a postal service location.

Satisfied partner index, SPI

The cooperation with Posten's service locations is followed up by the Satisfied

Postal Retail Service Network

1,600 authorized retail outlets	2,200 authorized stamp retailers	380 company centers
Private customers and small business	Private customers and small business	Private customers and small business
Stamps and assortment of pre-paid postage products	Stamps and assortment of pre-paid postage products	Stamps and assortment of pre-paid postage products
Sending mailpieces, sending and receiving parcels	Sending mailpieces	Sending mailpieces, sending and receiving parcels
		Postal service, post-office boxes, mass mail



Partner Index (SPI), in which all postal service locations answer questions about the quality of cooperation twice per year. This evaluation helps identify areas for improvement and further action. For the 2006 Satisfied Partner Index, Posten surpassed its goals. SPI totaled 77, which is two points above the goal.

Long-term relations and effective purchases

Posten strives to develop long-term supplier relations based on mutual trust and strict professionalism. The project Effective Purchasing is aimed at coordinating, rationalizing and organizing the purchasing process. By increasing the number of central framework agreements with fewer suppliers, Posten can achieve the greatest cost savings. This also allows Posten to make the same demands of all suppliers, and to better follow up results. With fewer local agreements, Posten has been able to reduce the number of suppli-

ers by less than half, and today 80 percent of purchasing is done through about two percent of suppliers. This work has reduced costs by SEK 270 million between 2004 and 2006, and greatly increased the level of confidence in contracts during the same period

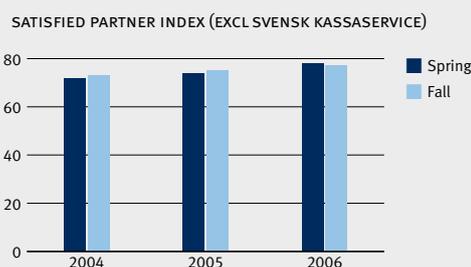
Posten imposes stringent environmental demands on purchased products as well as suppliers. Suppliers whose contracts exceed SEK 500,000 per year must make environmental assessments. The best alternative from a security perspective should be chosen and Posten also conducts security audits. In accordance with the guidelines in Posten's corporate-wide purchasing policy, Posten's ethical rules are considered in all procurement processes. At Posten receiving inappropriate gifts is unacceptable.

The suppliers are expected to support Posten's development and strengthen the service offer to Posten's customers, and

in turn the relationship with Posten should also enhance the suppliers' businesses. In order to exchange knowledge and experience, Posten arranged the first Supplier Day in the fall of 2006. Almost 200 of Posten's largest and most important suppliers met with Posten in order to discuss how the relationships can be further improved. Cost effectiveness, high-quality and the drive to constantly improve are guiding principles for Posten's relations with its suppliers.

Satisfied Partner Index

The cooperation with Posten's service locations is followed up by the Satisfied Partner Index (SPI), in which all postal service locations answer questions about the quality of cooperation twice per year. This evaluation helps identify areas for improvement and further action. For the 2006 Satisfied Partner Index, Posten surpassed its goals. SPI totaled 77, which is two points above the goal.



Committed, customer-focused employees

The commitment and goal-oriented work of Posten's employees forms the foundation for Posten's ongoing positive development. All Posten employees are responsible for promoting excellent employee citizenship, business results, and customer relations.

A good work environment is a condition for a committed involvement and good health. To this end, Posten works with three focus areas based on Posten's group-wide goals for employees: Employee citizenship, leadership, and health.

Employee citizenship for strengthened customer relations

Employee citizenship within Posten is built upon relations with colleagues, customers, suppliers and other stakeholders. It should be a source of both work satisfaction and motivation. In order to further improve Posten's customer relations, employee citizenship is based on five cornerstones: Customer focus, professionalism, confidence and quality, improved customer relations, and personal responsibility. With these cornerstones as a base, Posten kicked off the second round of its group-wide activity "Internal Dialog" which involves all employees in discussions addressing highly important issues for Posten. The response from employees, supervisors and managers has been very positive.

Each year employees at Posten have career development meetings with their most direct manager. In 2006, the quality of these meetings has been improved by more clearly connecting the employee's and unit's contribution to the group's general goals.

Leadership - a decisive factor

Unambiguous leadership is necessary for helping employees develop and for gen-

erating effective results. Competent and motivated managers contribute to a positive work climate and increased commitment. All Posten's managers are offered the opportunity to take Posten's corporate leadership course where they can learn more about different work areas. Approximately 900 managers completed the course in 2006. This means that 87 percent of all managers have been trained in leadership issues.

Based on its ambition to have clearly defined leadership roles, Posten is working with 10 key factors that affect employees' work climate and their results. These factors aim to help every employee exercise influence on his or her own personal development in order to reach set goals, gain respect and recognition, and to be rewarded for effort spent. With regard to operative personnel issues, Posten's service center, HR-direct, works mainly as a support for managers and employees. The service offers help with questions concerning recruitment and training, and assists in arranging contact with external suppliers that Posten engages for education and personnel development.

Focus on health

Posten works systematically with health efforts through promotion, prevention and rehabilitation services. Preventive health measures and activities to reduce sickness absenteeism are two of Posten's top priorities. Reduced sickness absenteeism brings both improved quality of life for individual employees and cost savings

for Posten. Posten's group policy for work environment and health recommends, among other things, that all employees take personal responsibility for their health and cooperate to foster a positive workplace environment.

Successful projects

The Method for Reduced Absenteeism has produced good results. The method uses a health questionnaire that each employee answers, thus providing feedback and opportunities to support projects at both the individual and group levels. Posten has created a special project group that supports the managers in their local efforts. Application of the method was initiated in central Sweden during the year and concluded in Northern Sweden. In total 14,000 employees have participated in the project during 2006.

Sickness absenteeism fell in 2006, and the goal is to see further reductions in the upcoming years. To help reach this goal, Posten has reserved SEK 100m for health initiatives. This should be seen in relation to the fact that increased healthy attendance has thus far reduced costs for sickness absenteeism by SEK 100m since 2004, corresponding to approximately one million work hours. Fewer employees on sick leave has also brought health insurance premium payments to Posten's insurance association down from SEK 240m in 2006 to SEK 193m in 2007.

Health reporting for the future

In order to better follow health developments, Posten presents an internal report of health figures for its primary health initiatives. Within the Posten group there are also a large number of local initiatives that contribute to improved health. Posten's ambition is to support a holistic view of health in all areas, on all levels. This also applies within the framework of the ongoing rationalization activities. For example, Posten has begun, and will continue to give employees greater responsibility and work rotation as a part of its efforts to make mail processes more efficient.

Local role models and rehabilitation early on

Posten has its own health promoters who reinforce the local health initiatives. Posten's 1,200 safety supervisors play an important role when it comes to matters such as preventing injury on the job. As support for individual rehabilitation, Posten offers company health care through a general agreement with care providers.

Company health care plays a significant role for helping employees on sick leave to return to work. The success is based on a clearly defined rehabilitation process for those on long-term sick leave, and follow-up discussions with those employees who repeatedly become ill. Furthermore, there are continuous

efforts to improve the work environment through promotion and prevention projects.

Tools for promoting health

Posten uses a number of tools to support and maintain a positive work environment and promote health in order to reach its health objectives, such as *Cost of Sickness calculation and Web-based work environment questionnaire*.

Traffic safety is a high priority for Posten. In early 2007 Posten launched an e-learning module for traffic safety and first aid. Another purpose of the training is to reinforce prevention efforts such as reducing speed. This benefits the environment by reducing the carbon dioxide emissions.

Cooperation with the union

A strong tradition of dialog and cooperation with the union organizations has provided Posten with many of the human resource tools it now utilizes. Participation agreements covering all Posten employees regulate issues such as the level of influence and participation union representatives have in personnel issues. Each workplace should conduct regular workplace meetings and participate in a team including representatives from both Posten and the union. Posten has signed a framework agreement with the following union organizations: the

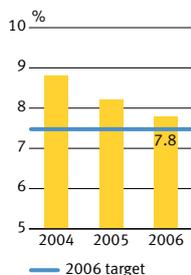
Union for Service and Communication Employees (SEKO), the Swedish Confederation of Professional Associations (SACO), and the Swedish Confederation of Civil Servants (ST).

The unions have participated in creating the VIP employee satisfaction survey and the placement program Futurum. In situations of redundancy, Futurum offers personal counsel, practical support in searching for a new job, and opportunities for further education or starting a business. Thus far, 84 percent of Futurum participants have found a solution during the course of the program. Another example of initiatives resulting from union cooperation is "Accomplishment Days", which gave every employee in the group up to two free days in order to partake in the outstanding earnings accomplished in 2005.

Equal opportunities and diversity

At year-end 2006, 40 percent of Posten's workforce was women and 60 percent men. Women fill about one third of the management positions. Each manager is responsible for having an overview of the recruitment process, ensuring the implementation of local equality plans and identifying salary differences in order to have as equal a gender division as possible. Of the company's employees, about 18 percent have a non-Swedish background, with about

SICKNESS ABSENTEEISM 2004-2006



In 2006, sickness absenteeism at Posten improved, landing at 7.8 percent. Reduced sickness absenteeism means both an improved quality of life for the individual and cost savings for Posten. In order to reach the 2009 goal of 6.7 percent for sickness absenteeism, Posten will continue to make systematic health-improvements through promotion, prevention, and rehabilitation efforts.



70 nationalities represented. The employees' different backgrounds and experiences are an important resource for Posten. Posten has all of Sweden as a customer base, and it is important to reflect the society and develop communication with various target groups. The diversity initiatives are business-strategic projects that contribute to strengthening Posten's competitiveness. During the year, the Discrimination Ombudsman (DO) conducted an audit of how the state-owned companies approach diversity issues. In the audit, Posten's diversity efforts were described as highly organized and suitable.

Within Posten there are several projects that address equality and diversity. One example is Segeltorp's Postal terminal, a multicultural workplace with employees representing almost 20 different nationalities. Information and education are central elements of creating a work climate founded on mutual respect and understanding. All employees participate in a course that addresses such issues as cultural misunderstandings and language mix-ups. People with language support needs participate in Swedish lessons. The measures initiated by the terminal's management group have received a greatly positive response from both employees and managers and have helped strengthen confidence in Posten.

Posten – an attractive workplace today and in the future

As one of Sweden's largest employers Posten offers excellent career development opportunities. At the same time continuous work is necessary to ensure that employees have the right skills to meet the customers' needs. In total 58,000 hours were devoted to internal training of Posten's employees in 2006. With contributions from Posten's study stipends for external studies at colleges and professional vocational schools, employees can further deepen their knowledge in subjects relevant for Posten's business. For example, employees are offered individually tailored university degrees in logistics.

At Posten, competence renewal is about utilizing new skills, both internally and externally, and to downsize responsibly. The new operational structure opens new development and career opportunities for employees throughout the entire Posten group. By offering young people extra work during the weekends and school vacations, Posten becomes an important stepping stone into work life. Before Christmas Posten employs over 8,000 people, mainly teenagers in school, to handle the increase in letter and parcel volumes. The extra employees at the letter and parcel terminals comprise almost a third of the total workforce. Contacts with schools and universities are important for attracting young, potential future employees. For fifteen years Posten has sponsored logistics days, a theme day about logistics for business owners, organized by students at Växjö University. Posten also contrib-

utes with guest lectures in logistics and systems science programs.

VIP – Posten's employee satisfaction index

Posten's VIP employee satisfaction index is one of the company's most important tools for following up employee goals and strategies. The four areas measured are employee citizenship, leadership, quality and goals. The VIP index measures how employees perceive their work situation. The results of the index comprise the basis of decisions and activities for workplace improvement. The VIP Employee Satisfaction Index continued to develop positively in 2006, improving by one point to reach 64. The improvement was mainly noticeable in the quality factors confidence and leadership. The index goal for 2009 is a score of 66.



Key figures	2006	2005	2004
Average number of employees	33,354 ¹⁾	33,520	35,731
thereof abroad	1,534 ¹⁾	836	1,432
Employees on monthly salary ²⁾	29,424	31,326	34,616
Personnel turnover % attrition	5.2	4.8	4.1
Personnel turnover % total	15.8	14.9	13.2
Average age ¹⁾	42	41	42
Absenteeism as a percentage of work hours ²⁾	7.7	8.2	8.8
Absenteeism, with benefits	27.6	29.6	32.1
Absenteeism, without benefits	20.7	22.3	25.2
ViP employee satisfaction score, excluding Cashier Service	64	63	62
ViP employee satisfaction score, Cashier Service	73	73	67

¹⁾ All employees in Posten incl. Stralfors.

²⁾ All employees of Posten AB, Poståkeriet Sverige AB and Svensk Kassaservice AB.

Market leading logistics with a distinct environmental approach

For Sweden's largest transportation players, active environmental efforts are a central part of business. The environmental efforts help contribute to sustainable development while also strengthening Posten's competitiveness.

Posten's large-volume transportation of mailpieces is a basic condition for private individuals and companies to sustain activity, whether in large cities or rural areas. Posten's unique delivery assurance and reach resulting from its duty to provide nationwide mail and parcel service makes Posten an attractive business partner. At the same time, these demands have implications for Posten's environmental efforts. Posten's road transports total over 300 million kilometers annually, resulting in 182,500 tons of carbon dioxide emissions in 2006. Posten's ambition is to offer resource-effective logistics solutions with the least possible environmental impact.

Strategic environmental efforts focused on transportation.

According to the Swedish Environmental Protection Board, approximately one third of the carbon dioxide emissions in Sweden come from the transportation sector. In 2006, the ongoing climate change debate has received a great deal of attention. This has further increased the public's demands and expectations that the industry actively work to reduce its environmental impact. As a large player in the transport sector, Posten has a special responsibility to promote sustainable development.

Environmental audits of Posten's business show that Posten's road and air transports clearly represent the largest environmental impact. The audit forms the basis of Posten's envi-

ronmental policy, which focuses on transportation and commits Posten to a level of environmental responsibility that goes above and beyond the current legislation. All of Posten's managers are responsible for making environmental awareness a natural part of business in their own divisions. *Read the entire policy at www.posten.se*

Objectives

The overarching aim of Posten's environmental efforts is to reduce greenhouse gas emissions from its transportations. Posten will reach its 2007 target of 175,000 tons by systematically improving the environmental effectiveness of its operations. The emissions reduction achieved during the year despite volume increases in Posten's logistics services is just one result of the ongoing efforts and activities related to environmental goals.

Projects for increased environmental effectiveness

In 2006 Posten's total carbon dioxide emissions totaled 600 grams per transport kilometer. This key figure is used within Posten to measure the group's environmental effectiveness. More effective road and air transport combined with increased train transportation results in lower carbon dioxide emissions per transport kilometer.

As of 2001, most of Posten's non-priority mail has been transported by rail rather than roads between

Posten's major mail processing facilities. A lifecycle analysis shows that this has reduced non-priority mail's effect on climate change by approximately 40 percent. Posten's rail transport fulfils the Swedish Society for Nature Conservation's requirements for a Good Environmental Choice.

An important goal for Posten is to reduce the relative fuel usage (liter/10 kilometers). Improved fuel effectiveness also results in reduced carbon dioxide emissions and costs. Therefore all of Posten's drivers are educated in fuel-efficient driving. The training can reduce the relative fuel usage by up to 10 percent. In 2006, approximately 500 postal mail carriers have been trained. In total, approximately 8,500 drivers working with mail delivery have completed the full-day education.

Optimizing transportation

Posten is conducting the transport optimization project TOP, which aims to minimize transportation in relation to needs. Thus far TOP has resulted in 300,000 fewer driven kilometers, which reduced carbon dioxide emissions by 1,850 tons and reduced fuel usage by 700,000 liters.

Posten has environmental requirements for all procured transportation services. A few examples of these requirements are:

- The transporter should work systematically to reduce its impact on the environment. Whenever possible, only suppliers with ISO 14001 certification should be used.

- Heavy vehicles should be equipped with motors of Euroclass 2 or better.
- Tires should not have PAH-oil in the tread.
- Only environmental class 1 gasoline and diesel may be used.

Best possible vehicle

Posten uses around 2,100 electric motor vehicles to serve suburban communities. Furthermore, Posten has purchased over 5,000 mail delivery vehicles, which meet the requirements for environmental class 2005 (Renault Kangoo). Poståkeriet has three trucks that run on biogas. Tires re-treaded without PAH oil are used for both heavy and light vehicles. During vehicle maintenance environmentally safe products are used to the greatest possible degree. All service should be done at facilities that at least comply with current regulations.

One of Posten's goals is to allocate more transportation to trains from flights and trucks. Interactive technology is being tested in mail carrier trucks to achieve further reductions in fuel usage. Posten participates in the City of Stockholm's initiatives for coordinated technology procurement of ethanol-run vehicles. Poståkeriet has signed up for 10 trucks. The revised travel policy states that environmentally friendly transportation should be chosen for work-related travel as often as possible.

For example, the environmental taxi is the first choice in the Stockholm area.

Posten's fleet is continuously renewing its vehicles with improved environmental performance. Among other things, this means that nitric oxides and particle emissions are decreasing despite increased transportation. Carbon monoxide and hydrocarbons are already at low levels and are not much affected when Posten's air fleet is renewed. The newer EURO 3 and 4 vehicles were used in 2006 for over 40 percent of the driven distances within Posten's road transportation. EURO-0 and EURO-1 are almost completely phased out.

Clear environmental profile strengthens competitiveness

An increasing number of Posten's corporate customers consider environmental aspects when making purchases. Posten's attitude measurements Satisfied Customer Index (SCI) and the Competitiveness Index measure both customer perceptions of Posten's environmental efforts and the importance of considering the environment when choosing a supplier. The results show that those customers who make specific environmental demands, and thus have knowledge of Posten's environmental work, are generally confident in Posten's commitment to the environment. The ambition is to increase the knowledge of

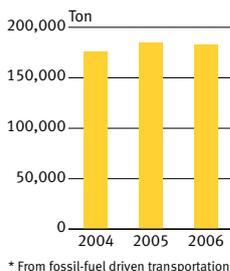
Posten's environmental efforts among those customer groups where awareness is still low. Through proactive environmental efforts, Posten strengthens its competitiveness and long-term profitability. Since the beginning of 2006, customer service has special routines for registering environmentally related customer complaints.

Systematic environmental efforts for constant improvement

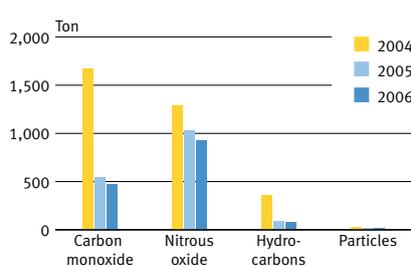
Posten conducts systematic environmental efforts, supported by the ISO14001 Environmental Management System standard. Environmental management is an integrated part of Posten's operational systems and in 2006 Posten confirmed that the entire core business is certified in accordance with the standard. Within the business system there are tools and routines for reporting deviations from environmental standards. As of 2006, Posten also handles environmental incidents within the C2 support system, where all employees can make suggestions for improvements, which are then forwarded to the relevant manager for a decision.

Environmental competence is a condition for integrating environmental issues into Posten's operations. All Posten's employees are trained in environmental issues. Managers and department heads take a mandatory advanced environmental diploma. They have spe-

TRANSPORTATION EMISSIONS, CARBON DIOXIDE

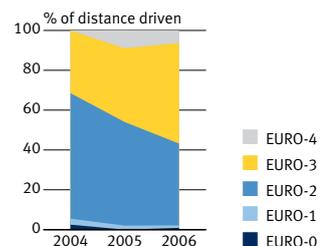


TRANSPORTATION EMISSIONS



Transportation emissions are calculated based on the usage of fossil fuels in Posten's domestic transportation system. The transportation methods included in the figures are vehicles, trucks and air-transport. The fossil fuels that are used are gasoline, environmental class-1 diesel, and jet propulsion fuel 1-A. The calculations for emissions per liter of fuel are taken from the Network for Transport and Environment, Luftfartsverket, and the Swedish Road Administration.

EURO CLASSIFICATIONS FOR HEAVY-TRANSPORT VEHICLES FOR POSTEN'S MAIL AND PARCEL PROCESSES



EURO classifications refer to the EU directives that regulate vehicle emissions. Classifications are made from 0 and upwards, with successively stricter environmental requirements. After transportation negotiations, Posten is required to meet the EURO-2 classification.

cial responsibilities in ensuring that Posten complies with existing environmental legislation and that environmental efforts are implemented proactively in each department. More than 1,800 managers and department heads have received the diploma.

Environmentally adapted services

Environmental awareness should be a core factor in the decision making process for all significant changes. For this reason, Posten conducts environmental impact assessments for corporate projects and changes, and when developing services. By mapping out environmental effects such as carbon dioxide emissions and noise pollution, Posten can ensure that it complies with environmental legislation. During the year the environmental impact assessments were conducted within Poståkeriet and Posten's Pallet network, and they were also done in connection with Posten's relocation of the Karlstad terminal. The environmental aspects are integrated into Posten's Development Methodology (PUM), which is used for all service and business development.

Posten uses life cycle analyses to map out the environmental impact of services. The analysis views the service's entire life cycle, including the sourcing of raw materials, production and distribution of energy (fuel, heat and electricity), mail handling and vehicle service. Life cycle analyses have thus far been conducted for services in priority and non-priority mail and for Posten's periodical services.

By using the life cycle analyses, Posten can offer an objective and comparable description of the environmental performance of its services. The distribution of periodicals became the first postal product in the world to be environmentally approved in accordance with the EPD system (Environmental Product Declaration). This environmental stamp of approval has been examined and certified by DNV (Det Norske Veritas).

Increased energy effectiveness

Posten actively works to reduce its environmental impact in many other areas. Reduced energy usage brings both environmental benefits and large cost savings for Posten. Posten is constantly working to become more energy efficient. For example, energy usage was reduced by a full 20 percent, which corresponds to annual savings of approximately SEK 10 million, after an energy effectiveness program was implemented at all sorting terminals.

In the fall of 2006 Posten reviewed its largest parcel terminals where energy usage increased after new parcel machines came into use. The parcel terminals' increased energy usage helps explain why the energy goal for the period was not reached. As a part of the follow-up work, Posten revised the energy plans for all terminals during the year. The energy project is also underway at the mail delivery distribution offices, with the goal of reducing the offices' energy consumption and improving the indoor environment. Thus far a review has been made of 45 offices, where the most important measures concern optimizing heating and ventilation and controlling lighting. The savings potential is approximately 1.5 million kWh, which corresponds to cost savings of 15 percent for these offices. The group's collective energy usage for the year totaled 113,500 megawatt hours.

Environmental demands for suppliers

Posten imposes stringent environmental demands on purchased products as well as suppliers. Whenever possible, Posten chooses suppliers who have ISO 14001 certification. Posten subjects all suppliers with annual billings in excess of SEK 500,000, or who have a particular environmental impact on Posten's operations, to environmental audits. Basic environmental requirements are an evaluation aspect of all suppliers.

Posten Post Stamp: environmentally licensed operations

In accordance with the provisions of Sweden's Environmental Code, Posten Post Stamp (Posten's philatelic arm) is permitted to manufacture printing cylinders for postage stamp printing. The cylinders are coated with chrome and copper. This process produces metalliferous waste water, which may have environmental effects when released into the sewage. Therefore, Posten Post Stamp has a closed system for waste water, which is handled by SAKAB AB. Posten Post Stamp meets all environmental criteria stipulated in the permit, with no deviations during the year. The operation is not deemed to pose any risk of causing material environmental impacts.

Commitment to a better environment

Posten participates in the environmental project Posten Environmental Network, PEN, where European postal companies exchange experience and knowledge in order to promote environmental best practices. Posten also participates in Future Trade, a dialogue project with several companies, municipalities and regions. Based on a vision of sustainable future trading, several environmental goals and commitments have been drawn up. Posten has signed all seven commitments, which include developing environmentally adapted services and using new and environmentally friendly technology. In order to spread knowledge of environmental issues in society, Posten helps finance the "Book on Environment", which is annually distributed for free to Swedish middle school and high school students.

Sustainable development at Stralfors – responsibility in the short and long term

Stralfors strengthens Posten’s competitiveness and provides a strategic platform for growth. The ability to meet rigorous demands for quality, risk management and environmental responsibility means that Stralfors is entrusted with increasingly challenging jobs.

Communicating from one to many

Stralfors is an IT-focused Business-to-Business company with a graphic tradition that develops and delivers effective communication solutions. The largest customers are primarily companies in banking and insurance, IT/telecom, pharmaceuticals, and those with loyalty programs.

Stralfors specializes in business-critical information from one sender to many receivers. Stralfors’ strategy is to grow by delivering time and

cost-saving logistics and supply solutions for information transfer, regardless of technology and material. From its Nordic base, Stralfors will continue to grow with its customers in Europe.

Sustainable development

The ability to fulfill rigorous quality demands using secure and totally effective solutions for information transfer is one of Stralfors’ most important competitive advantages.

Sustainable development for Stralfors involves ensuring that the customers’, the environment’s and Stralfors’ own demands for quality, security and the environment are implemented both strategically and operatively.

The sustainability efforts entail responsibility in both the short and long term: Profitability is seen in relation to the full range of corporate objectives, which factors in financial, social and environmental aspects. Stralfors customers are primarily in

- Customer demands
- Laws and regulations
- Standards
- Stralfors demands and responsibility for sustainable development



- Satisfied customers
- Sustainable development
- Profitability
- Competitiveness

Canal Digital – quality and environmental focus throughout the entire distribution chain

Canal Digital has chosen Stralfors as an end-to-end partner for managing all logistics from inventory management to distribution of original printed materials, smart cards, invoices, decoders and parabolic antennas. Shared order systems and traceable and coordinated deliveries via Stralfors’ central inventories ensure that Canal Digital can effectively reach receivers across the Nordic region at the right time, at the right cost, and with as little impact on the environment as possible.

The distribution process

Central inventory

All of Canal Digital’s deliveries are managed via Stralfors’ central inventory in order to minimize the number of intermediate transports.



Order

The shared order system enables Canal Digital to follow the order as it proceeds through the entire distribution process and reaches the end customer.



the pharmaceutical, motor vehicle, and banking industries. Therefore the company's risk management processes, which involve systematic protection of critical resources and secure handling of information, are an important aspect of the sustainability efforts.

Operational management

Like Posten, Stralfors' sustainability efforts are integrated into everyday tools and processes, and the company's operational systems ensure that Stralfors attains its objectives for sustainable development, profitability and competitiveness.

Quality

The process-based operational system keeps the focus on quality throughout the entire value chain and guarantees that Stralfors fulfils each customer's unique demands for supplier precision and production security. Stralfors' operations are guided both by the quality management systems certified by ISO 9001 and the industry-specific quality certificates.

For the core operations of information logistics, delivery precision is a central quality objective that is followed up through regular measurements. The system Stralfors Reliable Mailing (SRM) ensures that only those mailings that match the customers' transferred data are forwarded for postal distribution. SRM also allows for full tracking capabilities at the

mailing level. Continuous measurements show that Stralfors' delivery precision is close to 100 percent.

Risk management

Successful risk management guarantees that both the customers' and Stralfors' own demands for continuity, confidentiality, and secure information transfer are met. By constantly performing risk analyses, Stralfors identifies and monitors potential risks in each business area.

A group-wide control system is used to minimize the operative security risks. Information from the customers is often supplied electronically, which places extremely high demands on information security. Stralfors implements routines for protecting the customers' information assets against various types of threats. Additional measures include data encryption and personal confidentiality agreements.

Stralfors has several sensitive production facilities that are certified by EMV Europay, PCI (Payment Card Industry), and the "Safe Paper" guidelines published by the Swedish Bankers' Association. Stralfors also fulfills the English APACS security requirements. The risks for theft and break-in are reduced by constant investments in new security systems and products. As a part of these efforts, a new standard for physical access control has been introduced throughout the entire group during the year.

Environment

Improving the environment is a cornerstone of Stralfors' sustainability efforts. The new ISO 14001-certified environmental management system means that environmental requirements are integrated into the operational system. Each business area is responsible for setting and following up environmental objectives. More effective use of resources for the operational areas with the greatest environmental impact results in profits when carbon dioxide emissions and energy and material costs are reduced.

One such result achieved during the year was Stralfors' facility in Gothenburg, which reduced its energy consumption by 500,00 Kwh after implementing an energy efficiency program. For the operations in Ljungby, waste recycling increased to 90 percent in 2006, compared to 85 percent the previous year.

By coordinating and consolidating purchasing, deliveries (Logistics), and customer deliveries (Supplies) to the center in Ljungby, Stralfors is able to significantly reduce environmental harm from transportation. The need for transportation is further lessened when customers pay lower prices for larger orders. When possible, deliveries are made by train rather than truck.

Packing and managing orders

In order to ensure traceability and receiver accuracy for deliveries, each product can be identified by a unique bar code.



Direct Delivery

Each workday Stralfors handles between 1,200 and 1,300 orders that should reach the Nordic end customers within one day.



Transportation

Canal Digital's flow of goods is coordinated with goods from other Stralfors operations in order to reduce the number of transports and the environmental impact.



Delivery

Additional reduction of transports is achieved by coordinating the goods and distributing them out to the end customers by way of local distributors in each receiver country.



Sustainable development is a significant part of corporate governance

The Swedish State owns 100 percent of Posten. Value-creation is the overarching objective of all state-owned enterprises, and the Government is responsible for actively monitoring and managing state assets. The Minister for Industry and Trade is ultimately in charge of implementing the State's ownership policy and of appointing the boards of state-owned companies. Posten's universal service obligation is set out in specific laws and decrees.

State ownership policy and the Swedish Corporate Governance Code

The ownership policy encompasses issues related to corporate governance, such as the appointment of boards, financial reporting, annual general meetings, and approaches toward financial, social and sustainable development. The Swedish Corporate Governance Code is also a part of the government's ownership policy framework.

Annual General Meeting

The Ministry for Industry, Employment and Communications votes on behalf of the state at Posten AB's Annual General Meeting, and thereby appoints Posten's Board.

The Board's composition

Eight ordinary Board members were elected at the Annual General Meeting on April 26, 2006. Marianne Nivert was appointed as Chairman. Women comprise 62.5 percent, and men 37.5 percent of the Board. The average age of the elected Board members is 48 years.

Board of Directors' Actions

Rules of procedure / delegation of responsibility

Each year the Board determines the rules of procedure based on the model developed by the Ministry for Industry, Employment and Communications. The rules of procedure regulate such things as the Chairman's duties, the information to be disclosed to the Board, and the roles and responsibilities of the CEO and Board directors. According to the rules of procedure, the Board and the owner's representative must mutually agree on issues of crucial significance. Apart from the committees presented in this report, Board tasks are not divided among the members.

The CEO and other officers attend Board meetings in speaking or administrative capacities. In its ownership policy, the Government has made statements on a number of important policy issues related to financially, environmentally and socially sustainable development. The Board considers these questions to be important for society in general, and for Posten's role in society. Starting in 2006, Posten has decided to review its

work in these areas in a specific sustainable development audit.

Auditors

Posten's auditors are appointed for four-year terms at the Annual General Meeting. The Annual General Meeting appoints auditors. Since the shareholders' meeting in 2003 KPMG Bohlins AB has acted as the auditor, with Stefan Holmström as the managing auditor. The auditors meet with the Board at least once per year and also participate in a number of Audit Committee meetings (see above). Suggestions for auditors for the period 2007-2010 will be presented at the 2007 Annual General Meeting. As a representative of the Swedish National Audit Office, Staffan Nyström is appointed for a four-year term (from 2003).

Executive management

The CEO, assisted by the rest of the executive management team, oversees day-to-day business operations as outlined by the Board's rules of procedure and instructions. The relationship between the Board and the Chief Executive is defined in the rules of

procedure and in the Instructions to the CEO. The guiding principle for Posten's executive and subsidiary management is that it should be easy to make decisions, manage, and follow up on operations.

As of January 2007, Posten will have a new operational structure. The Parent company will be organized into two types of functions: The corporate strategic functions exist to maintain unanimity between the companies, manage the subsidiaries, and realize synergies between the companies, while the shared corporate units consist of non-business-specific support functions used by two or more companies, thus saving resources by avoiding redundant functions.

As of January 1, 2007, the new corporate management structure will consist of a general CEO and President, the heads of the seven corporate management functions, and the Vice Presidents for Posten Meddelande AB, Stralfors AB, and Posten Logistics AB. As of January 2007, two new corporate management functions will be established: Corporate strategy and Legal.

Posten's universal service obligation

The Swedish Parliament makes laws and establishes frameworks and guidelines for Posten's business operations in Sweden. These are based, among other things, on EU directives regulating the fundamental level of postal services in Europe, and on the Universal Postal Union treaty, which regulates international mail.

Legislation

The Swedish Postal Act and Postal Statutes outline the fundamental postal regulations. Moreover, Posten's provision of essential financial transaction services is regulated by the Essential Financial Transaction Services Act. Postal matters are primarily addressed by the standing Committee on Transport and Communications.

Posten's universal service obligation

The Postal Act mandates the provision of nationwide postal services enabling all residents in Sweden to receive addressed mailpieces weighing up to 20 kilos. The Swedish National Post and Telecom Agency (PTS) licenses Posten to run postal services. The license is conditional upon Posten's acceptance of the universal service obligation. The Government's service objectives for mail weighing up to 20 kg are that mail be collected and delivered on every workday and at least five days a week nationwide. Posten delivers mail to 4.5 million homes and 900,000 businesses five days a week, empties 30,000 collection boxes and runs 4,000 retail outlets. Currently nearly 1,200 households receive their mail through ways other than home delivery.

The requirement regarding overnight delivery set in the Postal Statutes is that at least 85 percent of mail posted before a specific time and stamped for overnight delivery must be delivered during the following workday, wherever it is addressed to in Sweden. In 2006, delivery performance for overnight deliveries was 94.7 percent.

Postage charges for single mailpieces weighing up to 500 grams can be raised in line with the consumer price index. Postage stamp charges have only been raised once since 1997.

Posten also has a legal mandate from the State to provide nationwide financial transaction services. The subsidiary Svensk Kassaservice meets the terms of this mandate.

Monitoring

The National Post and Telecom Agency (PTS) monitors postal operations to ensure compliance with decisions taken by Parliament and the Government. More than 30 companies currently have this kind of permit in Sweden. PTS is also the oversight body for the essential financial transaction services provided by Posten.

Sparsely populated areas

PTS has decreed that mail deliveries only have to take place five days a week in areas where there is a minimum of two permanent residents per square kilometer. In March 2006, the Government commissioned PTS to measure the distances residents have to mailboxes in rural areas, and to define a reasonable level of service considering these distances and the costs for distribution. As a part of the follow-up to the general suggestions PTS presented in October 2006, PTS has determined that, with few exceptions, Posten's changes to the distribution service have been made in accordance with the general suggestions. PTS' surveys have shown that the service level is generally very high in Sweden. Only 3 percent of the postal customers served by rural mail carriers have a mailbox further than 500 meters from their residence or place of employment, and only 1 percent have further than 1,000 meters.

PTS has presented two possible solutions for how postal service can be improved for receivers with long distances to the mailbox. PTS' first alternative involves supplementing the current regulation with a maximum distance of 1 kilometer to the mailbox. PTS also recognizes that this may lead to an increase in the number of postal receivers who do not receive mail five days per week. PTS' second alternative is that Sweden, like Norway and Finland, establish a general rule stating that distribution outside suburban areas will be provided up to a certain distance of the residence or place of employment. PTS proposes a distance of 200 meters.

Shared mailboxes

PTS has made a general recommendation that shared mailboxes should be set up in multi-family residences by 2011. Posten has chosen to work in conjunction with the Forum for Shared Mailboxes and other postal operations, manufacturers and property owners in order to fulfill the recommendation within the set time.

Other inquiries

In October 2003, the Swedish Government launched an inquiry into the need for new postal regulations and for subsidized financial transaction services. The inquiry presented its preliminary findings in May 2004, "Society's Need of Payment Services" (SOU 2004:52). One of the conclusions was that current legislation should be repealed and that transaction services should instead be procured by the State. In April 2006, the Swedish National Post and Telecom Agency (PTS) was commissioned to map out how the cashier service network functioned in relation to the state's established goals, which basic payment services were required by various user groups, and whether people lacking a bank account have an actual need for certain services. PTS' task also included identifying those areas where the state may need to assume a special responsibility for essential bill-payment services, and to identify which market players would be willing to offer the services in areas where they are not

otherwise provided and where such services are not commercially viable.

The PTS report, which was presented on October 31, 2006, concludes that even if the distance to a fixed Cashier Service point has increased in recent years, the fixed service network combined with the counter services provided by the rural delivery service provide a service that fulfils the government objectives. The government has submitted a proposition to the parliament notifying that a decision will be made in early June. If the parliament accepts the proposal, the payment service now provided by the Cashier Service will be assumed by other companies as of January 1, 2009.

Posten's approach to certain policy issues related to the State's ownership policy

Ethical and trust issues

Posten's Board drew up an Ethics Policy in September 2002. It forms the basis for all internal and external contacts made by Posten employees. The policy's

basic values are: Respect, honesty, social responsibility, diversity, transparency, integrity and responsibility.

Environmental responsibility

Posten AB and Poståkeriet AB received environmental and quality certification in accordance with the ISO 9001:2000 quality standard and the ISO 14001:2004 environmental standard in January 2006. Read more about Posten's environmental efforts on pages 15-17.

Global Responsibility

Posten supports the basic international regulations established for human rights, employment conditions, environmental responsibility and prevention of corruption in the OECD's Guidelines for Multinational Enterprises and in the United Nations Global Compact. However, Posten has not demonstrated this support by joining the Swedish Partnership for Global Responsibility.



Equal opportunity

Posten has created and implemented an Equality Policy. As of January 2007, the executive management consists of 30 percent women and 70 percent men. At year-end 2006, 40 percent of Posten's workforce was women and 60 percent men. Read more on page 13.

Diversity

Posten has prepared a diversity plan. Read more on page 14.

Healthy workplace

Posten has defined clear goals for reducing sickness absenteeism. Read more on page 12.

External reporting

Posten's ambition is that all stakeholders will receive up-to-date, transparent, relevant and understandable information on Posten's current position and progress in issues related to financially, environmentally and

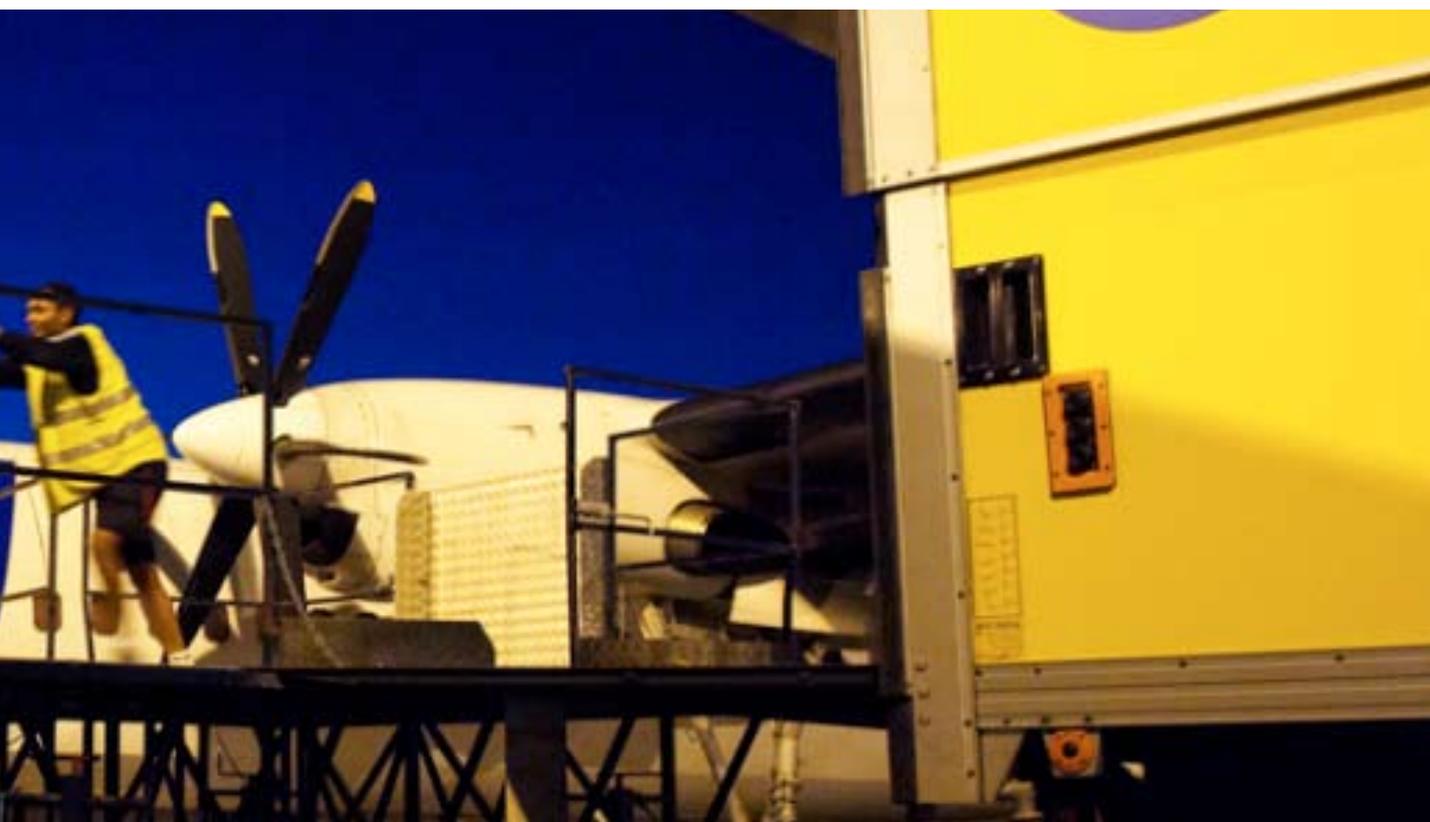
socially sustainable development.

Posten publishes three interim reports annually, as well as a year-end report within two months of the end of each fiscal year. Currently, Posten views it as a greater priority to ensure the quality of all external reporting than to comply with the Government's decision that all state-owned companies should publish their year-end reports before January 31. Annual reports are generally published in March. In 2006, Posten also published a sustainability report. Posten's website will be updated with corporate governance information in accordance with the State's ownership policy and the Swedish Corporate Governance Code.

Innovations

Within the framework of the state's ownership policy, the government has presented an "innovation policy for state-owned companies." In addition to creating value for companies, this

policy aims to foster a strong innovation climate for business and society. The Policy should be applied as companies see fit for their own situations. In a response to the Ministry of Industry, Employment and Communications, Posten has reported its progress in this area.



Below is a summary of Posten's sustainability report in accordance with the third generation guidelines from the Global Reporting Initiative (GRI G3). The table indicates the extent to which Posten has chosen to report indicators and on which page they may be found.

Result	Indicators	GRI-indicator	Page nr.
Strategy och analysis			
1			
Reported ✓	Message from the CEO with Posten's vision and strategy	1.1	2-3
Corporate information			
2			
Reported ✓	Description of operations and the scope of the organization	2.1-2.4, 2.8	4-5
Reported ✓	Geographic presence and main markets	2.5, 2.7	4-5
Reported ✓	Significant changes in the scope of the company during the period	2.9	2-3
Reporting principles			
3			
Reported ✓	Reporting principles and reporting period	3.1-3.3	1
Reported ✓	Contacts and links to further information	3.4	1
Reported ✓	The report's scope, limitations, and stakeholders	3.5-3.11	1
Not applicable	Independent verification of the report	3.13	
Leadership, commitments and stakeholders perspective			
4			
Reported ✓	Corporate governance issues	4.1-4.7	20-23
Reported ✓	Statements, principles and application of policies concerning sustainable development	4.8	4, 6-19
Partly reported	Responsibility for financial, environmental and social issues at the corporate governance level	4.9	20
Not reported	The precautionary principle	4.11	
Partly reported	Corporate management's information of adherence to external codes of conduct	4.12	6, 17, 22-23
Not reported	Membership in industrial and business organizations	4.13	
Reported ✓	Stakeholder analysis and stakeholders	4.14-4.15	6-7
Reported ✓	Completed dialogues with stakeholders	4.16-4.17	6
Result indicators			
5			
Financial information			
Reported ✓	Distribution of added value to stakeholders	EC 1	6
Not reported	Climate changes and financial consequences	EC 2	
Partly reported	Pensions and other commitments	EC 3	6, 12-14
Not reported	Government funds received	EC 4	
Not applicable	Minimum wage, local procurement and recruitment guidelines for markets in which the company operates	EC5-7	
Partly reported	Indirect financial consequences, such as investments in infrastructure	EC 8-9	21
Environment			
Not reported	Use of materials	EN 1-2	
Reported ✓	Direct and indirect energy usage divided by energy type	EN 3-4	15-17
Reported ✓	Energy savings as a result of efficiency programs	EN 5	17, 19
Not reported	Initiatives for increased usage of renewable energy	EN 6	
Not reported	Initiatives for reducing indirect energy usage	EN 7	
Not reported	Water use	EN 8-10	
Not reported	Land use	EN 11	
Not reported	Biological diversity	EN 12-13, 25	
Reported ✓	Emissions of greenhouse gasses	EN 16-17	16

Result	Indicators	GRI-indicator	Page nr.
Reported ✓	Initiatives for reducing emissions of greenhouse gasses	EN 18	15–17
Reported ✓	Use and emission of ozone-depleting substances	EN 19	
Reported ✓	Emission of nitrous oxide and other transportation emissions	EN 20	16
Reported ✓	Waste	EN 22	15–17
Not reported	Chemical, oil and fuel spills	EN 23	
Not reported	Transportation of environmentally harmful substances	EN 24	
Reported ✓	Environmental effects of products and services	EN 26	15–17
Not reported	Recyclable products	EN 27	
Reported ✓	Adherence to various regulations – incidents and fines	EN 28	
Social responsibility			
Reported ✓	Number of employees	LA 1	14
Reported ✓	Personnel turnover	LA 2	14
Reported ✓	Benefits for full-time employees	LA 3	12–14
Not reported	Number of employees covered by labor contracts	LA 4	
Not reported	Minimum contracted period of notice during structural changes	LA5	
Reported ✓	Health and safety organization	LA6	12–13
Reported ✓	Work injuries and work-related illnesses	LA7	12–13
Reported ✓	Education and counsel for employees in the event of serious illness	LA8	12–13
Partly reported	Contract-regulated health and environmental aspects	LA9	
Partly reported	Average educational hours per category	LA 10	12–14
Partly reported	Education, programs and principles for employment, departure, competence and life-long learning	LA 11	12–14
Not reported	Number of employees who regularly receive career development training	LA 12	
Not reported	Number of employees divided into diversity indicators	LA 13	
Not reported	Comparison between salary levels for men and women	LA 14	
Not applicable	Principles and programs for human rights	HR 1-3	
Partly reported	Non-discrimination	HR 4, 9	13–14
Not applicable	Freedom of association	HR 5	
Not applicable	Principles for child labor and forced labor	HR 6, 7	
Not applicable	Education security personnel in human rights	HR 8	
Partly reported	Policies for handling impacts on society	SO 1	6–7, 10
Partly reported	Bribes and corruption	SO 2-4	10–11, 22–23
Not reported	Shaping public opinion, lobbying, and contributions to political organizations	SO 5-6	
Not reported	Effects of competition law	SO 7	
Not reported	Fines and injunctions	SO 8	
Not reported	Health and safety in connection with use of the company's products and services	PR 1-2, 9	
Not reported	Product information and descriptions	PR 3-4	
Reported ✓	Customer satisfaction	PR 5	4, 8–9
Not reported	Policies for marketing and communication with the market	PR 6-7	
Not reported	Consumer integrity	PR 8	

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